

City of Ridgecrest



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Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2012

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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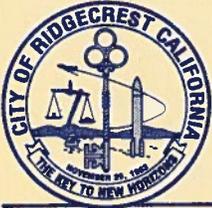
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CITY OF RIDGECREST

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December 20, 2012

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

Attached herein we hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Ridgecrest, California (City) for the Fiscal Year ended June 30, 2012. These financial statements are presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

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

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

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

PROFILE OF THE CITY OF RIDGECREST

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

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

China Lake Naval 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 28,089 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 36% of the total General Fund revenue. Fortunately for the City, employment outlook is favorable. Based on the EDD Labor Force data, the City gained 600 new jobs compared from last year's with 200 of those new jobs coming from China Lake Naval Weapons Station. These new jobs brought down the City's unemployment rate from 8.3% to 7.9%. The Kern County's unemployment rate is 13.9%.

Retail sales are rebounding at a slow pace from the doldrums after the burst of the housing bubble in 2008. Consumers continue to remain cautious and weary of the economy as many believe that the country is still in economic recession. On June 5, 2012 election, the City was successful in passing a local option sales tax called Measure L. This measure adds .75% to the sales tax making it a total of 8%. It became effective on October 1, 2012 and will sunset after five years. It is anticipated to give the City additional sales tax revenue of \$1.2 million in fiscal year 2013 and between \$1.5 million to \$2 million annually.

In the last few years, the City has finally seen the effect of the mortgage crisis in the form of declining home values and new construction. Whereas other metropolitan areas that had been thru the mortgage crisis are now seeing the slow turn around in real estate sales. As new building constructions are still few and far between, the peak in building inspection was due to the improvement on existing homes and buildings.

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

Year	Permits	Inspections	Valuation
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	144	5,086	12.1 M
2010	439	2,759	18.0 M
2011	423	2,510	13.0 M
2012	302	4,299	19.0 M

Economic Development

Economic Development and the winding down of the Ridgcrest Redevelopment Successor Agency (RRSA) have a slightly positive outlook for 2013.

- ❖ The Super Wal-Mart Retail Center appears to be scheduled to begin shortly after the first quarter.
- ❖ The RRSA will undertake a Property Management Plan (PMP) to structure specific economic development strategies for the Business Park and prior RDA assets.
- ❖ The RRSA will, pending a notice of Compliance from the State Department of Finance, begin the projects and improvement within the 2010 Tax Allocation Bond Issuance of twenty-four million (\$24M).
- ❖ Alternative Energy will continue to be developed and supported by both the City and the Naval Weapon Center China Lake.
- ❖ The City is moving forward in its efforts to brand the Balsam District and Downtown area.
- ❖ The lighting and landscape district was established 2012.

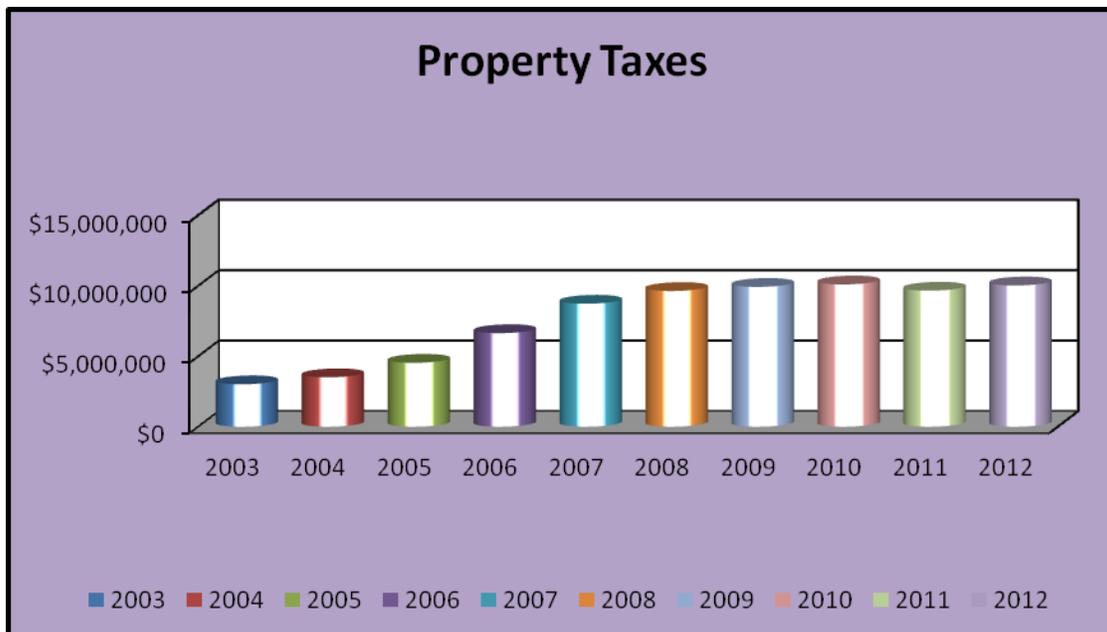
The ever expanding budget crisis of the State of California remains a huge concern for the City as the leadership in Sacramento continues to shift local revenues to help finance the state's budget deficits. The dissolution of the redevelopment agencies that became effective in February 1, 2012 will severely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

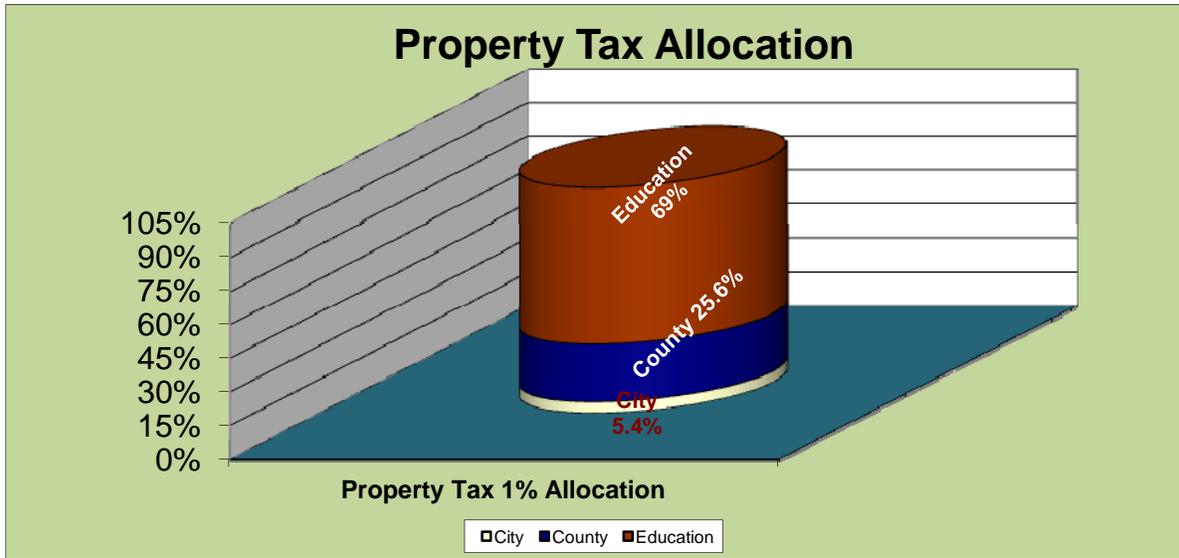
Like many cities in the nation, we are facing financial challenges we have not seen before. As with all economic problems, this will be resolved and the local and state economy will bounce back eventually although slowly. Meanwhile, the City is projecting deficits in the next fiscal year caused by the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

Property Tax

Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (moveable property) located within the City. Property is assessed by the County Assessor at a tax rate of 1.0% of the assessed value. The City receives about 5% of the tax rate from the County of Kern - Auditor/Controller’s Office.

In fiscal years 2000 to 2001, the property tax revenue had negative growth due to dwindling home valuations. In FY 2002, property tax revenue started to move in upward direction, where it peaked up by 16.6% in FY 2004 and another 30% increase in FY 2005 over the previous year’s receipts. This was a well received indication of rising local property values as well as new development activity. In FY 2006 the State started to split the payment of motor vehicle license fees (MVLFF) into two components. These components are the statutory rate and the “*property tax in lieu of MVLFF*” to Property Tax. The shifting of MVLFF to property tax has added an average of \$1.5M 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 is slowly creeping up in the last year that we saw an increase of 3.83% in FY 2012 over the previous year’s receipts.

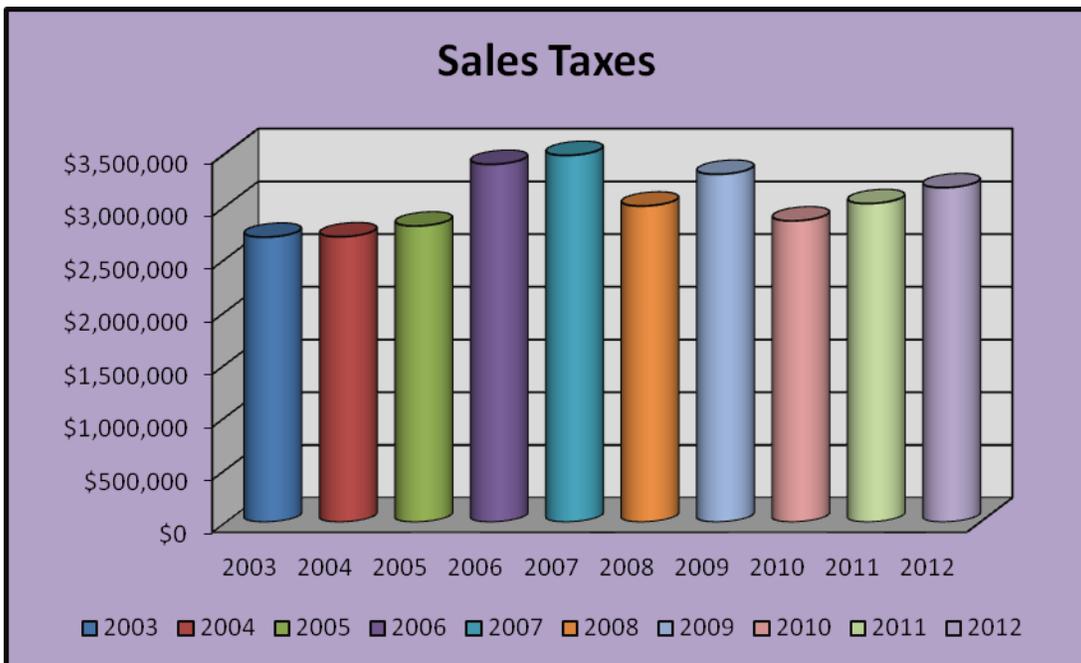




Sales Tax

The City's single largest revenue source is sales tax. The total sales tax in Kern County is 7.25% of the sale price of taxable goods and services sold at retail. Ridgecrest receives 1% of taxable sales from the State Board of Equalization. For FY 2012, sales tax increased by 5% from prior year. In the last ten years, the City's sales tax revenue is continuously climbing an average of 2.53% annually. Effective October 1, 2012, sales tax in the City will go up by .75% due to the passage of Measure L. This will give the City additional revenue of \$1.5 million to \$2.0 million annually. However, this local sales tax option will expire in five years from its effective date.

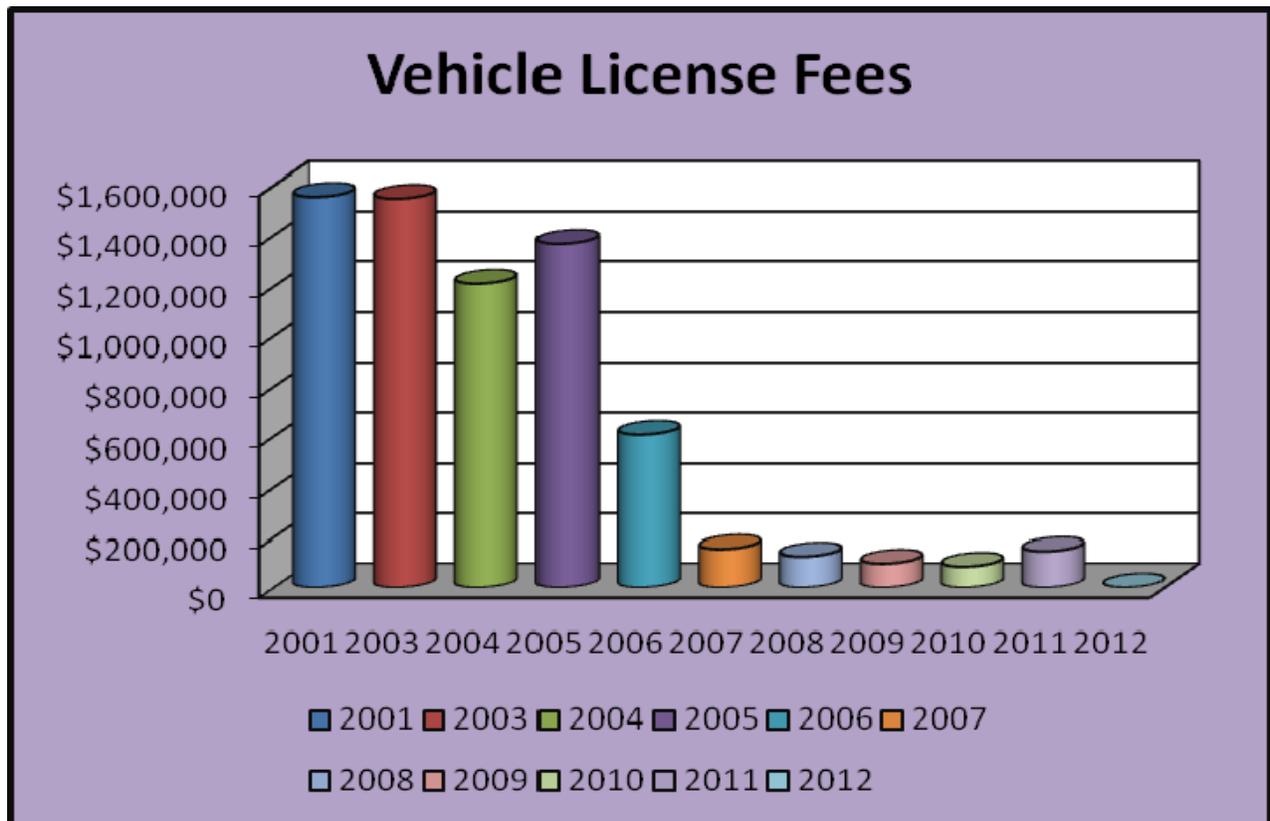
Sales tax leakage to the metropolitan areas of Victorville, Bakersfield and Lancaster-Palmdale continues to be a big concern for the City especially with limited shopping choices for clothing stores, restaurants and car dealerships. Even with the City's lower sales tax rates, a significant amount of local retail sales is spent outside of Ridgecrest.



Vehicle License Fees

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

It should be noted that VLF funds now, like sales tax, have been split by the State into two pieces. These two pieces are the statutory rate and the “Property Tax In Lieu of VLF”. In FY 2011 the statutory component (the rate by State law was reduced from 2.0% to 0.65%) brought to the Ridgecrest Treasury \$144,761, a 74% increase over prior fiscal year. However for FY 2012, the City did not receive any VLF monies. The chart below indicates the trend of VLF revenue. It was in FY 2006 when the State started the split. The Property Tax In Lieu of VLF component had receipts of \$ 1,522,287 in FY 2011-12. This amount is included in the property tax revenue category instead of the VLF revenue category; thereby, the reason for the tremendous decrease in the chart. Also, in FY 2006, the City received a one-time payment of \$466,886 from the State per AB 1457 for the MVLFF Backfill Gap Loan. In the last five fiscal years, the City has been receiving an average of \$89,500 per year on VLF revenue not counting the one time payments. In 2012, the City did not receive any vehicle license fees compared to \$144,761 we received in FY 2011.



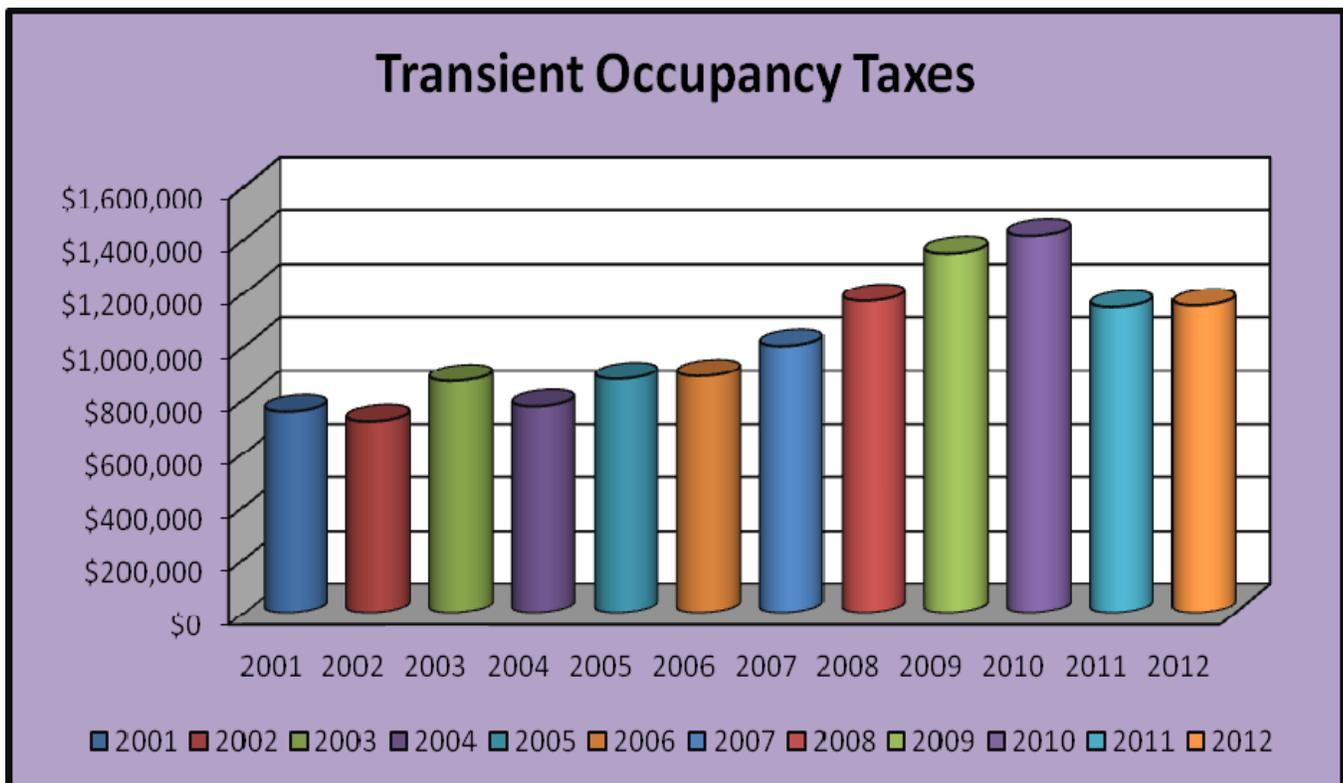
Transient Occupancy Tax

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%.

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

TOT has averaged 5% growth rate for the last ten fiscal years. Fiscal year 2011 saw a significant decline in TOT revenue by 19%. This decrease is directly attributable to the relocation of the Empire Challenge which filled hotels to occupancy limits with participants in August, as well as, reduced federal defense employee travel. In FY 2012, TOT went up by a very modest .55% increase from prior year. It is anticipated that TOT will go back up slowly as the possibility of smaller portion of the Empire Challenge coming back to the area.

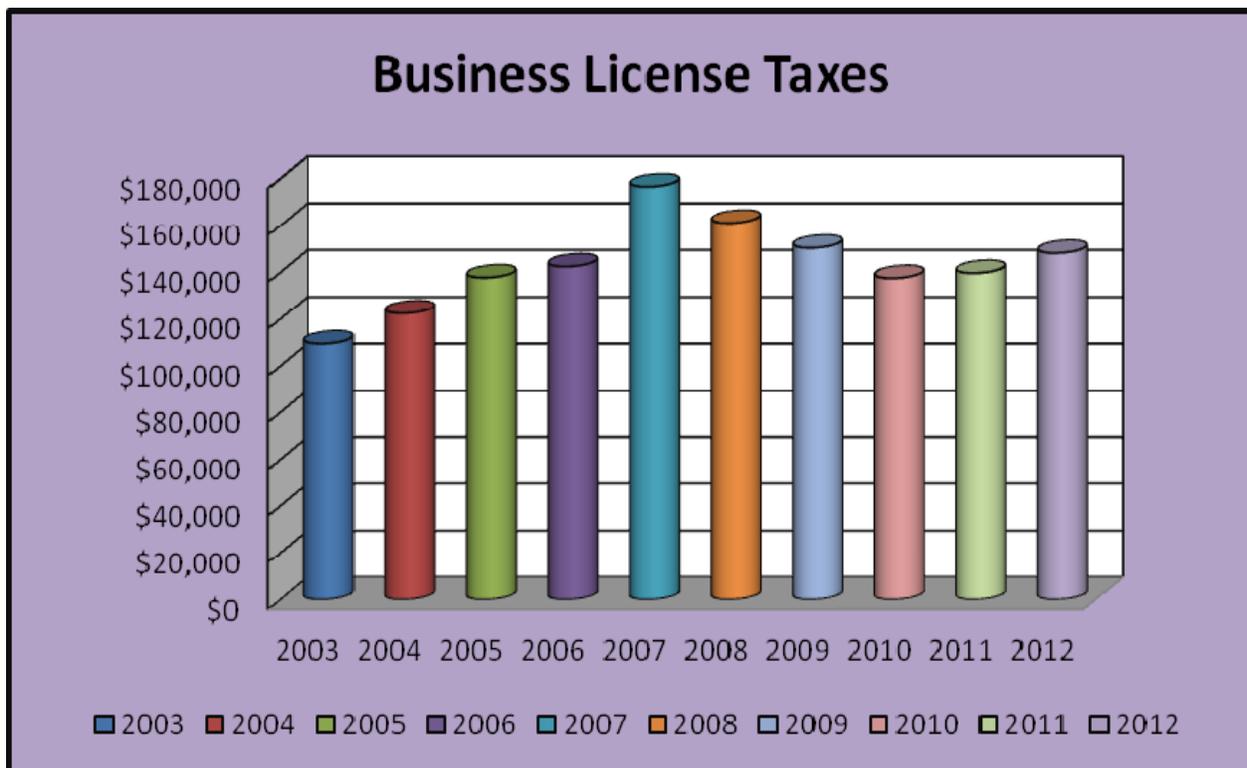
Effective October 1, 2012, lodging operators will be required to assess their guests an additional 2%, making the total hotel tax 12%. The additional assessment will go directly to RACVB minus collections costs. This will expire five years from its effective date.



Business License Taxes

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

In FY 2007 the City conducted a business license audit targeting certain business groups that the City had overlooked in enforcement of this ordinance. This brought in extra revenue of \$37,328 causing spike in revenue in that fiscal year at 24% increase compared to FY 2006. For FY 2012, business license revenue increased by 6% over prior year; however, in the last ten years, the City's business license tax revenue is continuously climbing an average of 5% 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 \$52,239,234 with LAIF at June 30, 2012, included a portion of the pool funds invested in structured notes and asset-backed securities and similar transactions. This compares to \$55,905,985 at June 30, 2011. 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, 2012, The City had \$52,239,234 invested in LAIF which had invested 3.47% 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 54 California counties and currently consists of consists of 239 organizations, including cities, school districts, special districts, and other Joint Powers Authorities (JPA). CSAC-EIA was formed as a Joint Powers Authority in 1979, pursuant to the California Government Code. The purpose of the 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 61 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
2008	349,969
2009	495,619
2010	663,164
2011	1,667,224
2012	824,864

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 2011-2012 the total cost reimbursed was \$39,624; this was up from the 2010-2011 reimbursed cost of \$29,738. The increase was due to employees that were laid off due to budget cuts.

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, 2012 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2012 will provide authority to complete those transactions.

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

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

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

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, 2011. This was the eight consecutive years that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized 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

The City of Ridgecrest has continued to be fiscally responsible in the midst of the sluggish economic recovery. In order to maintain a balanced budget, cuts have been implemented, non-essential services reduced, furloughs implemented, positions frozen and increasing contribution by employees toward benefit costs. Implementation of the Public Employees' Pension Reform Act of 2013 will help drive the retirement cost down for future new hires. On the other hand that savings could be offset by the expected increase in health care insurance cost as federal health care reform goes in full force.

The passage of the Measure L by the citizens of Ridgecrest will help ensure that public services such police and streets maintenance will be maintained as other sources of revenue continue to remain stagnant.

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 help alleviate some of the financial challenges the City is facing. Other sources of revenue are also being researched to see how unfunded services provided can be funded by the consumers who use them.

Moreover, with the election of three new council members who were not incumbents and the recent changes in top management positions such as the City Manager and the Finance Director, we are expecting to see infusion of new ideas, solutions and innovations as how to improve the current financial condition of the City.

Economic Development/Redevelopment

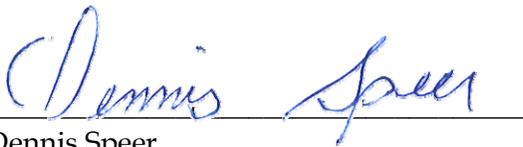
The City is dedicated to expanding community growth and resources, and improving community service. Ridgecrest has undertaken a variety of marketing projects in the specific areas of business retention, growth, relocation, recreation and retirement to achieve a highly developed and integrated regional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

Despite of its challenges, Ridgecrest is a city filled with opportunities, 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 also thank the City's independent auditors, Pun & McGeady, for their assistance and expertise; and all City departments for their cooperation during the audit engagement and their participation in preparing this report. We would like to give special appreciation to Visital Photography for providing us the photo on the cover page free of charge. We would like to express our appreciation to the Mayor and City Council for their interest and support in planning and conducting the City's financial affairs in a responsible and progressive manner.

Respectfully submitted,



Dennis Speer
Interim City Manager/
Successor Agency Executive Director



Tess Sloan
Assistance Finance Director

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, 2011

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.



Christopher P. Moynell

President

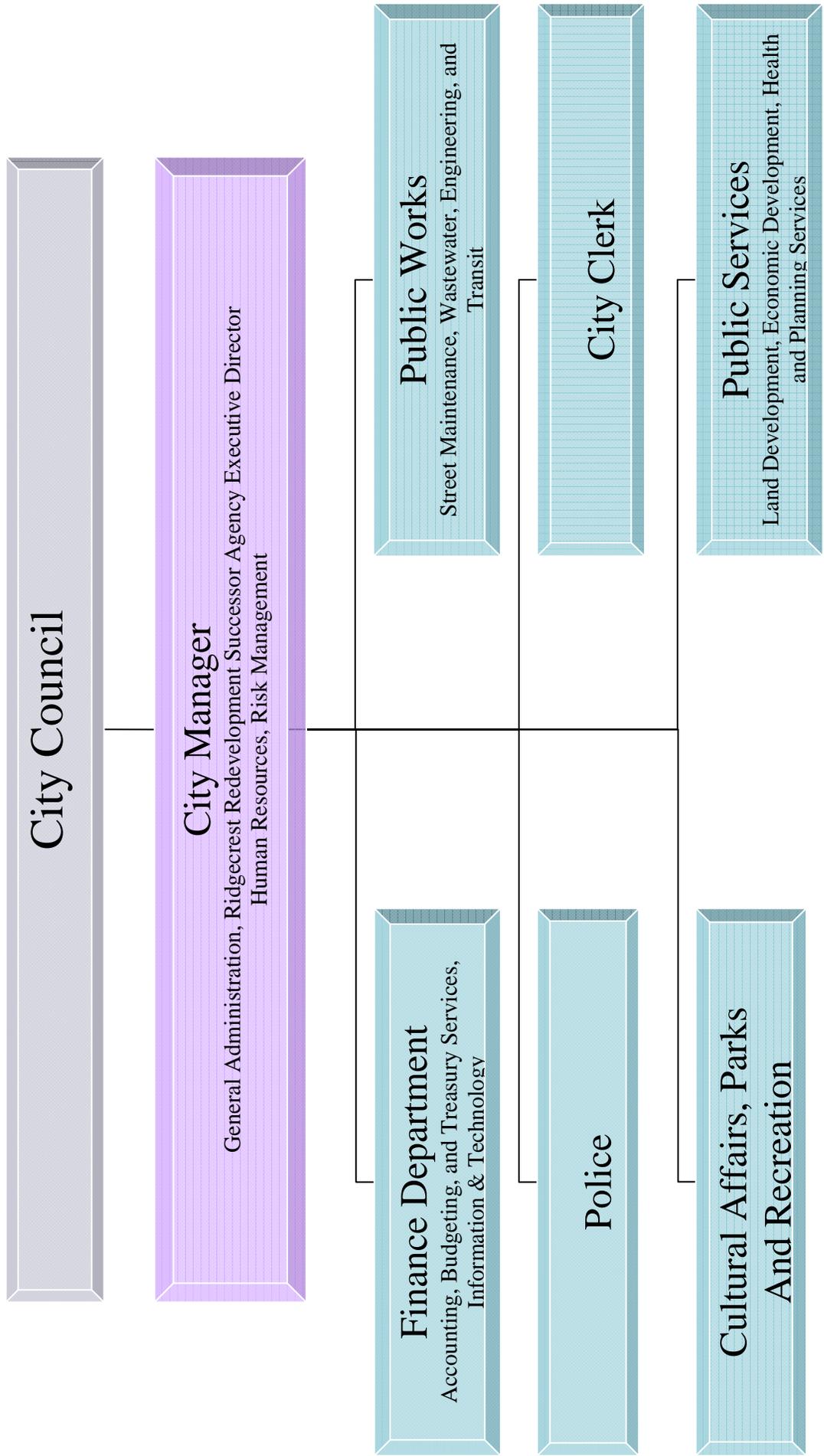
Jeffrey R. Emer

Executive Director

CITY OF RIDGECREST

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2012





City of Ridgecrest

Comprehensive Annual Financial Report

Principal Officials as of June 30, 2012

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

City Staff as of June 30, 2012

Kurt O. Wilson, City Manager/RRSA 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, 2012

Financial Section





6265 Greenwich Drive
Suite 220
San Diego, California 92122

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ridgecrest, California (the "City"), as of and for the year ended June 30, 2012, 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 16 to the basic financial statements, on December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation that provides for the dissolution of the California redevelopment agencies. Accordingly, the Ridgecrest Redevelopment Agency (the "Agency"), the component unit of the City, was dissolved on February 1, 2012. On January 11, 2012, the City Council adopted a resolution to become the Successor Agency to the dissolved Agency but not to assume the housing functions. On January 11, 2012, the City Council adopted another resolution to form Ridgecrest Housing Authority to assume the housing functions. All assets, net of liabilities, as defined by AB X1 26, were transferred to the Successor Agency to the Ridgecrest Redevelopment Agency on February 1, 2012.

The accompanying basic financial statements have been prepared assuming that the City will continue as going concern. As discussed in Note 15 to the basic financial statements, the General Fund of the City has suffered significant reductions in fund balances from operations and is experiencing cash shortfalls. These conditions raise substantial doubt about the City's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 15. The basic financial statements do not include any adjustments that might result from the outcome of these uncertainties. Our opinion is not modified with respect to that matter.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012, our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and Schedules of Funding Progress on page 3 through 17 and 86 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements is fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "PUN & McGEADY LLP". The signature is written in a cursive, slightly slanted style.

San Diego, California
December 20, 2012

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, 2012. 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, 2012 by \$73 million this compared to \$82.4 million at fiscal year end June 30, 2011. This is an overall decrease of \$9.4 million or 11% of prior year net assets. Net assets for governmental activities exceeded liabilities by \$40.7 million and this compares to \$56.6 million at June 30, 2011 a decrease of 28%. This decrease was brought by the dissolution of the redevelopment agency wherein its net assets were transferred out to a separate fiduciary fund. Assets for business-type activities exceeded liabilities by \$32.2 million and this compares to \$25.8 million at June 30, 2011, a 25% increase. The increase for business type activities was brought mainly by the refund of six years worth of franchise fee to Wastewater Enterprise Fund and a restitution Solid Waste Enterprise Fund received from a lawsuit against the City's former trash hauler.

Changes in Net Assets - The City's net assets decreased \$9.4 million in fiscal year 2011-2012; this compared to a \$1.7 million decrease in fiscal year 2010-2011. Net assets of governmental activities decreased by \$15.9 million compared to a 2010-2011 increase of \$151,580. Net assets of business-type activities increased by \$6.4 million compared to a decrease in 2010-2011 of \$1.8 million.

- ♦ Fund Highlights

Governmental Funds - At the close of fiscal year 2011-2012 the City's total governmental funds reported a fund balance of \$6.5 million as compared to \$48.7 million in 2010-2011, a decrease of \$42.2 million from the prior year. The decrease in fund balance is largely due to the dissolution of the Ridgecrest Redevelopment Agency when all its assets and liabilities were removed from the governmental fund and transferred to a fiduciary fund.

General Fund - The fund balance (deficit) of the general fund on June 30, 2012 was \$(4.2) million, a decrease of \$4.2 million from the prior year due to refund of the \$4.3 million franchise fees collected from Wastewater Enterprise Fund from fiscal years 2006 to 2011.

Redevelopment Agency - As of February 1, 2012, redevelopment agencies across California cease to exist pursuant to ABIX 26. The City of Ridgecrest opted to become the Successor Agency to administer the dissolution of the Ridgecrest Redevelopment Agency (RRA). The assets and liabilities of the RRA were transferred to a separate private purpose trust fund. The Successor Agency will be allowed to continue projects and pay off outstanding liabilities that have been determined as "enforceable obligations" as defined by the statute. Unencumbered and unobligated funds as of June 30, 2012 will be paid in fiscal year 2013 to the County of Kern to be allocated to the taxing agencies in the county including the City of Ridgecrest.

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, solid waste collection and the City's Transit system.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental funds, proprietary funds, and fiduciary funds. The fund financial statements provide detail information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement No. 34 (GASB 34) and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, while all Non-Major Funds are summarized and presented in a single column.

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

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 23 and 24.

The City has twenty two governmental funds, of which four are considered major funds for presentation purposes. Each major fund is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The City's four major funds are: General Fund, Housing Set-Aside Special Revenue Fund, Redevelopment Agency Debt Service 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 32-38. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 94-101.

- ♦ *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 42-45.

- ♦ *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 53-84.

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 General Fund and the Housing Set-Aside Special Revenue Fund, and information regarding the obligation to provide pension benefits to employees. This information can be found on pages 86-89.

City of Ridgecrest's Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 2,339,891	\$ 53,335,510	\$ 14,231,495	\$ 12,165,551	\$ 16,571,386	\$ 65,501,061
Noncurrent Assets	49,993,002	50,608,320	19,082,963	16,045,080	69,075,965	66,653,400
Total Assets	52,332,893	103,943,830	33,314,458	28,210,631	85,647,351	132,154,461
Current Liabilities	2,809,701	4,515,533	1,086,485	2,410,135	\$ 3,896,186	\$ 6,925,668
Long-term Liabilities	8,861,052	42,850,501	-	-	8,861,052	42,850,501
Total Liabilities	11,670,753	47,366,034	1,086,485	2,410,135	12,757,238	49,776,169
Investment in Capital Assets						
Net of Related Debt	35,805,602	8,428,496	16,378,348	16,045,080	52,183,950	24,473,576
Restricted	2,730,315	36,879,459	-	-	2,730,315	36,879,459
Unrestricted	2,126,223	11,269,841	15,849,625	9,755,416	17,975,848	21,025,257
Total Net Assets	\$ 40,662,140	\$ 56,577,796	\$ 32,227,973	\$ 25,800,496	\$ 72,890,113	\$ 82,378,292

Net Assets

The chart above reflects the City's combined net assets (governmental and business-type activities) which total \$73 million at the close of fiscal year ending June 30, 2012.

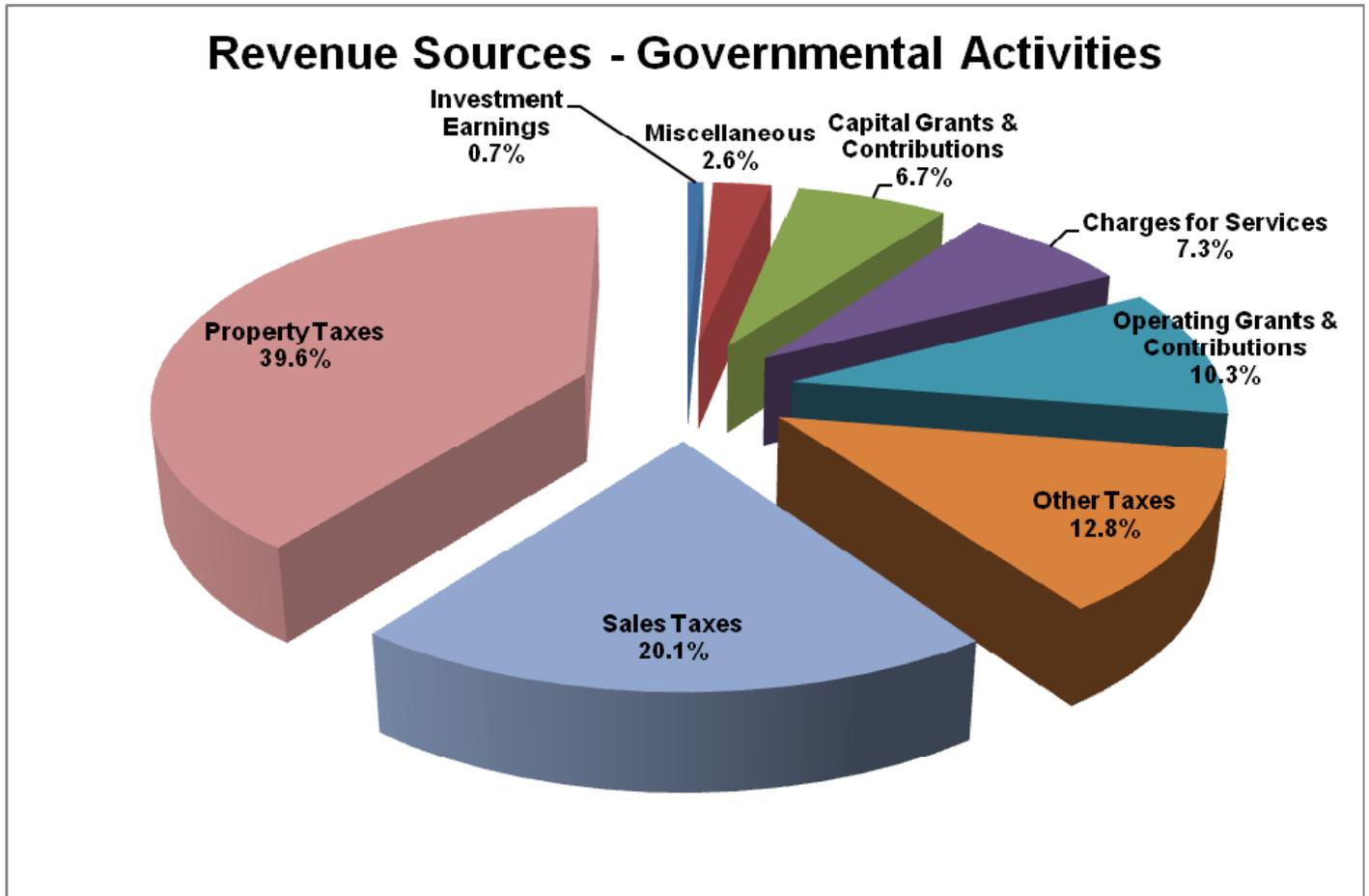
71.6% of the City's total net assets reflect its investment in capital assets (e.g., land, streets, sewers, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, 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 (28.4%) 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.

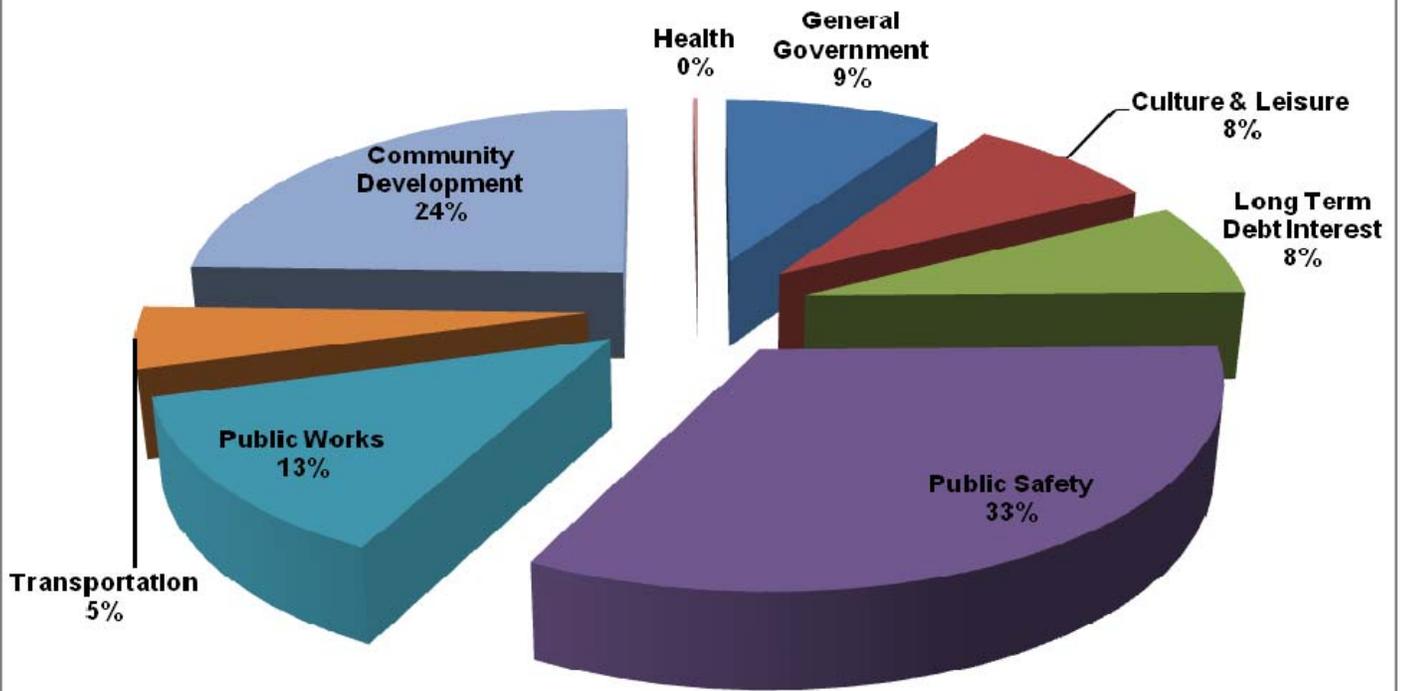
At the end of the fiscal year 2011-12, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net assets were decreased by \$9.5 million during the fiscal year. This significant decrease was largely due to dissolution of the redevelopment agency pursuant to the AB X1 26.

Governmental Activities

Governmental activities decreased the City's net assets by \$15.9 million, and the business type activities showed an increase in net assets of \$6.4 million. The significant decrease in the net assets for governmental activities is attributed to the dissolution of the redevelopment agencies and the refunding of six years worth of franchise fees back to the Wastewater Enterprise fund. On the other hand, the franchise fees refund explains the significant increase in net assets of the business type activities. This compares to a prior year increase in governmental activities of \$151,580 and a decrease in business type activities of \$1.8 million. The charts that follow show the program revenues, general revenues, and expenses by function for all City activities, including the Redevelopment Agency prior to its dissolution.



Expenditures by Function Governmental Activities



**Statement of Changes in Net Assets
For the Year Ended June 30, 2012**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 1,186,371	\$ 1,486,879	\$ 2,232,824	\$ 2,153,755	\$ 3,419,195	\$ 3,640,634
Operating grants and contributions	1,622,484	1,885,581	1,597,115	131,539	3,219,599	\$ 2,017,120
Capital grants and contributions	1,057,999	998,583	-	-	1,057,999	998,583
Total program revenues	3,866,854	4,371,043	3,829,939	2,285,294	7,696,793	6,656,337
General revenues:						
Property taxes	6,252,553	9,616,160	-	-	6,252,553	9,616,160
Sales taxes	3,171,044	3,020,160	-	-	3,171,044	3,020,160
Other taxes	2,017,564	2,915,929	890,633	248,368	2,908,197	3,164,297
Investment earnings	111,677	261,784	39,196	45,705	150,873	307,489
Other revenues	409,138	245,232	156,383	8,086	565,521	253,318
Total general revenues	11,961,976	16,059,265	1,086,212	302,159	13,048,188	16,361,424
Total revenues	15,828,830	20,430,308	4,916,151	2,587,453	20,744,981	23,017,761
Expenses:						
General government	1,876,073	110,641	-	-	1,876,073	110,641
Public safety	6,683,638	7,990,857	-	-	6,683,638	7,990,857
Public works	2,758,511	3,041,354	-	-	2,758,511	3,041,354
Transportation	1,005,682	1,677,918	-	-	1,005,682	1,677,918
Community Development	4,963,100	3,394,765	-	-	4,963,100	3,394,765
Health	-	63,565	-	-	-	63,565
Culture & Leisure	1,648,072	2,088,658	-	-	1,648,072	2,088,658
Interest on long-term debt	1,530,204	2,434,697	-	-	1,530,204	2,434,697
Transit	-	-	619,971	589,224	619,971	589,224
Waste Water	-	-	1,485,273	2,606,452	1,485,273	2,606,452
Solid Waste Collection	-	-	161,257	699,218	161,257	699,218
Total expenses	20,465,280	20,802,455	2,266,501	3,894,894	22,731,781	24,697,349
Increase (decrease) in net assets						
before transfers	(4,636,450)	(372,147)	2,649,650	(1,307,441)	(1,986,800)	(1,679,588)
Transfers & extraordinary Items	(11,279,206)	523,727	3,777,827	(523,727)	(7,501,379)	-
Change in net assets	(15,915,656)	151,580	6,427,477	(1,831,168)	(9,488,179)	(1,679,588)
Net assets, beginning of year (as restated)	56,577,797	56,426,217	25,800,496	27,631,664	82,378,293	84,057,881
	\$ 40,662,141	\$ 56,577,797	\$ 32,227,973	\$ 25,800,496	\$ 72,890,113	\$ 82,378,292

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

Business Type Activities

The City operates three business-type activities. These are the City's Transit System, Solid Waste Collection and Wastewater System. These business-type activities increased the City's net assets by \$6.4 million over the prior year. This compares to a decrease of \$1.8 million from Fiscal Year 2010-2011.

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

INTERNAL SERVICE FUNDS

The City has seven internal service funds: Human Resources/Risk Management, Information Systems, Printing and Reproduction, 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/Risk Management

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

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.

Self Insurance Workers' Compensation

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

Building Maintenance

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

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. This ISF was eliminated at the beginning of FY 2012 and all its assets and liabilities were transferred to General Fund.

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, 2012, and includes Major and Non-Major Funds. It reflects the amount for each source of revenue and what percentage of the total revenue that source of revenue represents.

<u>Source of Revenue</u>	<u>FY 09-10 Amount</u>	<u>Percent of Total</u>	<u>FY 10-11 Amount</u>	<u>Percent of Total</u>	<u>FY 11-12 Amount</u>	<u>Percent of Total</u>
Taxes	\$ 15,530,273	76.0%	\$ 15,793,330	77.2%	\$ 11,696,784	74.0%
Intergovernmental	2,575,356	12.6%	2,602,093	12.7%	2,353,056	14.9%
Licenses, Permits & Fees	986,291	4.8%	721,502	3.5%	506,334	3.2%
Charges for Services	828,784	4.1%	633,109	3.1%	569,653	3.6%
Fines and Forfeitures	131,851	0.6%	87,534	0.4%	77,254	0.5%
Use of Money & Property	255,750	1.3%	392,414	1.9%	240,867	1.5%
Other Revenues	127,332	0.6%	226,512	1.1%	369,651	2.3%
Total	\$ 20,435,637	100.0%	\$ 20,456,494	100.0%	\$ 15,813,599	100.0%

As of the end of the current year, the City of Ridgecrest's governmental funds reported combined ending fund balances of \$6,517,558 a decrease of \$42.2 million in comparison with \$48,736,782 for the prior year's ending fund balance. Of this ending balance the unassigned fund balance is \$(4,639,996). The City must replenish the funds used from the other fund balance classifications. The majority of the fund balances, \$6.9 million, are nonspendable as they represent the Advance made to the former RDA to refund the 1999 COP and the payment receive from the Successor Agency can only be used to pay the 2005 Refunding Certificates of Participation.

Of the \$3.5 million of restricted fund balance, \$69,667 of this belongs to the General Fund, \$751,356 to the City Debt Service Fund, and \$2.7 million to other governmental funds. As stated above, these funds are restricted in their use to the special purpose for which they were collected.

Committed Fund Balance includes amounts that are committed for specific purposes by formal action of the City Council. Amounts classified as "committed" are not subject to legal enforceability like restricted fund balance; however, those amounts cannot be used for any other purpose unless the city council removes or changes the limitation by taking the same form of action it employed to previously impose the limitation. Total committed fund balance within the governmental funds is \$527,029.

Assigned Fund Balance includes amounts that are intended by the city to be used for specific purposes, but are neither restricted nor limited. Of the combined ending fund balance of \$6,517,558, 4.2% or \$274,695 is classified as Assigned Fund Balance.

Unrestricted net assets of the Transit System fund, Wastewater fund, and Solid Waste Collection Fund at the end of the fiscal year amounted to \$15.8 million. Of that amount \$225,292 came from the Transit System fund and \$15.6 came from Wastewater 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 unfunded expenditures. The Wastewater enterprise's unrestricted net assets increased by \$4.5 million which largely due to the franchise fees refund.

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, transient occupancy tax, and business licenses; intergovernmental sources; charges for services; fines and forfeitures; licenses 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 \$12.6 million with the inclusion of the \$582,878 interfund transfers to other funds. Revenues were budgeted originally at \$12.6 million including interfund transfers from other funds of \$3.6 million, resulting to projected net increase of the net reserves by \$35,263. The amended budget, which includes unspent, but encumbered appropriations carried forward from fiscal year 2011, as well as Council approved adjustments during the year, totaled \$13 million. The amended revenue budget was \$12.7 million resulting in a projected decrease of net reserves by \$353,042. With the general fund revenues came in under budget by \$605,075, the actual use of net reserves came to \$4.2 million. Even though the operating expenditure was under the budget by \$733,087 it was the interfund transfer out that caused decreased in net reserves. The interfund transfers out went over budget due largely to General Fund refunding the franchise fees it collected from the Wastewater Enterprise Fund from 2006 to 2011. Sluggish growth in sales tax revenue is being felt not only within the City, but all across the State and the nation as consumers continue to remain cautious and weary of the economic conditions of the country. 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 2012 is \$620,986, which will increase each year by 5.5% in the next year. This added cost although was included in the budget did not help in alleviating the use of the general fund's net reserves.

As shown in the table below, Public Works contributed a savings of \$69,571 to the overall savings; Public Safety contributed \$880,966 of the overall savings; Culture and Leisure contributed \$300,172. Community Development over spent by \$94,618 and General Government over spent by \$44,699. 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, 2012				For the Fiscal Year Ended June 30, 2011			
	Budgeted Amounts		Actual Amounts	Positive (Negative) Final Budget	Budgeted Amounts		Actual Amounts	Positive (Negative) Final Budget
	Original	Final			Original	Final		
Fund balance, July 1	\$ (218,581)	\$ (230,368)	\$ (72,658)	\$ 157,710	\$ 719,143	\$ 539,291	\$ (179,852)	
Resources (inflows):								
Taxes	6,803,201	6,843,201	7,233,231	390,030	7,625,390	7,649,250	23,860	
Intergovernmental revenue	792,100	547,273	372,049	(175,224)	413,916	569,413	(140,235)	
Licenses, fees, and permits	236,100	236,100	238,880	2,780	230,100	437,933	50,366	
Current service charges	631,550	647,050	569,653	(77,397)	583,450	633,109	29,659	
Fines and forfeitures	89,950	89,950	77,254	(12,696)	89,950	87,534	(2,416)	
Use of money and property	142,430	142,580	135,493	(7,087)	143,430	139,305	(4,125)	
Other revenues	315,100	622,600	324,703	(297,897)	23,300	155,483	132,183	
Transfers from other funds	3,605,784	3,610,784	3,183,200	(427,584)	2,424,937	1,161,289	(1,263,648)	
Amount available for appropriation	12,616,215	12,739,538	12,134,463	(605,075)	11,534,473	10,883,682	(1,174,356)	
Charges to appropriations (outflows):								
General government	1,890,395	1,871,535	1,916,234	(44,699)	575,400	599,172	(34,241)	
Public safety	7,259,988	7,519,097	6,638,131	880,966	7,138,055	6,952,928	214,162	
Public works	514,454	445,912	376,341	69,571	538,702	402,429	21,175	
Community development	450,374	575,430	670,048	(94,618)	688,007	589,598	465,635	
Culture and leisure	1,882,863	1,904,245	1,604,073	300,172	2,000,240	1,847,674	173,885	
Capital Outlay	-	-	378,305	(378,305)	-	281,223	(281,223)	
Non-departmental:								
Transfers to other funds	582,878	776,361	4,709,144	(3,932,783)	812,650	822,607	233,382	
Total charges to appropriations	12,580,952	13,092,580	16,292,276	(3,199,696)	11,753,054	11,495,631	792,775	
Excess of resources over (under) charges to appropriations	35,263	(353,042)	(4,157,813)	(3,804,771)	(218,581)	(611,949)	(381,581)	
Fund balance, June 30	\$ (183,318)	\$ (583,410)	\$ (4,230,471)		\$ 500,562	\$ (72,658)		

Capital Asset and Debt Administration

The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2012, amounts to \$59.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, sewers, storm drains and related infrastructure. This amount was down by \$7.2 million as compared to prior year due mostly to the transfer of the redevelopment properties to Successor Agency per AB X1 26. The total amount of new assets added this year is \$1.5 million for government activities. The schedule below shows the summary of the City's capital assets by class and by type of activity. The assets are reported at historical cost, net of accumulated depreciation when applicable. These amounts do not represent the market value or replacement cost of the City's assets, which would be substantially more.

	Government Activities	Business-Type Activities	Total
<i>Non-Depreciable Assets:</i>			
Land	\$ 1,948,371	\$ 1,614,217	\$ 3,562,588
Construction in process	2,306,637	61,349	2,367,986
Total non-depreciable assets, net	<u>4,255,008</u>	<u>1,675,566</u>	<u>5,930,574</u>
<i>Depreciable Assets:</i>			
Buildings and improvements	19,266,418	2,747,841	22,014,259
Machinery and equipment	6,336,692	3,796,842	10,133,534
Infrastructure	89,466,540	18,877,601	108,344,141
	<u>115,069,650</u>	<u>25,422,284</u>	<u>140,491,934</u>
Less accumulated depreciation	<u>(76,241,431)</u>	<u>(10,719,502)</u>	<u>(86,960,933)</u>
Total depreciable assets, net	<u>38,828,219</u>	<u>14,702,782</u>	<u>53,531,001</u>
Total capital assets	<u><u>\$ 43,083,227</u></u>	<u><u>\$ 16,378,348</u></u>	<u><u>\$ 59,461,575</u></u>

Additional information on the capital assets can be found in Note 7 on pages 71-72 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total long term debt outstanding of \$9.9 million, a net decrease of \$34 million compared from prior year. The decrease is attributable to transfer of the long term debt of the former RDA to the Successor Agency per AB X1 26. The outstanding debt of \$9.9 million consists of \$7.7 million for the 2005 Refunding COP bonds that were issued in fiscal year 2006 to advance refund the 1999 COP in order to capture favorable interest rates to lower the City's borrowing costs and the balance of \$343,981 represents capital lease still owed.

	Balance June 30, 2011	Additions	Deletions	Transfer to S/A	Balance June 30, 2012	Due within one year	Due in more than one year
2002 Tax Allocation Refunding Bonds	905,000	-	-	(905,000)	-	-	-
2010 Tax Allocation Refunding Bonds	33,375,000	-	-	(33,375,000)	-	-	-
Less: Bond discount	(698,841)	-	15,799	683,042	-	-	-
2005 Refunding Certificates of Participation	8,080,000	-	(395,000)	-	7,685,000	410,000	7,275,000
Capital Lease Obligations	483,399	-	(139,418)	-	343,981	142,459	201,522
Compensated Absences	1,878,210	784,896	(786,507)	-	1,876,599	771,934	1,104,665
	<u>44,022,768</u>	<u>784,896</u>	<u>(1,305,126)</u>	<u>(33,596,958)</u>	<u>9,905,580</u>	<u>1,324,393</u>	<u>8,581,187</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its assessed valuation. Additional information on the City of Ridgecrest long-term debt can be found in Note 8 on pages 73-75 of this report.

Economic Factors and Next Year's Budget

As the country slowly crawls out of the worst economic slump of modern times, we will eventually see its trickledown effect on the state and local economy in many years to come.

Transient Occupancy Tax (TOT) and sales tax revenues are more sensitive to the economic swings. These two sources represent 36% of the total General Fund revenue. Retail sales are showing small yet positive improvement as consumers begin to feel cautiously confident about the economy. It is projected that sales tax revenue will show baby step increases in the next few years. TOT revenues are expected to stay about the same as last year's unless the military base brings back a major military exercise that used to be held in the area.

At the end of fiscal year 2012 the general fund had a deficit fund balance of \$4,230,471. The drastic increase in the deficit was largely due to the repayment of the franchise fees back to the Wastewater Enterprise Fund. That amount was \$4,250,000 and General Fund is expected to pay it within the next 30 years. Due to the size of the deficit it is more likely that it will take many years before we can see the fund balance with positive digits even with drastic budget cuts without compromising essential public services.

Fiscal year 2013 revenue budget was developed with the assumption of zero growth based on the actual data of fiscal year 2012. With these assumptions and plan to rein in the increasing cost of the salaries and benefits, general fund is projecting \$626,613 more in revenues than in expenditures. Strategies are being implemented in fiscal year 2013 to improve fund balance in order to bolster reserves in the general fund. City staff, funded through the general fund, is currently on unbudgeted furloughs. Four full time positions were eliminated. A spending/hiring freeze for the general fund is in place. The City has started making certain employee groups pay their own employee contribution to the retirement plans. Negotiations with other bargaining groups are underway to make every city employee pay their own required contribution. Starting January 1, 2013, Public Employees Pension Reform Act of 2013 will become effective. New hires after December 31, 2012 who are not currently in the public pension system will be enrolled in substantially lower pension benefit and will be required to pay at least 50% of the pension cost. This reform may have a minimal savings in the current budget but there will be substantial savings in the long term.

On June 5, 2012 the City was successful in getting the residents to vote for Measure L. Measure L is a local option sales tax allowing the City to add 0.75% to sales tax. This took effect on October 1, 2012 and ends on September 30, 2017. This will provide additional revenue of about \$2 million per year which are currently earmarked for public safety and street maintenance and construction.

The City also created the Ridgecrest Tourism Improvement District. This district allows the City to impose an additional 2% on the transient occupancy tax. All revenues derive from this district will be allocated to the Ridgecrest Area Convention and Visitors Bureau (RACVB) which in turn will relieve the City of having to provide funding for RACVB.

Despite the fact that the State of California has legally taken away the redevelopment assets and revenue from every city in the State, they continue to have a budget deficit. This brings the question what is the next thing are they going to take away from us? Historically property tax increments allocated to the former Ridgecrest Redevelopment Agency funded most of our major capital improvements and infrastructure projects. In absence of this funding source and the City's budget stretched thin, the City will now have an added challenge of finding revenue source to pay for its future capital improvement projects.

Having said all of this, 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 ensuring that basic and vital services are maintained. As long as the dark clouds of economic woes and its uncertainty continue to hover above us and the penchant of the State of California in shifting local revenues to cover their budget deficits, the City's budget creation and development for fiscal year 2013 and beyond will surely be the most challenging ever.

Requests for Information

This financial report is designed to provide a general overview of the City of Ridgecrest's finances for all those with an interest in the government finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant 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, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 4,680,620	\$ 8,694,704	\$ 13,375,324
Investments with fiscal agent	751,356	-	751,356
Accounts receivable	1,310,017	687,249	1,997,266
Interest receivable	-	6,488	6,488
Loans receivable	292,469	-	292,469
Deposits	10,241	-	10,241
Due from Fiduciary Fund	56,345	-	56,345
Internal balances	(4,830,054)	4,830,054	-
Inventories	22,686	-	22,686
Prepaid items	46,211	13,000	59,211
Total current assets	<u>2,339,891</u>	<u>14,231,495</u>	<u>16,571,386</u>
Noncurrent assets:			
Advances from Fiduciary Fund	6,874,159	2,704,615	9,578,774
Capital assets:			
Nondepreciable	4,255,008	1,675,566	5,930,574
Depreciable, net	38,828,219	14,702,782	53,531,001
Total capital assets, net	<u>43,083,227</u>	<u>16,378,348</u>	<u>59,461,575</u>
Net OPEB asset	35,616	-	35,616
Total noncurrent assets	<u>49,993,002</u>	<u>19,082,963</u>	<u>69,075,965</u>
Total assets	<u><u>52,332,893</u></u>	<u><u>33,314,458</u></u>	<u><u>85,647,351</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	333,926	447,922	781,848
Interest payable	119,913	-	119,913
Salaries payable	163,996	18,889	182,885
Other payroll deductions payable	227,349	-	227,349
Deposits payable	95,124	-	95,124
Unearned revenue	-	619,674	619,674
Claims payable - due within one year	545,000	-	545,000
Compensated absences - due within one year	771,934	-	771,934
Long-term debt - due within one year	552,459	-	552,459
Total current liabilities	<u>2,809,701</u>	<u>1,086,485</u>	<u>3,896,186</u>
Long-term liabilities:			
Claims payable	279,865	-	279,865
Compensated absences - due in more than one year	1,104,665	-	1,104,665
Long-term debt - due in more than one year	7,476,522	-	7,476,522
Total long-term liabilities	<u>8,861,052</u>	<u>-</u>	<u>8,861,052</u>
Total liabilities	<u><u>11,670,753</u></u>	<u><u>1,086,485</u></u>	<u><u>12,757,238</u></u>
NET ASSETS			
Invested in capital assets, net of related debt	35,805,602	16,378,348	52,183,950
Restricted for:			
Special projects	462,049	-	462,049
Capital projects	2,198,599	-	2,198,599
Other purpose	69,667	-	69,667
Total restricted	<u>2,730,315</u>	<u>-</u>	<u>2,730,315</u>
Unrestricted	2,126,223	15,849,625	17,975,848
Total net assets	<u><u>\$ 40,662,140</u></u>	<u><u>\$ 32,227,973</u></u>	<u><u>\$ 72,890,113</u></u>

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Activities
For the fiscal year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 1,876,073	\$ 195,656	\$ -	\$ -	\$ 195,656
Public safety	6,683,638	298,244	334,132	77,838	710,214
Public works	2,758,511	-	-	-	-
Community development	4,963,100	225,504	-	-	225,504
Transportation	1,005,682	-	1,288,352	980,161	2,268,513
Health	-	41,754	-	-	41,754
Culture and leisure	1,648,072	425,213	-	-	425,213
Interest on long-term debt	1,530,204	-	-	-	-
Total governmental activities	20,465,280	1,186,371	1,622,484	1,057,999	3,866,854
Business-Type activities:					
TDA transit	619,971	212,819	188,673	-	401,492
Wastewater improvement	1,485,273	2,019,185	-	-	2,019,185
Solidwaste Collection	161,257	820	1,408,442	-	1,409,262
Total business-type activities	2,266,501	2,232,824	1,597,115	-	3,829,939
Total primary government	\$ 22,731,781	\$ 3,419,195	\$ 3,219,599	\$ 1,057,999	\$ 7,696,793

City of Ridgecrest
Statement of Activities, Continued
For the fiscal year ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (1,680,417)	\$ -	\$ (1,680,417)
Public safety	(5,973,424)	-	(5,973,424)
Public works	(2,758,511)	-	(2,758,511)
Community development	(4,737,596)	-	(4,737,596)
Transportation	1,262,831	-	1,262,831
Health	41,754	-	41,754
Culture and leisure	(1,222,859)	-	(1,222,859)
Interest on long-term debt	(1,530,204)	-	(1,530,204)
Total governmental activities	(16,598,426)	-	(16,598,426)
Business-Type activities:			
TDA transit	-	(218,479)	(218,479)
Wastewater improvement	-	533,912	533,912
Solidwaste Collection	-	1,248,005	1,248,005
Total business-type activities	-	1,563,438	1,563,438
Total primary government	(16,598,426)	1,563,438	(15,034,988)
General revenues:			
Taxes:			
Property taxes	6,252,553	-	6,252,553
Sales taxes	3,171,044	-	3,171,044
Transient occupancy tax	1,151,215	-	1,151,215
Franchise tax	573,695	-	573,695
Special assessments	292,654	-	292,654
Vehicle in lieu tax	-	890,633	890,633
Total taxes	11,441,161	890,633	12,331,794
Investment earnings	111,677	39,196	150,873
Miscellaneous	409,138	156,383	565,521
Gain on sale of assets	-	-	-
Transfers	(3,777,827)	3,777,827	-
Transfers from Fiduciary Fund	571,414	-	571,414
Extraordinary item:			
Loss from dissolution of former Ridgecrest Redevelopment Agency (Note 16)	(8,072,793)	-	(8,072,793)
Total general revenues, transfers, and extraordinary item	682,770	4,864,039	5,546,809
Change in net assets	(15,915,656)	6,427,477	(9,488,179)
Net assets - beginning of year	56,577,796	25,800,496	82,378,292
Net assets - end of year	\$ 40,662,140	\$ 32,227,973	\$ 72,890,113

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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.

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. This fund is terminated due to the dissolution of Ridgecrest Redevelopment Agency on February 1, 2012.

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, 2012

	Major Funds			
	General	Housing (*) Set-Aside Special	Redevelopment (*) Agency Debt	City Debt
	Fund	Revenue Fund	Service Fund	Service Fund
ASSETS				
Cash and investments	\$ 7,670	\$ -	\$ -	\$ -
Investments with fiscal agent	-	-	-	751,356
Accounts receivable	968,277	-	-	-
Loans receivable	-	-	-	-
Due from Fiduciary Fund	56,345	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	-	-
Advances to Fiduciary Fund	-	-	-	6,874,159
Total assets	\$ 1,032,292	\$ -	\$ -	\$ 7,625,515
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 230,970	-	\$ -	\$ -
Salaries payable	146,532	-	-	-
Other payroll deductions payable	227,349	-	-	-
Due to other funds	374,755	-	-	-
Deposits payable	32,057	-	-	-
Deferred revenue	1,100	-	-	-
Advances from other funds	4,250,000	-	-	-
Total liabilities	5,262,763	-	-	-
Fund Balances:				
Nonspendable	-	-	-	6,874,159
Restricted	69,667	-	-	751,356
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(4,300,138)	-	-	-
Total fund balances	(4,230,471)	-	-	7,625,515
Total liabilities and fund balances	\$ 1,032,292	\$ -	\$ -	\$ 7,625,515

(*) As of February 1, 2012.

City of Ridgecrest
Balance Sheet, Continued
Governmental Funds
June 30, 2012

	Other Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 3,282,259	\$ 3,289,929
Cash and investments with fiscal agent	-	751,356
Accounts receivable	340,293	1,308,570
Loans receivable	292,469	292,469
Due from Fiduciary Fund	-	56,345
Deposits	10,241	10,241
Advances to other funds	-	-
Advances to Fiduciary Fund	-	6,874,159
Total assets	\$ 3,925,262	\$ 12,583,069
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 31,279	\$ 262,249
Salaries payable	10,634	157,166
Other payroll deductions payable	-	227,349
Due to other funds	405,299	780,054
Deposits payable	63,067	95,124
Deferred revenue	292,469	293,569
Advances from other funds	-	4,250,000
Total liabilities	802,748	6,065,511
Fund Balances:		
Nonspendable	-	6,874,159
Restricted	2,660,648	3,481,671
Committed	527,029	527,029
Assigned	274,695	274,695
Unassigned	(339,858)	(4,639,996)
Total fund balances	3,122,514	6,517,558
Total liabilities and fund balances	\$ 3,925,262	\$ 12,583,069

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City of Ridgecrest
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2012

Total Fund Balances - Total Governmental Funds	<u>\$ 6,517,558</u>
<p>Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.</p>	
Amount reported in Government-Wide Statement of Net Assets	43,083,227
Less: amount reported in Internal Service Funds	<u>(206,974)</u>
	<u>42,876,253</u>
Net OPEB asset resulting from making OPEB contributions in excess of annual OPEB cost	35,616
<p>Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.</p>	
Compensated absences - due within one year	(771,934)
Compensated absences - due in more than one year	(1,104,665)
Long-term debt - due within one year	(552,459)
Long-term debt - due in more than one year	<u>(7,476,522)</u>
	<u>(9,905,580)</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.	(119,913)
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.	293,569
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were reported with governmental activities.	<u>964,637</u>
Net Assets of Governmental Activities	<u><u>\$ 40,662,140</u></u>

City of Ridgecrest
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2012

	Major Funds			
	General Fund	Housing (*) Set-Aside Special Revenue Fund	Redevelopment (*) Agency Debt Service Fund	City Debt Service Fund
REVENUES:				
Taxes	\$ 7,233,231	\$ -	\$ 3,940,834	\$ -
Intergovernmental	372,049	-	119,656	-
License and permits	238,880	-	-	-
Fines and forfeitures	77,254	-	-	-
Use of property and money	135,493	16,944	70,685	-
Charges for services	569,653	-	-	-
Other revenues	324,703	6,710	-	-
Total revenues	8,951,263	23,654	4,131,175	-
EXPENDITURES:				
Current:				
General government	1,916,234	-	-	-
Public safety	6,638,131	-	-	-
Public works	376,341	-	-	-
Transportation	-	-	-	-
Community development	670,048	3,276,239	-	-
Culture and leisure	1,604,073	-	-	-
Capital outlay	378,305	-	-	-
Debt service:				
Principal	-	-	-	534,418
Interest	-	-	977,560	378,917
Total expenditures	11,583,132	3,276,239	977,560	913,335
REVENUES OVER (UNDER) EXPENDITURES	(2,631,869)	(3,252,585)	3,153,615	(913,335)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,848,748	1,074,307	99,232	341,707
Transfers out	(4,709,144)	(548,231)	(1,250,935)	-
Transfers from Fiduciary Fund	334,452	-	-	176,628
Total other financing sources (uses)	(1,525,944)	526,076	(1,151,703)	518,335
Net change in fund balances before extraordinary item	(4,157,813)	(2,726,509)	2,001,912	(395,000)
EXTRAORDINARY ITEM:				
Loss on dissolution of the former Ridgecrest Redevelopment Agency (Note 16)	-	(4,244,948)	(28,647,117)	-
Net change in fund balances	(4,157,813)	(6,971,457)	(26,645,205)	(395,000)
FUND BALANCES:				
Beginning of year	(72,658)	6,971,457	26,645,205	8,020,515
End of year	\$ (4,230,471)	\$ -	\$ -	\$ 7,625,515

(*) For the seven-month period ended January 31, 2012.

City of Ridgecrest
Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Governmental Funds
For the year ended June 30, 2012

	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:		
Taxes	\$ 522,719	\$ 11,696,784
Intergovernmental	1,861,351	2,353,056
License and permits	267,454	506,334
Fines and forfeitures	-	77,254
Use of property and money	17,745	240,867
Charges for services	-	569,653
Other revenues	38,238	369,651
Total revenues	2,707,507	15,813,599
EXPENDITURES:		
Current:		
General government	107	1,916,341
Public safety	234,055	6,872,186
Public works	-	376,341
Transportation	1,087,475	1,087,475
Community development	504,171	4,450,458
Culture and leisure	-	1,604,073
Capital outlay	940,731	1,319,036
Debt service:		
Principal	-	534,418
Interest	-	1,356,477
Total expenditures	2,766,539	19,516,805
REVENUES OVER (UNDER) EXPENDITURES	(59,032)	(3,703,206)
OTHER FINANCING SOURCES (USES):		
Transfers in	924,107	5,288,101
Transfers out	(1,629,451)	(8,137,761)
Transfers from Fiduciary Fund	60,334	571,414
Total other financing sources (uses)	(645,010)	(2,278,246)
Net change in fund balances before extraordinary item	(704,042)	(5,981,452)
EXTRAORDINARY ITEM:		
Loss on dissolution of the former Ridgecrest Redevelopment Agency (Note 16)	(3,345,707)	(36,237,772)
Net change in fund balances	(4,049,749)	(42,219,224)
FUND BALANCES:		
Beginning of year	7,172,263	48,736,782
End of year	\$ 3,122,514	\$ 6,517,558

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balance to the Government-Wide Statement of Activities
For the year ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	\$	(42,219,224)
<p>Governmental funds report capital outlay as expenditures. Capital outlay expenditures were included in the Statement of Revenue, Expenditures, and Changes in Fund Balances through out various departments. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period (net of \$49,676 reported in Internal Service Funds).</p>		
		1,319,036
<p>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 \$99,006 reported in Internal Service Funds).</p>		
		(3,416,360)
<p>The net effect of OPEB contributions in excess of annual OPEB cost was to increase net assets.</p>		
		350
<p>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.</p>		
		1,611
<p>The repayment of debt principal consumes the current financial resources of governmental funds; however, it has no effect on net assets.</p>		
		534,418
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Amortization of bond discount		(15,799)
Amortization of deferred charges		(5,551)
<p>Interest expense on long-term debt was reported in the government-wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from the prior year.</p>		
		(152,377)
<p>Revenues in the Statement of Activities and Changes in Net Assets that did not provide current financial resources were not reported as revenues in the governmental funds.</p>		
		(32,267)
<p>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.</p>		
		(94,472)
<p>Extraordinary loss in the Statement of Activities resulted from the increase or decrease of long term assets and liabilities which were not reported in the governmental funds. This was caused by the dissolution of the Ridgecrest Redevelopment Agency. See Note 16 for futher discussion.</p>		
		28,164,979
Change in Net Assets of Governmental Activities	\$	(15,915,656)

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

Proprietary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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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, 2012

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Solid Waste Collection		
ASSETS					
Current assets:					
Cash and investments	\$ 1,163,929	\$ 7,530,775	\$ -	\$ 8,694,704	\$ 1,390,691
Accounts receivable	70,887	41,362	575,000	687,249	1,447
Interest receivable	825	5,663	-	6,488	-
Due from other funds	-	1,180,054	-	1,180,054	200,000
Inventories	-	-	-	-	22,686
Prepaid items	13,000	-	-	13,000	46,211
Total current assets	<u>1,248,641</u>	<u>8,757,854</u>	<u>575,000</u>	<u>10,581,495</u>	<u>1,661,035</u>
Noncurrent assets:					
Advances to other funds	-	4,250,000	-	4,250,000	-
Advances to Fiduciary Fund	-	2,704,615	-	2,704,615	-
Capital assets:					
Non-depreciable:					
Land	-	1,614,217	-	1,614,217	-
Construction in progress	33,189	28,160	-	61,349	-
Depreciable:					
Buildings and improvements	-	2,747,841	-	2,747,841	-
Machinery and equipment	811,325	2,985,517	-	3,796,842	693,354
Infrastructure	-	18,877,601	-	18,877,601	-
Less: accumulated depreciation	(391,298)	(10,328,204)	-	(10,719,502)	(486,380)
Total capital assets	<u>453,216</u>	<u>15,925,132</u>	<u>-</u>	<u>16,378,348</u>	<u>206,974</u>
Total noncurrent assets	<u>453,216</u>	<u>22,879,747</u>	<u>-</u>	<u>23,332,963</u>	<u>206,974</u>
Total assets	<u><u>1,701,857</u></u>	<u><u>31,637,601</u></u>	<u><u>575,000</u></u>	<u><u>33,914,458</u></u>	<u><u>1,868,009</u></u>
LIABILITIES					
Current liabilities:					
Accounts payable	395,192	52,530	200	447,922	71,677
Salaries payable	8,483	10,406	-	18,889	6,830
Due to other funds	-	-	600,000	600,000	-
Unearned revenue	619,674	-	-	619,674	-
Claims payable - due within one year	-	-	-	-	545,000
Total current liabilities	<u>1,023,349</u>	<u>62,936</u>	<u>600,200</u>	<u>1,686,485</u>	<u>623,507</u>
Noncurrent liabilities:					
Claims payable - due in more than one year	-	-	-	-	279,865
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,865</u>
Total liabilities	<u><u>1,023,349</u></u>	<u><u>62,936</u></u>	<u><u>600,200</u></u>	<u><u>1,686,485</u></u>	<u><u>903,372</u></u>
NET ASSETS					
Invested in capital assets	453,216	15,925,132	-	16,378,348	206,974
Unrestricted	225,292	15,649,533	(25,200)	15,849,625	757,663
Total net assets	<u><u>\$ 678,508</u></u>	<u><u>\$ 31,574,665</u></u>	<u><u>\$ (25,200)</u></u>	<u><u>\$ 32,227,973</u></u>	<u><u>\$ 964,637</u></u>

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, 2012

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Solid Waste Collection		
OPERATING REVENUES:					
Charges for services	\$ 212,819	\$ 2,019,185	\$ 820	\$ 2,232,824	\$ 2,215,575
Other revenue	-	16,383	140,000	156,383	1,178,619
Total operating revenues	212,819	2,035,568	140,820	2,389,207	3,394,194
OPERATING EXPENSES:					
Transportation	575,280	-	-	575,280	-
Health	-	1,040,192	161,257	1,201,449	-
Administration	-	-	-	-	2,467,237
Depreciation	44,691	445,081	-	489,772	99,006
Total operating expenses	619,971	1,485,273	161,257	2,266,501	2,566,243
OPERATING INCOME (LOSS)	(407,152)	550,295	(20,437)	122,706	827,951
NONOPERATING REVENUES:					
Taxes	890,633	-	-	890,633	-
Intergovernmental	188,673	-	-	188,673	-
Settlement	-	-	1,408,442	1,408,442	-
Use of money and property	2,198	36,948	50	39,196	5,744
Total nonoperating revenues	1,081,504	36,948	1,408,492	2,526,944	5,744
INCOME (LOSS) BEFORE TRANSFERS	674,352	587,243	1,388,055	2,649,650	833,695
TRANSFERS:					
Transfers in	-	4,250,000	14,900	4,264,900	481,175
Transfers out	(132,553)	(354,520)	-	(487,073)	(1,409,342)
Total transfers	(132,553)	3,895,480	14,900	3,777,827	(928,167)
Change in net assets	541,799	4,482,723	1,402,955	6,427,477	(94,472)
NET ASSETS:					
Beginning of year	136,709	27,091,942	(1,428,155)	25,800,496	1,059,109
End of year	\$ 678,508	\$ 31,574,665	\$ (25,200)	\$ 32,227,973	\$ 964,637

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2012

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Solid Waste Collection		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 684,065	\$ 2,169,686	\$ 906	\$ 2,854,657	\$ 2,239,092
Payments to suppliers or employees for goods and services	(175,762)	(1,022,909)	(237,244)	(1,435,915)	(2,274,276)
Insurance premiums and settlements or insurance recovery	-	-	-	-	116,399
Others	-	16,383	140,000	156,383	3,352
Net cash provided by (used in) operating activities	508,303	1,163,160	(96,338)	1,575,125	84,567
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Advances to other funds	-	-	-	-	-
Taxes	890,633	-	-	890,633	-
Intergovernmental	86,839	-	-	86,839	-
Transfers in	-	-	14,900	14,900	481,175
Transfers out	(132,553)	(354,520)	-	(487,073)	(1,409,342)
Net cash provided by (used in) noncapital financing activities	844,919	(354,520)	14,900	505,299	(928,167)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(392,814)	(430,226)	-	(823,040)	(49,676)
Cash received from repayment of advances	-	618,385	-	618,385	-
Net cash provided by (used in) capital and related financing activities	(392,814)	188,159	-	(204,655)	(49,676)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	1,373	31,285	50	32,708	5,744
Net cash provided by (used in) investing activities	1,373	31,285	50	32,708	5,744
Net increase (decrease) in cash and cash equivalents	961,781	1,028,084	(81,388)	1,908,477	(887,532)
CASH AND CASH EQUIVALENT:					
Beginning of year	202,148	6,502,691	81,388	6,786,227	2,278,223
End of year	<u>\$ 1,163,929</u>	<u>\$ 7,530,775</u>	<u>\$ -</u>	<u>\$ 8,694,704</u>	<u>\$ 1,390,691</u>
Noncash from Operating Activities:					
Settlement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,408,442</u>	<u>\$ 1,408,442</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

City of Ridgecrest
Statement of Cash Flows, Continued
Proprietary Funds
For the year ended June 30, 2012

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Solid Waste Collection		
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (407,152)	\$ 550,295	\$ (20,437)	\$ 122,706	\$ 827,951
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	44,691	445,081	-	489,772	99,006
Changes in current assets and liabilities:					
Accounts receivable	471,246	(9,204)	722,774	1,184,816	1,192
Due from other funds	-	159,705	-	159,705	22,325
Prepaid items	6,500	-	-	6,500	29,186
Inventories	-	-	-	-	4,000
Accounts payable	391,902	17,840	(75,944)	333,798	(49,927)
Salaries payable	1,116	(557)	(43)	516	(6,807)
Due to other funds	-	-	-	-	-
Claims payable	-	-	-	-	(842,359)
Unearned revenue	-	-	(722,688)	(722,688)	-
Total adjustments	<u>915,455</u>	<u>612,865</u>	<u>(75,901)</u>	<u>1,452,419</u>	<u>(743,384)</u>
Net cash provided by (used in) operating activities	<u>\$ 508,303</u>	<u>\$ 1,163,160</u>	<u>\$ (96,338)</u>	<u>\$ 1,575,125</u>	<u>\$ 84,567</u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

Fiduciary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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FIDUCIARY FUND FINANCIAL STATEMENTS

Private Purpose Trust Funds

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

Agency Funds

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

City of Ridgecrest
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Private Purpose Trust Funds	Agency Funds	Total
ASSETS			
Cash and investments	\$ 40,342,410	\$ 446,936	\$ 40,789,346
Investments with fiscal agents	3,446,057	-	3,446,057
Accounts receivable	-	487	487
Interest receivable	36,824	-	36,824
Deferred charges, net	244,034	-	244,034
Capital assets:			
Non-depreciable	2,202,440	-	2,202,440
Depreciable, net	2,997,866	-	2,997,866
Total assets	49,269,631	\$ 447,423	49,717,054
 LIABILITIES AND NET ASSETS			
Liabilities:			
Due to City of Ridgecrest	-	\$ 56,345	56,345
Due to bondholders	-	391,078	391,078
Accounts payable	26	-	26
Deposits payable	2,000	-	2,000
Advances from City of Ridgecrest	9,578,774	-	9,578,774
Bonds payable	32,153,243	-	32,153,243
Total liabilities	41,734,043	\$ 447,423	42,181,466
 Net Assets:			
Held in trust for Successor Agency to Ridgecrest Redevelopment Agency	7,535,491		7,535,491
Held in trust for Senior Donation	97		97
Total net assets	\$ 7,535,588		\$ 7,535,588

City of Ridgecrest
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2012

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Taxes	\$ 1,075,743
Intergovernmental	119,656
Revenue from use of money and property	80,475
Other Revenue	4,480
Total additions	<u>1,280,354</u>
DEDUCTIONS:	
Community development	292,164
Depreciation expense	142,865
Interest expense	811,213
Transfers to City of Ridgecrest (Note 6)	571,414
Total deductions	<u>1,817,656</u>
Change in net assets	(537,302)
NET ASSETS:	
Beginning of year	97
Transfer of operations of the dissolved Ridgecrest Redevelopment Agency (Note 16)	8,072,793
End of year	<u><u>\$ 7,535,588</u></u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

Notes to Basic Financial Statements



City of Ridgecrest
Notes to Basic Financial Statements
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

Redevelopment Agency of the City of Ridgecrest (the "Agency") - The Agency's purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City. The Agency was dissolved on February 1, 2012. See Note 16 for further discussion. The Agency does not issue separate financial statements.

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

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

B. Basis of Accounting and Measurement Focus

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements

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

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

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

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

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

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

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

Governmental Fund Financial Statements

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

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 90 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.

Governmental Funds of the City are outlined below:

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

Housing Set-Aside Special Revenue Fund - In accordance with Section 33334.2 of the redevelopment law, not less than 20% of all tax increment allocated to the Ridgecrest Redevelopment Agency shall be used by the Agency for purposes of improving, increasing and preserving the City’s supply of housing for persons and families of low and moderate income. As required by law, this fund accounts for all revenues and expenditures for these housing purposes. This fund was closed as of February 1, 2012. See Note 16.

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. This fund was closed as of February 1, 2012. See Note 16.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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, 2012

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. The fund was closed on July 1, 2011. 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 equipment 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 1) donations received and held by the City as an agent for individuals, developers, private organizations and other governmental agencies and 2) activities of the Successor Agency to the Ridgecrest Redevelopment Agency (the "Successor Agency"). The specific purposes for these donations are for parks and recreation and senior citizens related programs.

The agency funds account for collections received from special assessment districts and their disbursement to bondholders. The agency fund is custodial in nature and does not involve measurement of results of operations. Spending of agency fund resources is controlled primarily through legal agreements and applicable State and Federal laws. Both private purpose trust funds and agency funds are reported using the accrual basis of accounting.

C. Cash, Cash Equivalents and Investment

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

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investment, Continued

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

D. Restricted Cash and Investments

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

E. Capital Assets

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

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

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

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

For all infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Long-Term Debt

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

G. Compensated Absences

Government-Wide Financial Statements

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

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. When an employee is terminated at fiscal year end, the amount of his or her reimbursable unused vacation and/or sick leave is recorded as a liability in the governmental funds. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Property Taxes

Property taxes are levied on January 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is March 1. The County of Kern, California (County) bills and collects the property taxes and remits them to the City according to a payment schedule established by the County. City property tax revenues are recognized when received in cash except at year end when they are accrued pursuant to the modified accrual basis of accounting. The City recognizes as revenues at June 30 available taxes or those collected within 90 days.

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

I. Net Assets

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

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

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

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

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

J. Fund Balances

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

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

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Fund Balances, Continued

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

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. On June 1, 2011, the City Council adopted Resolution 11-36 adopting the fund balance policy authorizing the Finance Director to make the determination.

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

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

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

K. Use of Estimates

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH AND INVESTMENTS

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2012:

	Government-Wide				
	Governmental	Business-Type	Total	Fiduciary	Total
	Activities	Activities		Funds	
Cash and investments	\$ 4,680,620	\$ 8,694,704	\$ 13,375,324	\$ 40,789,346	\$ 54,164,670
Investment with fiscal agent	751,356	-	751,356	3,446,057	4,197,413
Total	\$ 5,431,976	\$ 8,694,704	\$ 14,126,680	\$ 44,235,403	\$ 58,362,083

Cash, cash equivalents, and investments consisted of the following at June 30, 2012:

Cash and cash equivalent:	
Petty cash	\$ 1,620
Demand deposits	1,923,816
Money market mutual funds	4,197,413
Investments:	
Local Agency Investment Fund	52,239,234
Total	\$ 58,362,083

A. Cash Deposits

The carrying amounts of the City's demand deposits were \$1,923,816 at June 30, 2012. Bank balances were \$2,289,754 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below.

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

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits; however, the City has not waived the collateralization requirements. Noninterest-bearing transaction accounts have unlimited coverage by Federal Depository Insurance Corporation ("FDIC") through December 31, 2012. As a result, the City's demand deposits at June 30, 2012 were fully insured by FDIC.

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH AND INVESTMENTS, Continued

B. Investments

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

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

No current adjustments have been made to the accompanying basic financial statements because the City's investments were primarily in the State of California Local Agency Investment Fund and the fair value adjustment was immaterial. The fair value of the City's position in LAIF approximates the value of the pool shares.

C. External Investment Pool

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2012 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

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

As of June 30, 2012, the City had \$52,239,234 invested in LAIF, which had invested 3.47% of the pool investment funds in Medium-Term and Short-Term Structured Notes and Asset-Backed Securities.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures

Interest Rate Risk

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

	Amount	Maturities 1 year or less
Cash and cash equivalent:		
Petty cash	\$ 1,620	\$ 1,620
Demand deposits	1,923,816	1,923,816
Money market mutual funds	4,197,413	4,197,413
Investments:		
Local Agency Investment Fund	52,239,234	52,239,234
Total	\$ 58,362,083	\$ 58,362,083

Credit Risk

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

	Amount	Credit Quality Ratings	
		Moody's	Standard & Poor's
Investments:			
Local Agency Investment Fund	\$ 52,239,234	Not Rated	Not Rated
Total	\$ 52,239,234		

Custodial Credit Risk

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. LOAN PROGRAM

At June 30, 2012, the outstanding balance of the loan program is as follows:

	Balance July 1, 2011	Additions	Deletions	Transfers to Successor Agency	Transfers from Successor Agency	Deletions	Balance June 30, 2012
Loans receivables:							
High Desert loans	\$ 304,995	\$ -	\$ (7,256)	\$ (297,739)	\$ 294,757	\$ (2,288)	292,469
Globe Protect	50,978	-	-	(50,978)	-	-	-
AMG loan	-	3,000,000	-	(3,000,000)	-	-	-
Other loans	7,700	-	-	(7,700)	-	-	-
Subtotal	363,673	<u>\$ 3,000,000</u>	<u>\$ (7,256)</u>	(3,356,417)	294,757	<u>\$ (2,288)</u>	292,469
Less:							
Allowance for uncollectible	(58,678)			3,058,678	-		-
	<u>\$ 304,995</u>			<u>\$ (297,739)</u>	<u>\$ 294,757</u>		<u>\$ 292,469</u>

On December 15, 2011, the Agency entered into an agreement for the development of affordable rental project with developer. The Agency loaned the developer \$3,000,000 (AMG loan) bearing simple interest at 4% per year. On February 1, 2012, total outstanding loans receivable in the amount of \$297,739, net of allowance for uncollectible in the amount of \$3,058,678, was transferred to the Successor Agency due to the dissolution of the Agency. On May 7, 2012, the oversight board to the Successor Agency approved the transfer of all the loans to the Ridgecrest Housing Authority. However, only \$294,757 of the loans were approved by the California Department of Finance and were transferred. Loans receivable outstanding at June 30, 2012 was \$292,469.

4. INTERFUND TRANSACTIONS

A. Due To and From Other Funds

At June 30, 2012, the City had the following short-term interfund receivables and payables to cover cash shortfalls:

		Due from other funds		
		Wastewater Improvement Enterprise Fund	Internal Service Funds	Total
Due to Other funds	General Fund	\$ 174,755	\$ 200,000	\$ 374,755
	Nonmajor Governmental Funds	405,299	-	405,299
	Solid Waste Collection Enterprise Fund	600,000	-	600,000
	Total	<u>\$ 1,180,054</u>	<u>\$ 200,000</u>	<u>\$ 1,380,054</u>

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

4. INTERFUND TRANSACTIONS, Continued

A. Due to and From Other Funds, Continued

Wastewater Improvement Enterprise Fund and Internal Service Fund loaned General Fund \$174,755 and \$200,000, respectively, to cover cash shortfall. This short term borrowing is expected to be repaid in the next fiscal year.

Wastewater Improvement Enterprise Fund loaned the nonmajor governmental funds (State Gas Tax Fund) \$405,299 to cover cash shortfall at the close of the fiscal year. This short term borrowing is expected to be repaid in the next fiscal year.

Wastewater Improvement Enterprise Fund loaned Solid Waste Collection Enterprise Fund \$600,000 to cover the payment to the City's trash hauler provider. This short term borrowing is expected to be repaid in the next fiscal year using the restitution received from the Benz Sanitation lawsuit.

B. Advances to and from other funds

During the year ended June 30, 2012, the General Fund entered into loan agreement with Wastewater Improvement Enterprise Fund in the amount of \$4,250,000. The loan is to be repaid over 30 years at 0.5% interest rate per year. This loan is for paying back the franchise fees the Wastewater Fund had paid General Fund from fiscal years ended June 30, 2006 through 2011.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 131,750	\$ 21,250	\$ 153,000
2014	132,409	20,591	153,000
2015	133,071	19,929	153,000
2016	133,736	19,264	153,000
2017	134,405	18,595	153,000
2018-2022	682,172	82,828	765,000
2023-2027	699,397	65,603	765,000
2028-2032	717,059	47,941	765,000
2033-2037	735,164	29,836	765,000
2038-2042	750,837	14,163	765,000
Total	\$ 4,250,000	\$ 340,000	\$ 4,590,000

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

4. INTERFUND TRANSACTIONS, Continued

C. Transfers

At June 30, 2012, the City had the following transfers:

		Transfers Out							
		Housing Set-Aside	Redevelopment Agency	Non-major	Wastewater Improvement	Transit	Internal		
		Special Revenue	Debt Service	Governmental	Enterprise	Enterprise	Service Funds		
		Fund	Fund	Funds	Funds	Funds	Funds	Total	
Transfers In	General Fund	\$ -	\$ 443,215	\$ -	\$ 858,358	\$ 343,572	\$ 126,360	\$ 1,077,243	\$ 2,848,748
	Housing Set-Aside								
	Special revenue Fund	-	-	1,074,307	-	-	-	-	1,074,307
	Redevelopment Agency								
	Debt Service Fund	-	99,232	-	-	-	-	-	99,232
	City Debt Service Fund	165,079	-	176,628	-	-	-	-	341,707
	Non-major								
	Governmental Funds	168,919	-	-	755,188	-	-	-	924,107
	Wastewater Improvement								
	Enterprise Fund	4,250,000	-	-	-	-	-	-	4,250,000
	Solid Waste								
	Enterprise Fund	14,900	-	-	-	-	-	-	14,900
Internal Service Funds	110,246	5,784	-	15,905	10,948	6,193	332,099	481,175	
Total	\$ 4,709,144	\$ 548,231	\$ 1,250,935	\$ 1,629,451	\$ 354,520	\$ 132,553	\$ 1,409,342	\$ 10,034,176	

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

Additional details regarding transfers in and out are as follows:

The transfer from the General Fund to the Wastewater Improvement Enterprise Fund in the amount of \$4,250,000 was for repayment of the franchise fee transferred from the Wastewater Improvement Fund to General Fund prior to the year ended June 30, 2012.

The transfer from Housing Set-Aside Special Revenue Fund to General Fund in the amount of \$443,215 was for administrative overhead allocation.

The transfers from Redevelopment Agency Debt Service Fund to Housing Set-Aside Special Revenue Fund in the amount of \$1,074,307 were for the 20% housing set aside up for the first six months of the fiscal year prior to the RDA dissolution.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

4. INTERFUND TRANSACTIONS, Continued

C. Transfers, Continued

The transfers from the non-major governmental funds to General Fund in the amount of \$858,358 were 1) \$280,117 for administration and capital projects overhead, 2) from State Gas Tax Fund in the amount of \$283,631 for the administrative overhead and public works overhead allocations, 3) from Supplemental Law Enforcement Fund in the amount of \$125,000 for funding of one police officer's salaries and benefits per AB3229, and 4) from Law Enforcement Improvement Fee in the amount of \$169,610 for the funding of the Narrow Band UHF Radio project.

The transfers within the non-major government funds in the amount of \$755,188 include 1) \$214,349 from Redevelopment Agency Capital projects Fund to the Capital Improvements Fund for the funding of three capital projects namely Pearson & Upjohn parks upgrade, Leroy Jackson and Kerr McGee Sports Complex upgrades and City Hall alleyway and 2) \$523,083 from TDA Street Fund to State Gas Tax Fund for the transfer of the TDA Article 8 funding.

The transfer from the Wastewater Improvement Fund to the General Fund in the amount of \$343,572 was for the administrative overhead and public works overhead allocation.

The transfers from Internal Service Funds to the General Fund in the amount of \$1,077,243 were for administrative overhead.

The transfer from the Self Insurance Internal Service Fund to the Workers Compensation Fund in the amount of \$313,818 was mainly to cover the fiscal year's payment for all workers' compensation claims.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

5. ADVANCES TO FIDUCIARY FUND

At June 30, 2012, the City had advanced the Fiduciary Fund \$9,578,774.

On November 1, 2005, the City and the Agency have entered into a reimbursement agreement, pursuant to which the Agency has agreed to reimburse the City for all Lease payments. The Agency's reimbursement obligation is secured by a pledge of certain tax increment revenues arising in the Agency's Ridgecrest Redevelopment Project. Certain outstanding and future bonds of the Agency have or may have a claim on tax increment revenues that is senior to the Agency's reimbursement obligation under the Reimbursement Agreement. On February 1, 2012, the outstanding balance in the amount of \$7,269,159 was transferred to the Successor Agency due to the dissolution of the Agency. At June 30, 2012, the outstanding balance of the agreement was \$6,874,159. Payment of the loan is done annually. It is reduced by the principal portion of the lease payment of the dissolved Agency towards the 2005 Refunding Certificates of Participation.

On June 19, 2002, the Wastewater Improvement Enterprise Fund loaned the Agency Fund \$2,000,000 for the purpose of paying costs and expenses in connection with implementing the redevelopment plan. The loan is to be repaid over 10 years. On February 1, 2012, the outstanding balance in the amount of \$200,000 was transferred to the Successor Agency due to the dissolution of the Agency. At June 30, 2012, the outstanding balance of the agreement was \$200,000.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 200,000	\$ 20,000	\$ 220,000
Total	\$ 200,000	\$ 20,000	\$ 220,000

On June 16, 2010, per resolution 10-49, the City Council and Agency Board approved the funding of the construction of the Ridgecrest Photovoltaic Solar Energy Production Field. The field is located at 125 South Warner St., also known as the Helmer's Park. This 495.9 kW DC Solar Photovoltaic System is designed to produce 90% of the Civic Center's current annual electrical power consumption and decrease the Center's energy bill by more than \$136,000 annually. The resolution also authorized the Agency to borrow money from the Wastewater Improvement Fund to finance the construction cost of the solar field which amounted to \$3,123,000, to be paid in 5 years at the interest rate of 1/2% per annum. On February 1, 2012, the outstanding balance in the amount of \$2,504,615 was transferred to the Successor Agency due to the dissolution of the Agency. At June 30, 2012, the outstanding balance of the agreement was \$2,504,615.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 621,477	\$ 12,523	\$ 634,000
2014	624,585	9,416	634,001
2015	627,707	6,293	634,000
2016	630,846	3,154	634,000
Total	\$ 2,504,615	\$ 31,386	\$ 2,536,001

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. TRANSFERS FROM FIDUCIARY FUND

During the five months period ended June 30, 2012, the Successor Agency made the following transfers to the City: 1) \$250,000 for the administrative allowance for the Redevelopment Agency dissolution and \$60,334 of it for the Housing Authority, 2) \$176,628 to City Debt Service Fund for the lease payment to the 2005 Certificate of Participation Bonds, and 3) \$144,786 to the General Fund for the redevelopment funding of three police officers. Total transferred was in the amount of \$571,414 and is subject to the review by the California Department of Finance.

7. CAPITAL ASSETS

A. Governmental Activities

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

	Balance July 1, 2011	Additions	Deletions	Reclassifications	Transfer to the Successor Agency	Balance June 30, 2012
Non-Depreciable assets:						
Land	\$ 4,150,811	\$ -	\$ -	\$ -	\$ (2,202,440)	\$ 1,948,371
Construction in progress	3,197,817	1,129,688	-	(2,020,868)	-	2,306,637
Total non-depreciable assets	7,348,628	1,129,688	-	(2,020,868)	(2,202,440)	4,255,008
Depreciable assets						
Building and improvements	31,359,027	-	-	-	(12,092,609)	19,266,418
Machinery and equipment	5,833,957	239,024	-	263,711	-	6,336,692
Infrastructure	87,709,383	-	-	1,757,157	-	89,466,540
Subtotal	124,902,367	239,024	-	2,020,868	(12,092,609)	115,069,650
Less accumulated depreciation						
Building and improvements	(19,932,737)	(415,479)	-	-	8,951,876	(11,396,340)
Machinery and equipment	(4,812,697)	(349,282)	-	-	-	(5,161,979)
Infrastructure	(56,932,507)	(2,750,605)	-	-	-	(59,683,112)
Subtotal	(81,677,941)	(3,515,366)	-	-	8,951,876	(76,241,431)
Total depreciable assets, net	43,224,426	(3,276,342)	-	2,020,868	(3,140,733)	38,828,219
Total	\$ 50,573,054	\$ (2,146,654)	\$ -	\$ -	\$ (5,343,173)	\$ 43,083,227

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2012 are as follows:

General government	\$ 176,591
Public safety	160,266
Public works	2,382,246
Community development	603,589
Culture and leisure	93,668
Internal service fund	99,006
Total depreciation expense	\$ 3,515,366

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

7. CAPITAL ASSETS, Continued

B. Business-Type Activities

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

	Balance			Balance
	July 1, 2011	Additions	Deletions	June 30, 2012
Non-Depreciable assets:				
Land	\$ 1,614,217	\$ -	\$ -	\$ 1,614,217
Construction in progress	-	61,349	-	61,349
Total non-depreciable assets	1,614,217	61,349	-	1,675,566
Depreciable assets				
Building and improvements	2,747,841	-	-	2,747,841
Machinery and equipment	3,035,151	761,691	-	3,796,842
Infrastructure	18,877,601	-	-	18,877,601
Subtotal	24,660,593	761,691	-	25,422,284
Less accumulated depreciation				
Building and improvements	(881,945)	(248,326)	-	(1,130,271)
Machinery and equipment	(2,293,815)	(110,686)	-	(2,404,501)
Infrastructure	(7,053,970)	(130,760)	-	(7,184,730)
Subtotal	(10,229,730)	(489,772)	-	(10,719,502)
Total depreciable assets, net	14,430,863	271,919	-	14,702,782
Total	\$ 16,045,080	\$ 333,268	\$ -	\$ 16,378,348

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2012 are as follows:

T.D.A. Transit	\$ 44,691
Wastewater Improvement	445,081
Total depreciation expense	\$ 489,772

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

8. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	Balance			Transfer to Successor Agency	Balance June 30, 2012	Classification	
	July 1, 2012	Additions	Deletions			Due within One Year	Due in more than One Year
Long-term debt:							
2002 Tax Allocation Refunding Bonds	\$ 905,000	\$ -	\$ -	\$ (905,000)	\$ -	\$ -	\$ -
2010 Tax Allocation Refunding Bonds	33,375,000	-	-	(33,375,000)	-	-	-
Subtotal	34,280,000	-	-	(34,280,000)	-	-	-
Less: Bond discount	(698,841)	-	15,799	683,042	-	-	-
Total Tax Allocation Bonds	33,581,159	-	15,799	(33,596,958)	-	-	-
2005 Refunding Certificates of Participation	8,080,000	-	(395,000)	-	7,685,000	410,000	7,275,000
Capital lease	483,399	-	(139,418)	-	343,981	142,459	201,522
Total long-term debt	42,144,558	-	(518,619)	(33,596,958)	8,028,981	552,459	7,476,522
Compensated absenses	1,878,210	784,896	(786,507)	-	1,876,599	771,934	1,104,665
Total long-term liabilities	\$ 44,022,768	\$ 784,896	\$ (1,305,126)	\$(33,596,958)	\$ 9,905,580	\$ 1,324,393	\$ 8,581,187

2002 Tax Allocation Refunding Bonds

Proceeds from the \$4,475,000 2002 Tax Allocation Refunding Bonds were issued to refund the 1993 Tax Allocation Refunding Bonds. The bonds issued are due in annual installments ranging from \$310,000 to \$465,000 through June 30, 2013. Interest rates range from 2% to 5% and is paid semi-annually. Bonds outstanding at January 31, 2012 were \$905,000 and were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the Agency.

2010 Tax Allocation Refunding Bonds

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

The 2010 Tax Allocation Refunding bonds are comprised of \$11,680,000 serial bonds and three term bonds total to \$22,700,000. Principal on serial bonds mature in amounts from \$1,005,000 to 1,215,000 through June 30, 2021. Interest on the bonds is payable semi-annually at rates ranging from 3% to 5.5%. The three term bonds maturing on June 30, 2024 (bearing interest at 5.375%) and June 30, 2037 (bearing interest at 6.125% and 6.25%), are subject to mandatory redemption on each June 30, commencing on June 30, 2022, and June 30, 2025, respectively, at a redemption price equal to the principal amount with accrued interest to the redemption date, without premium, ranging from \$420,000 to \$1,035,000. Bonds and related deferred cost of issuance and bond discount outstanding at January 31, 2012 were \$33,375,000, \$247,999 and \$683,042, respectively, and were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the Agency.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

8. LONG-TERM OBLIGATIONS, Continued

2005 Refunding Certificates of Participation

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

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

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 410,000	\$ 339,036	\$ 749,036
2014	430,000	318,536	748,536
2015	450,000	297,036	747,036
2016	470,000	279,036	749,036
2017	485,000	260,236	745,236
2018-2022	2,765,000	974,489	3,739,489
2023-2027	2,675,000	307,350	2,982,350
TOTAL	<u>\$ 7,685,000</u>	<u>\$ 2,775,719</u>	<u>\$ 10,460,719</u>

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

8. LONG-TERM OBLIGATIONS, Continued

Capital Lease Obligations

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

Year Ending June 30,	
2013	\$ 142,459
2014	117,060
2015	117,060
Total Minimum Lease Payments	376,579
Less amount representing interest	(32,598)
Present value of lease payments	\$ 343,981

Compensated Absences

Compensated absences at June 30, 2012, amounted to \$1,876,599. 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.

9. RISK MANAGEMENT

The City is a member of California State Association of Counties - Excess Insurance Authority (CSAC-EIA). The Authority is comprised of 54 California counties and currently consists of 239 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 61 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.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

9. RISK MANAGEMENT, Continued

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 \$824,865 reported at June 30, 2012 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. Of the total claims payable, \$545,000 are due within the next fiscal year. During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year.

Changes in the claims liability amounts were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2009-2010	\$ 495,619	\$ 397,140	\$ (229,595)	\$ 663,164
2010-2011	663,164	1,004,060	-	1,667,224
2011-2012	1,667,224	151,531	(993,890)	824,865

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2012, is as follows:

Total assets	\$ 573,863,822
Total liabilities	\$ 468,312,002
Total equities	\$ 105,551,820
Total revenues	\$ 515,483,601
Total expenses	\$ 514,246,420
Expenses over revenues	\$ 1,237,181

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

10. PUBLIC EMPLOYEE RETIREMENT SYSTEM

Plan Description

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

Funding Policy

City employees are required by State statute to contribute 8% for miscellaneous employees and 9% for safety employees of their annual covered salary. Effective March 19, 2012, for miscellaneous employees the City stopped paying the require employee contribution for the following group - City Council, department heads and employees who belong to the mid-management and confidential groups. The City continues to pay for safety employees' employee and employer contribution. The City makes the contributions required of City employees on their behalf and for their account which amounted to \$436,944 for the year ended June 30, 2012. The City is required to contribute for fiscal year 2011-2012 at an actuarially determined rate; the current rate is 16.576% for miscellaneous employees and 25.830% for safety employees of annual covered payroll. The contribution requirements of City employees and the City employer are established and may be amended by CalPERS.

Annual Pension Cost

For the fiscal year ended June 30, 2012, the City's annual pension cost was \$823,753 for miscellaneous employees and \$759,773 for safety employees, which were equal to the City's annual required contribution ("ARC") and actual contributions. The required contribution was determined as part of the June 30, 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 from 3.55% to 14.45% depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period was 15 years for both miscellaneous and safety employees. The remaining amortization period at June 30, 2009 was 19 years for miscellaneous employees and 16 for safety employees.

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

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 797,686	100%	\$ -
6/30/2011	808,185	100%	-
6/30/2012	823,753	100%	-

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

10. PUBLIC EMPLOYEE RETIREMENT SYSTEM, Continued

Annual Pension Cost, Continued

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

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 670,436	100%	\$ -
6/30/2011	658,227	100%	-
6/30/2012	759,773	100%	-

Funded Status of Plan – Miscellaneous and Safety Employees

As of the actuarial valuation date of June 30, 2011, 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.

11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City provides \$112 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 2011 and 2012, the required employer contributions under the CalPERS Health plan is \$108 and \$112 per month, respectively. CalPERS adjusts this amount annually based on inflation index.

Funding Policy

The ARC is calculated in accordance with certain variables which includes the Normal Cost and the component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years.

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

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

11. OTHER POSTEMPLOYMENT BENEFITS, Continued

Annual OPEB Cost and Net OPEB Obligation (Assets)

For fiscal year ended June 30, 2011, the City's annual OPEB cost was \$76,550. The City's annual required contribution (ARC) was \$76,990 and was deposited in to the trust account and the balance of the amount was used to pay for the actual retirees' benefit cost for the fiscal year.

The following table shows the components of the City's Annual OPEB Cost for the year ended June 30, 2012, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation (asset):

Annual Required Contribution (ARC)	\$	76,990
Interest on Net OPEB Obligation (Assets) @ 7.75%		(2,684)
Adjustment to ARC		2,334
		76,640
Annual OPEB Cost		76,640
Contribution Made (ARC Inclusive of Benefit Payments)		(76,990)
		(350)
(Increase) in Net OPEB Obligation (Assets)		(350)
Net OPEB Obligation (Assets) - Beginning of year		(35,266)
		(35,266)
Net OPEB Obligation (Assets) - End of year	\$	(35,616)

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

	Annual	Actual	Percentage	Net OPEB
	OPEB Cost	Contributions	Contribution	Obligation
				(Asset)
2009-2010	\$ 75,911	\$ 88,448	116.5%	\$ (34,815)
2010-2011	75,749	76,200	100.6%	(35,266)
2011-2012	76,640	76,990	100.5%	(35,616)

Actuarial Methods and Assumptions

The ARC was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.61% investment rate of return (net of administrative expenses), (b) 7.61 discount rate, (c) projected annual salary increases range of 3.25%, (d) CalPERS Assumption Model was used in determining the factor for pre-retirement turnover, pre-retirement mortality, post-retirement mortality and retirement age. Employee currently retired who have elected CalPERS medical coverage are assumed to continue coverage for their lifetime and the lifetime of their spouse if covered. 50% of future non-PEAR active employees are assumed to elect retiree health coverage at retirement. 100% of future PEAR retirees are assumed to elect retiree health coverage at retirement with 50% electing the \$250 reimbursement benefit over the CalPERS benefit. Of those electing coverage approximately 20% are assumed to elect coverage for their spouse. A female spouse is assumed to be 3 years younger than a male spouse. The City's \$100 monthly benefit is not assumed to increase in future years. On the other hand, the CalPERS minimum required employer contribution is assumed to increase by 4% each year. The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level percentage-of-pay method on a closed-basis. The remaining amortization period at June 30, 2011 is assumed to be 26 years.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

11. OTHER POSTEMPLOYMENT BENEFITS, Continued

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 34.73% funded. The actuarial accrued liability for benefits was \$917,842, and the actuarial value of assets was \$318,724, resulting in an unfunded actuarial accrued liability ("UAAL") of \$599,118. The covered payroll (annual payroll for active employees covered by the plan) was \$5,569,000, and the ratio of the UAAL to the covered payroll was 10.76%.

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

12. OTHER REQUIRED DISCLOSURES

A. Deficit Fund Balances/Net Assets

At June 30, 2012, the following funds had a fund balances (deficit) or unrestricted net assets (deficit), which will be eliminated through the reduction in future expenditures and/or the use of new funding sources:

Fund	Fund Type	Deficit
General Fund	General Fund	\$ (4,230,471)
State Gas Tax Fund	Special Revenue Fund	(334,810)
Special Projects Fund	Special Revenue Fund	(1,063)
Housing Authority Fund	Special Revenue Fund	(3,985)
Solid Waste Collection Fund	Enterprise Fund	(25,200)

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2012, expenditures exceeded appropriations in the following functions of the respective funds:

Fund	Function	Excess Expenditures
General Fund	General government	\$ 44,699
	Community development	94,618
	Capital outlay	378,305
Housing Set-Aside Special Revenue Fund	Community development	2,366,490
Grants Opeartions Special Revenue Fund	General government	107
Special Project Special Revenue Fund	Community development	27,017
Housing Authority Special Revenue Fund	Community development	141,471
Sub-Standard Streets Improvements Capital Projects Fund	Transportation	65

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

13. CLASSIFICATION OF FUND BALANCES

	Major Funds					Total
	General Fund	Housing Set-Aside Special Revenue Fund	Redevelopment Agency Debt Service Fund	City Debt Service Fund	Other Governmental Funds	
Nonspendable:						
Advances to Fiduciary Fund	\$ -	\$ -	\$ -	\$ 6,874,159	\$ -	\$ 6,874,159
Total nonspendable	-	-	-	6,874,159	-	6,874,159
Restricted:						
Asset seizure	17,540	-	-	-	-	17,540
Asset Seizure - drug/ gang	8,372	-	-	-	-	8,372
DARE/CHAMPS car donations	2,951	-	-	-	-	2,951
Spay & neuter donations	39,374	-	-	-	-	39,374
Freedom Park donation	1,430	-	-	-	-	1,430
Debt service	-	-	-	751,356	-	751,356
AB 3229	-	-	-	-	245	245
Grant operations	-	-	-	-	20,633	20,633
TCRF capital projects	-	-	-	-	441,034	441,034
Capital projects	-	-	-	-	2,198,599	2,198,599
Community partnership	-	-	-	-	137	137
Total restricted	69,667	-	-	751,356	2,660,648	3,481,671
Committed:						
Park development	-	-	-	-	16,407	16,407
Substandard street improvement	-	-	-	-	510,622	510,622
Total committed	-	-	-	-	527,029	527,029
Assigned						
Capital improvements	-	-	-	-	237,098	237,098
Business park capital projects	-	-	-	-	37,597	37,597
Total assigned	-	-	-	-	274,695	274,695
Unassigned	(4,300,138)	-	-	-	(339,858)	(4,639,996)
Total Fund Balances	\$ (4,230,471)	\$ -	\$ -	\$ 7,625,515	\$ 3,122,514	\$ 6,517,558

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

14. COMMITMENTS AND CONTINGENCIES

A. *Litigation*

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

B. *Grants*

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

15. CITY'S FINANCIAL CONDITION

At June 30, 2012, the General Fund had a deficit fund balance of \$4,230,471, a \$4,157,813 decrease in fund balance over 2011. The decrease in fund balance of \$4,157,813 was due to the refund of the franchise fees paid by the Waste Water Enterprise Fund to the General Fund in the last six years. The refund which totals to \$4,250,000 was the result of lack of proper documentation authorizing the franchise fees transfer. As part of the agreement, General Fund is going to pay back the fees in the next thirty years at an annual payment of \$153,000. The City is fully aware that there are major challenges for the next several years to bring back up its General Fund's fund balance. Last June 2012, the City was successful in getting Measure L passed which allows the City to impose an increase of .75% in sales tax for the next five years. This added revenue will help fund the streets maintenance and construction and public safety. The City also created the Ridgecrest Tourism Improvement District that allowed the City to impose an additional 2% assessment to lodging businesses located within the City. This assessment minus the City's administrative and collection costs will go directly to the Ridgecrest Area Convention and Visitor Bureau (the "RACVB") to fund their activities. This new source of revenue will replace the City's funding of RACVB. As part of the City's spending cuts, hiring freeze are in place, some employee groups are still on 10% furlough and unrepresented group of employees are now paying for their PERS employee contribution. Discussions are ongoing between management and other bargaining groups as to having their members pay their share of PERS contribution. More budget cuts are in the pipe in FY 2013 for city council approval in December 2012 to meet the declining revenues and a larger budget cuts are expected for the fiscal year 2013-2014. Finally, recent changes in major leadership positions such as the newly elected mayor, two newly elected city council members who never held the council positions before, new City Manager and new Finance Director in fiscal year 2013 will infuse new ideas and innovation as to how to improve the current financial condition of the City and stop its reliance on one time revenues.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

16. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the Supreme Court of the State of California (the "Court") upheld the enforceability of legislation that provides for the dissolution of California redevelopment agencies, but struck down the Assembly Bill X1 27 which would have provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. As a result of the Court ruling, the dissolution of California redevelopment agencies was effective as of February 1, 2012.

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

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

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

On January 11, 2012, the City adopted Resolution No. 12-02 electing to not to retain the housing assets and functions previously performed by the dissolved Agency pursuant to Section 34176(a)(1) of the California Health and Safety Code. On January 11, 2012, the City adopted Resolution No. 12-03 and formed Ridgecrest Housing Authority to continue the housing function pursuant to Section 34240 of the California Health and Safety Code. At January 31, 2012, the Agency had net asset of \$8,072,793. Accordingly, on February 1, 2012 the City transferred all the Agency assets, net of liabilities, in the amount of \$8,072,793 to the Successor Agency to the Former Ridgecrest Redevelopment Agency and all Successor Agency activities were reported in the Fiduciary Funds.

City of Ridgecrest
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

**16. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY,
Continued**

The transfer of operation on February 1, 2012 is summarized as follows:

Balance as of January 31, 2012 (modified accrual basis):	
Housing Set-Aside Special Revenue Fund	\$ 4,244,948
Redevelopment Agency Debt Service Fund	28,647,117
Redevelopment Agency Capital Projects Fund	3,345,707
Extraordinary loss - Governmental Fund	<u>36,237,772</u>
Reconciliation to accrual basis:	
Deferred charges	247,999
Capital assets, net	5,343,173
Interest payable	(159,193)
Long-term debt	(33,596,958)
Total	<u>(28,164,979)</u>
Balances as of February 1, 2012 (accrual basis)	<u>8,072,793</u>
Extraordinary loss - Government-Wide	<u>\$ 8,072,793</u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

Required Supplementary Information (Unaudited)



City of Ridgecrest
Required Supplementary Information (Unaudited)
For the year ended June 30, 2012

1. BUDGETARY INFORMATION

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

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

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

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

City of Ridgecrest
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule - General Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final Budget</u>
REVENUES:				
Taxes	\$6,803,201	\$6,843,201	\$ 7,233,231	\$ 390,030
Intergovernmental	792,100	547,273	372,049	(175,224)
License and permits	236,100	236,100	238,880	2,780
Fines and forfeitures	89,950	89,950	77,254	(12,696)
Use of property and money	142,430	142,580	135,493	(7,087)
Charges for services	631,550	647,050	569,653	(77,397)
Other revenues	315,100	622,600	324,703	(297,897)
Total revenues	<u>9,010,431</u>	<u>9,128,754</u>	<u>8,951,263</u>	<u>(177,491)</u>
EXPENDITURES:				
Current:				
General government	1,890,395	1,871,535	1,916,234	(44,699)
Public safety	7,259,988	7,519,097	6,638,131	880,966
Public works	514,454	445,912	376,341	69,571
Community development	450,374	575,430	670,048	(94,618)
Culture and leisure	1,882,863	1,904,245	1,604,073	300,172
Capital outlay	-	-	378,305	(378,305)
Total expenditures	<u>11,998,074</u>	<u>12,316,219</u>	<u>11,583,132</u>	<u>733,087</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,987,643)</u>	<u>(3,187,465)</u>	<u>(2,631,869)</u>	<u>555,596</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,605,784	3,610,784	2,848,748	(762,036)
Transfers out	(582,878)	(776,361)	(4,709,144)	(3,932,783)
Transfers from Fiduciary Fund	-	-	334,452	334,452
Total other financing sources (uses)	<u>3,022,906</u>	<u>2,834,423</u>	<u>(1,525,944)</u>	<u>(4,360,367)</u>
Net change in fund balances	<u>\$ 35,263</u>	<u>\$ (353,042)</u>	<u>(4,157,813)</u>	<u>\$ (3,804,771)</u>
FUND BALANCES:				
Beginning of year			<u>(72,658)</u>	
End of year			<u>\$ (4,230,471)</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

1. BUDGETARY INFORMATION, Continued

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

	Budgeted Amounts		Actual Amounts ⁽¹⁾	Variance With Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 16,944	\$ 16,944
Other revenues	-	-	6,710	6,710
Total revenues	-	-	23,654	23,654
EXPENDITURES:				
Current:				
Community development	909,749	909,749	3,276,239	(2,366,490)
Total expenditures	909,749	909,749	3,276,239	(2,366,490)
REVENUES OVER (UNDER) EXPENDITURES	(909,749)	(909,749)	(3,252,585)	(2,342,836)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,000,000	2,073,339	1,074,307	(999,032)
Transfers out	(1,179,163)	(1,179,163)	(548,231)	630,932
Total other financing sources (uses)	820,837	894,176	526,076	(368,100)
Net change in fund balances before extraordinary item	(88,912)	(15,573)	(2,726,509)	(2,710,936)
EXTRAORDINARY ITEM:				
Loss on dissolution of the former Ridgecrest Redevelopment Agency (Note 16)	-	-	(4,244,948)	(4,244,948)
Net change in fund balance	\$ (88,912)	\$ (15,573)	(6,971,457)	\$ (6,955,884)
FUND BALANCES:				
Beginning of year			6,971,457	
End of year			\$ -	

⁽¹⁾ For the seven-month period ended January 31, 2012.

City of Ridgecrest
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

2. SCHEDULE OF FUNDING PROGRESS

A. Defined Benefits Pension Plan

As of the actuarial valuation date of June 30, 2009, the City's miscellaneous and safety plans became part of a CalPERS Risk Pool for employers with less than 100 active plan members. As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required.

B. Other Postemployment Benefits Plan

Actuarial Valuation Date	Actuarial Assets Valuation	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Accrued Liability as Percentage of Covered Payroll
7/1/2007	\$ -	\$ 597,958	\$ 597,958	0.00%	\$ 5,967,000	10.02%
7/1/2009	129,549	661,750	532,201	19.58%	6,063,000	8.78%
6/30/2011	318,724	917,842	599,118	34.73%	5,569,000	10.76%

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

Supplementary Information



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

Non-Major Governmental Funds



City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	Special Revenue Funds				
	State Gas Tax	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement
ASSETS					
Cash and investments	\$ -	\$ 16,396	\$ -	\$ 37,571	\$ 159
Accounts receivable	79,584	11	-	26	86
Loans receivable	-	-	-	-	-
Deposits	-	-	-	-	-
Total assets	\$ 79,584	\$ 16,407	\$ -	\$ 37,597	\$ 245
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,845	\$ -	\$ -	\$ -	\$ -
Salaries payable	6,250	-	-	-	-
Due to other funds	405,299	-	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	414,394	-	-	-	-
Fund Balances:					
Restricted	-	-	-	-	245
Committed	-	16,407	-	-	-
Assigned	-	-	-	37,597	-
Unassigned	(334,810)	-	-	-	-
Total fund balances	(334,810)	16,407	-	37,597	245
Total liabilities and fund balances	\$ 79,584	\$ 16,407	\$ -	\$ 37,597	\$ 245

(Continued)

City of Ridgecrest
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2012

	Special Revenue Funds				
	Grant Operations	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee
ASSETS					
Cash and investments	\$ 20,619	\$ 440,719	\$ -	\$ 157,938	\$ 784,539
Accounts receivable	14	315	-	108	538
Loans receivable	-	-	-	-	-
Deposits	-	-	-	-	-
Total assets	\$ 20,633	\$ 441,034	\$ -	\$ 158,046	\$ 785,077
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,063	\$ -	\$ 21,710
Salaries payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	1,063	-	21,710
Fund Balances:					
Restricted	20,633	441,034	-	158,046	763,367
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(1,063)	-	-
Total fund balances	20,633	441,034	(1,063)	158,046	763,367
Total liabilities and fund balances	\$ 20,633	\$ 441,034	\$ -	\$ 158,046	\$ 785,077

(Continued)

City of Ridgecrest
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2012

	Special Revenue Funds				
	Park Development Impact Fee	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant	Housing Authority
ASSETS					
Cash and investments	\$ 221,847	\$ 86,920	\$ 967,541	\$ 137	\$ -
Accounts receivable	152	62	664	-	-
Loans receivable	-	-	-	-	292,469
Deposits	-	-	-	-	-
Total assets	\$ 221,999	\$ 86,982	\$ 968,205	\$ 137	\$ 292,469
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries payable	-	-	-	-	3,985
Due to other funds	-	-	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	292,469
Total liabilities	-	-	-	-	296,454
Fund Balances:					
Restricted	221,999	86,982	968,205	137	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(3,985)
Total fund balances	221,999	86,982	968,205	137	(3,985)
Total liabilities and fund balances	\$ 221,999	\$ 86,982	\$ 968,205	\$ 137	\$ 292,469

(Continued)

City of Ridgecrest
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2012

	Capital Projects Funds			Total Other Governmental Funds
	Redevelopment Agency (*)	Capital Improvements	Sub-Standard Streets Improvements	
ASSETS				
Cash and investments	\$ -	\$ 47,835	\$ 500,038	\$ 3,282,259
Accounts receivable	-	258,390	343	340,293
Loans receivable	-	-	-	292,469
Deposits	-	-	10,241	10,241
Total assets	\$ -	\$ 306,225	\$ 510,622	\$ 3,925,262
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 5,661	\$ -	\$ 31,279
Salaries payable	-	399	-	10,634
Due to other funds	-	-	-	405,299
Deposits payable	-	63,067	-	63,067
Deferred revenue	-	-	-	292,469
Total liabilities	-	69,127	-	802,748
Fund Balances:				
Restricted	-	-	-	2,660,648
Committed	-	-	510,622	527,029
Assigned	-	237,098	-	274,695
Unassigned	-	-	-	(339,858)
Total fund balances	-	237,098	510,622	3,122,514
Total liabilities and fund balances	\$ -	\$ 306,225	\$ 510,622	\$ 3,925,262

(Concluded)

(*) As of February 1, 2012. See Note 16.

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2012

	Special Revenue Funds				
	State Gas Tax	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement
REVENUES:					
Taxes	\$ -	\$ -	\$ 522,719	\$ -	\$ -
Intergovernmental	765,633	-	-	-	100,000
Licenses and permits	-	-	-	-	-
Use of property and money	-	42	364	97	245
Other revenues	-	-	-	-	-
Total revenues	765,633	42	523,083	97	100,245
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	234,055	-	-	-	-
Transportation	1,056,700	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	1,290,755	-	-	-	-
REVENUE OVER (UNDER) EXPENDITURES	(525,122)	42	523,083	97	100,245
OTHER FINANCING SOURCES (USES):					
Transfers in	523,083	-	-	-	-
Transfers out	(294,117)	-	(523,083)	-	(125,000)
Transfers from Fiduciary Fund	-	-	-	-	-
Total other financing sources (uses)	228,966	-	(523,083)	-	(125,000)
Net change in fund balances before extraordinary item	(296,156)	42	-	97	(24,755)
EXTRAORDINARY ITEM:					
Loss on dissolution of the former Ridgecrest Redevelopment Agency (Note 16)	-	-	-	-	-
Net change in fund balances	(296,156)	42	-	97	(24,755)
FUND BALANCES:					
Beginning of year	(38,654)	16,365	-	37,500	25,000
End of year	\$ (334,810)	\$ 16,407	\$ -	\$ 37,597	\$ 245

(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, 2012

	Special Revenue Funds				
	Grant Operations	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	15,558	-	-	-	-
Licenses and permits	-	-	-	13,718	84,814
Use of property and money	38	1,176	19	394	1,946
Other revenues	-	-	6,650	-	-
Total revenues	15,596	1,176	6,669	14,112	86,760
EXPENDITURES:					
Current:					
General government	107	-	-	-	-
Public safety	-	-	-	-	-
Transportation	-	-	-	-	21,710
Community development	-	-	27,017	-	-
Capital outlay	-	-	-	-	-
Total expenditures	107	-	27,017	-	21,710
REVENUE OVER (UNDER) EXPENDITURES	15,489	1,176	(20,348)	14,112	65,050
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	5,229	-	-
Transfers out	-	(17,756)	-	-	-
Transfers from Fiduciary Fund	-	-	-	-	-
Total other financing sources (uses)	-	(17,756)	5,229	-	-
Net change in fund balances before extraordinary item	15,489	(16,580)	(15,119)	14,112	65,050
EXTRAORDINARY ITEM:					
Loss on dissolution of the former Ridgecrest Redevelopment Agency (Note 16)	-	-	-	-	-
Net change in fund balances	15,489	(16,580)	(15,119)	14,112	65,050
FUND BALANCES:					
Beginning of year	5,144	457,614	14,056	143,934	698,317
End of year	<u>\$ 20,633</u>	<u>\$ 441,034</u>	<u>\$ (1,063)</u>	<u>\$ 158,046</u>	<u>\$ 763,367</u>

(Continued)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Non-Major Governmental Funds
For the year ended June 30, 2012

	Special Revenue Funds				
	Park	Law Enforcement	Storm Drainage Facilities	Community	Housing ⁽¹⁾ Authority
	Development Impact Fee	Improvement Fee		Partnership Grant	
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Licenses and permits	43,828	22,866	102,228	-	-
Use of property and money	536	320	2,401	-	1,525
Other revenues	-	-	-	-	2,288
Total revenues	44,364	23,186	104,629	-	3,813
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community development	-	-	-	-	141,471
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	141,471
REVENUE OVER (UNDER) EXPENDITURES	44,364	23,186	104,629	-	(137,658)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	73,339
Transfers out	-	(169,610)	-	-	-
Transfers from Fiduciary Fund	-	-	-	-	60,334
Total other financing sources (uses)	-	(169,610)	-	-	133,673
Net change in fund balances before extraordinary item	44,364	(146,424)	104,629	-	(3,985)
EXTRAORDINARY ITEM:					
Loss on dissolution of the former Ridgecrest Redevelopment Agency (Note 16)	-	-	-	-	-
Net change in fund balances	44,364	(146,424)	104,629	-	(3,985)
FUND BALANCES:					
Beginning of year	177,635	233,406	863,576	137	-
End of year	<u>\$ 221,999</u>	<u>\$ 86,982</u>	<u>\$ 968,205</u>	<u>\$ 137</u>	<u>\$ (3,985)</u>

(Continued)

⁽¹⁾ For the five-month period ended June 30, 2012. See Note 16.

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Non-Major Governmental Funds
For the year ended June 30, 2012

	Capital Projects Funds			Total Other Governmental Funds
	Redevelopment ⁽²⁾ Agency	Capital Improvements	Sub-Standard Streets Improvements	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 522,719
Intergovernmental	-	980,160	-	1,861,351
Licenses and permits	-	-	-	267,454
Use of property and money	7,354	-	1,288	17,745
Other revenues	2,800	1,300	25,200	38,238
Total revenues	10,154	981,460	26,488	2,707,507
EXPENDITURES:				
Current:				
General government	-	-	-	107
Public safety	-	-	-	234,055
Transportation	-	-	9,065	1,087,475
Community development	335,683	-	-	504,171
Capital outlay	-	940,731	-	940,731
Total expenditures	335,683	940,731	9,065	2,766,539
REVENUE OVER (UNDER) EXPENDITURES	(325,529)	40,729	17,423	(59,032)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	322,456	-	924,107
Transfers out	(499,885)	-	-	(1,629,451)
Transfers from Fiduciary Fund	-	-	-	60,334
Total other financing sources (uses)	(499,885)	322,456	-	(645,010)
Net change in fund balances before extraordinary item	(825,414)	363,185	17,423	(704,042)
EXTRAORDINARY ITEM:				
Loss on dissolution of the former Ridgecrest Redevelopment Agency (Note 16)	(3,345,707)	-	-	(3,345,707)
Net change in fund balances	(4,171,121)	363,185	17,423	(4,049,749)
FUND BALANCES:				
Beginning of year	4,171,121	(126,087)	493,199	7,172,263
End of year	\$ -	\$ 237,098	\$ 510,622	\$ 3,122,514

(Concluded)

⁽²⁾ For the seven-month period ended January 31, 2012. See Note 16.

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Redevelopment Agency Debt Service Fund
For the seven-month period ended January 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original ⁽¹⁾	Final ⁽¹⁾		
REVENUES:				
Taxes	\$ 7,435,000	\$ 7,435,000	\$ 3,940,834	\$ (3,494,166)
Intergovernmental	220,000	220,000	119,656	(100,344)
Use of property and money	150,000	150,000	70,685	(79,315)
Total revenues	7,805,000	7,805,000	4,131,175	(3,673,825)
EXPENDITURES:				
Debt service:				
Principal	1,655,000	200,000	-	200,000
Interest	1,925,311	973,156	977,560	(4,404)
Total expenditures	3,580,311	1,173,156	977,560	195,596
REVENUE OVER (UNDER) EXPENDITURES	4,224,689	6,631,844	3,153,615	(3,478,229)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,025,409	1,025,409	99,232	(926,177)
Transfers out	(4,685,526)	(4,685,526)	(1,250,935)	3,434,591
Total other financing sources (uses)	(3,660,117)	(3,660,117)	(1,151,703)	2,508,414
Net change in fund balance before Extraordinary Item	564,572	2,971,727	2,001,912	(969,815)
EXTRAORDINARY ITEM:				
Loss on dissolution of the former Ridgecrest Redevelopment Agency	-	-	(28,647,117)	(28,647,117)
Net change in fund balances	\$ 564,572	\$ 2,971,727	(26,645,205)	\$ (29,616,932)
FUND BALANCE:				
Beginning of year			26,645,205	
End of year			\$ -	

⁽¹⁾ This fund was closed on February 1, 2012; however, the budget was prepared based on a twelve-month period ended June 30, 2012.

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	\$ 534,417	\$ 534,417	\$ 534,418	\$ (1)
Interest	379,667	379,667	378,917	750
Total expenditures	<u>914,084</u>	<u>914,084</u>	<u>913,335</u>	<u>749</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	539,006	539,006	341,707	(197,299)
Transfers from Fiduciary Fund	-	-	176,628	176,628
Total other financing sources (uses)	<u>539,006</u>	<u>539,006</u>	<u>518,335</u>	<u>(20,671)</u>
Net change in fund balance	<u>\$ (375,078)</u>	<u>\$ (375,078)</u>	(395,000)	<u>\$ (19,922)</u>
FUND BALANCE:				
Beginning of year			<u>8,020,515</u>	
End of year			<u>\$ 7,625,515</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
State Gas Tax - Special Revenue Fund
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 741,039	\$ 741,039	\$ 765,633	\$ 24,594
EXPENDITURES:				
Current:				
Public safety	250,000	250,000	234,055	15,945
Transportation	1,285,093	1,571,172	1,056,700	514,472
Total expenditures	1,535,093	1,821,172	1,290,755	530,417
REVENUE OVER (UNDER) EXPENDITURES				
	(794,054)	(1,080,133)	(525,122)	555,011
OTHER FINANCING SOURCES (USES):				
Transfers in	850,927	855,829	523,083	(332,746)
Transfers out	(472,054)	(472,054)	(294,117)	177,937
Total other financing sources (uses)	378,873	383,775	228,966	(154,809)
Net change in fund balance	\$ (415,181)	\$ (696,358)	(296,156)	\$ 400,202
FUND BALANCE:				
Beginning of year			(38,654)	
End of year			<u>\$ (334,810)</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 42	\$ 42
Total revenues	-	-	42	42
Net change in fund balance	\$ -	\$ -	42	\$ 42
FUND BALANCE:				
Beginning of year			16,365	
End of year			\$ 16,407	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 430,927	\$ 430,927	\$ 522,719	\$ 91,792
Use of property and money	-	-	364	364
Total revenues	430,927	430,927	523,083	92,156
OTHER FINANCING SOURCES (USES):				
Transfers out	(430,927)	(430,927)	(523,083)	(92,156)
Total other financing sources (uses)	(430,927)	(430,927)	(523,083)	(92,156)
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Business Park - Special Revenue Fund
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 97	\$ 97
Total revenues	-	-	97	97
Net change in fund balance	\$ -	\$ -	97	\$ 97
FUND BALANCE:				
Beginning of year			37,500	
End of year			\$ 37,597	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of property and money	-	-	245	245
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>100,245</u>	<u>245</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	(125,000)	(25,000)
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(125,000)</u>	<u>(25,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(24,755)	<u>\$ (24,755)</u>
FUND BALANCE:				
Beginning of year			<u>25,000</u>	
End of year			<u>\$ 245</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Grant Operations - Special Revenue Fund
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 15,558	\$ 15,558
Use of property and money	-	-	38	38
Total revenues	-	-	15,596	15,596
EXPENDITURES:				
Current:				
General government	-	-	107	(107)
Total expenditures	-	-	107	(107)
REVENUE OVER (UNDER) EXPENDITURES	\$ -	\$ -	15,489	\$ 15,489
FUND BALANCE:				
Beginning of year			5,144	
End of year			\$ 20,633	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 1,176	\$ 1,176
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(1,614)	(17,756)	(16,142)
Total other financing sources (uses)	-	(1,614)	(17,756)	(16,142)
Net change in fund balance	\$ -	\$ (1,614)	(16,580)	\$ (14,966)
FUND BALANCE:				
Beginning of year			457,614	
End of year			\$ 441,034	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Special Projects - Special Revenue Fund
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 19	\$ 19
Other revenues	-	-	6,650	6,650
Total revenues	-	-	6,669	6,669
EXPENDITURES:				
Current:				
Community development	-	-	27,017	(27,017)
REVENUE OVER (UNDER) EXPENDITURES				
	-	-	(20,348)	(20,348)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	5,229	5,229
Net change in fund balance	\$ -	\$ -	(15,119)	\$ (15,119)
FUND BALANCE:				
Beginning of year			14,056	
End of year			\$ (1,063)	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Fire Facilities Improvements - Special Revenue Fund
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 13,718	\$ 13,718
Use of property and money	-	-	394	394
Total revenues	-	-	14,112	14,112
Net change in fund balance	\$ -	\$ -	14,112	\$ 14,112
FUND BALANCE:				
Beginning of year			143,934	
End of year			\$ 158,046	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 84,814	\$ 84,814
Use of property and money	-	-	1,946	1,946
Total revenues	-	-	86,760	86,760
EXPENDITURES:				
Current:				
Transportation	50,000	86,710	21,710	65,000
Total expenditures	50,000	86,710	21,710	65,000
REVENUE OVER (UNDER) EXPENDITURES	\$ (50,000)	\$ (86,710)	65,050	\$ 65,000
FUND BALANCE:				
Beginning of year			698,317	
End of year			\$ 763,367	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ 11,100	\$ 43,828	\$ 32,728
Use of property and money	-	-	536	536
Total revenues	-	11,100	44,364	33,264
OTHER FINANCING SOURCES (USES):				
Transfers out	(41,000)	(54,400)	-	54,400
Net change in fund balance	\$ (41,000)	\$ (43,300)	44,364	\$ 87,664
FUND BALANCE:				
Beginning of year			177,635	
End of year			<u>\$ 221,999</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Law Enforcement Improvement Fee - Special Revenue Fund
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 22,866	\$ 22,866
Use of property and money	-	-	320	320
Total revenues	-	-	23,186	23,186
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(169,610)	(169,610)
Total other financing sources (uses)	-	-	(169,610)	(169,610)
Net change in fund balance	\$ -	\$ -	(146,424)	\$ (146,424)
FUND BALANCE:				
Beginning of year			233,406	
End of year			\$ 86,982	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 102,228	\$ 102,228
Use of property and money	-	-	2,401	2,401
Total revenues	-	-	104,629	104,629
 Net change in fund balance	 \$ -	 \$ -	 104,629	 \$ 104,629
 FUND BALANCE:				
Beginning of year			863,576	
End of year			\$ 968,205	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Housing Authority - Special Revenue Fund
For the year ended June 30, 2012

	Budgeted Amounts (*)		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 1,525	\$ 1,525
Other revenues	-	-	2,288	2,288
Total revenues	-	-	3,813	3,813
EXPENDITURES:				
Current:				
Community development	-	-	141,471	(141,471)
Total expenditures	-	-	141,471	(141,471)
REVENUE OVER (UNDER) EXPENDITURES				
	-	-	(137,658)	(137,658)
OTHER FINANCING SOURCES:				
Transfers in	-	-	73,339	73,339
Transfers from Fiduciary Fund	-	-	60,334	60,334
Total other financing sources	-	-	133,673	133,673
Net change in fund balance	\$ -	\$ -	(3,985)	\$ (3,985)
FUND BALANCE:				
Beginning of year			-	
End of year			\$ (3,985)	

(*) Budget was not adopted for the Housing Authority Special Revenue Fund due to the Fund was newly established on February 1, 2012 as a result of the dissolution of the former Ridgecrest Redevelopment Agency.

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Redevelopment Agency - Capital Projects Fund
For the seven-month period ended January 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original ⁽¹⁾	Final ⁽¹⁾		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 7,354	\$ 7,354
Other revenues	600,000	600,000	2,800	(597,200)
Total revenues	600,000	600,000	10,154	(589,846)
EXPENDITURES:				
Current:				
Community development	1,411,817	1,422,917	335,683	1,087,234
Culture and leisure	-	26,671	-	26,671
Total expenditures	1,411,817	1,449,588	335,683	1,113,905
REVENUE OVER (UNDER) EXPENDITURES	(811,817)	(849,588)	(325,529)	524,059
OTHER FINANCING SOURCES (USES):				
Transfers in	1,941,526	1,941,526	-	(1,941,526)
Transfers out	(1,194,310)	(699,146)	(499,885)	199,261
Total other financing sources	747,216	1,242,380	(499,885)	(1,742,265)
Net change in fund balances before extraordinary item	(64,601)	392,792	(825,414)	(1,218,206)
EXTRAORDINARY ITEM:				
Loss on dissolution of the former Ridgecrest Redevelopment Agency	-	-	(3,345,707)	(3,345,707)
Net change in fund balances	\$ (64,601)	\$ 392,792	(4,171,121)	\$ (4,563,913)
FUND BALANCE:				
Beginning of year			4,171,121	
End of year			\$ -	

⁽¹⁾ This fund was closed on February 1, 2012; however, the budget was prepared based on a twelve-month period ended June 30, 2012.

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Improvements - Capital Projects Fund
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 1,245,707	\$ 980,160	\$ (265,547)
Other revenues	-	16,581	1,300	(15,281)
Total revenues	-	1,262,288	981,460	(280,828)
EXPENDITURES:				
Capital outlay	-	1,204,435	940,731	263,704
Total expenditures	-	1,204,435	940,731	263,704
REVENUE OVER (UNDER) EXPENDITURES	-	57,853	40,729	(17,124)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	362,349	322,456	(39,893)
Total other financing sources (uses)	-	362,349	322,456	(39,893)
Net change in fund balance	\$ -	\$ 420,202	363,185	\$ (57,017)
FUND BALANCE:				
Beginning of year			(126,087)	
End of year			<u>\$ 237,098</u>	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 1,288	\$ 1,288
Other revenues	-	9,000	25,200	16,200
Total revenues	-	9,000	26,488	17,488
EXPENDITURES:				
Current:				
Transportation		9,000	9,065	(65)
Total expenditures	-	9,000	9,065	(65)
REVENUE OVER (UNDER) EXPENDITURES	-	-	17,423	17,423
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(4,902)	-	4,902
Total other financing sources (uses)	-	(4,902)	-	4,902
Net change in fund balance	\$ -	\$ (4,902)	17,423	\$ 22,325
FUND BALANCE:				
Beginning of year			493,199	
End of year			<u>\$ 510,622</u>	

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

Internal Service Funds



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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INTERNAL SERVICE FUND FINANCIAL STATEMENTS

Internal Service Funds of the City are outlined below:

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

Information Systems Fund - 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' compensation program.

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

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

City of Ridgecrest
Combining Statement of Net Assets
All Internal Service Funds
June 30, 2012

	Human Resource and Risk Management	Information Systems	Printing and Reproduction	Admin/Finance Overhead
ASSETS				
Current assets:				
Cash and investments	\$ 1,268,143	\$ 14,682	\$ 1,900	\$ -
Accounts receivable	923	233	103	-
Interest receivable				
Due from other funds	-	100,000	-	-
Inventories	-	-	1,866	-
Prepaid items	-	46,211	-	-
Total current assets	<u>1,269,066</u>	<u>161,126</u>	<u>3,869</u>	<u>-</u>
Noncurrent assets:				
Capital assets:				
Depreciable:				
Machinery and equipment	-	162,470	93,419	-
Less: accumulated depreciation	-	(118,732)	(77,835)	-
Total capital assets	<u>-</u>	<u>43,738</u>	<u>15,584</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>43,738</u>	<u>15,584</u>	<u>-</u>
Total assets	<u><u>1,269,066</u></u>	<u><u>204,864</u></u>	<u><u>19,453</u></u>	<u><u>-</u></u>
LIABILITIES				
Current Liabilities:				
Accounts payable	32,203	10,302	207	-
Salaries payable	-	3,779	-	-
Claims payable - due within one year	545,000	-	-	-
Total current liabilities	<u>577,203</u>	<u>14,081</u>	<u>207</u>	<u>-</u>
Noncurrent liabilities:				
Claims payable - due in more than one year	279,865	-	-	-
Total noncurrent liabilities	<u>279,865</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>857,068</u></u>	<u><u>14,081</u></u>	<u><u>207</u></u>	<u><u>-</u></u>
NET ASSETS				
Invested in capital assets	-	43,738	15,584	-
Unrestricted	411,998	147,045	3,662	-
Total net assets	<u><u>\$ 411,998</u></u>	<u><u>\$ 190,783</u></u>	<u><u>\$ 19,246</u></u>	<u><u>\$ -</u></u>

City of Ridgecrest
Combining Statement of Net Assets, Continued
All Internal Service Funds
June 30, 2012

	Self Insurance Workers Comp	Building Maintenance	Fleet Maintenance	Total
ASSETS				
Current assets:				
Cash and investments	\$ 17,630	\$ 11,019	\$ 77,317	\$ 1,390,691
Accounts receivable	-	136	52	1,447
Interest receivable	-	-	-	-
Due from other funds	-	100,000	-	200,000
Inventories	-	-	20,820	22,686
Prepaid items	-	-	-	46,211
Total current assets	<u>17,630</u>	<u>111,155</u>	<u>98,189</u>	<u>1,661,035</u>
Noncurrent assets:				
Capital assets:				
Depreciable:				
Machinery and equipment	-	24,572	412,893	693,354
Less: accumulated depreciation	-	(3,406)	(286,407)	(486,380)
Total capital assets	<u>-</u>	<u>21,166</u>	<u>126,486</u>	<u>206,974</u>
Total noncurrent assets	<u>-</u>	<u>21,166</u>	<u>126,486</u>	<u>206,974</u>
Total assets	<u>17,630</u>	<u>132,321</u>	<u>224,675</u>	<u>1,868,009</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	17,630	2,016	9,319	71,677
Salaries payable	-	1,112	1,939	6,830
Claims payable - due within one year	-	-	-	545,000
Total current liabilities	<u>17,630</u>	<u>3,128</u>	<u>11,258</u>	<u>623,507</u>
Noncurrent liabilities:				
Claims payable - due in more than one year	-	-	-	279,865
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,865</u>
Total liabilities	<u>17,630</u>	<u>3,128</u>	<u>11,258</u>	<u>903,372</u>
NET ASSETS				
Invested in capital assets	-	21,166	126,486	206,974
Unrestricted	-	108,027	86,931	757,663
Total net assets	<u>\$ -</u>	<u>\$ 129,193</u>	<u>\$ 213,417</u>	<u>\$ 964,637</u>

City of Ridgecrest
Combining Statements of Revenues, Expenses and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2012

	Human Resource and Risk Management	Information Systems	Printing and Reproduction	Admin/Finance Overhead
OPERATING REVENUES:				
Charges for services	\$ 246,178	\$ 935,460	\$ 77,149	\$ -
Other revenue	1,175,267	3,352	-	-
Total operating revenues	1,421,445	938,812	77,149	-
OPERATING EXPENSES:				
Administration	839,345	625,451	49,770	-
Depreciation	-	13,885	9,566	-
Total operating expenses	839,345	639,336	59,336	-
OPERATING INCOME (LOSS)	582,100	299,476	17,813	-
NONOPERATING REVENUES:				
Use of money and property	4,092	672	367	-
Total nonoperating revenues	4,092	672	367	-
INCOME (LOSS) BEFORE TRANSFERS	586,192	300,148	18,180	-
TRANSFERS:				
Transfers in	167,357	-	-	-
Transfers out	(438,412)	(426,546)	(148,000)	(41,043)
Total transfers	(271,055)	(426,546)	(148,000)	(41,043)
Change in net assets	315,137	(126,398)	(129,820)	(41,043)
NET ASSETS:				
Beginning of year	96,861	317,181	149,066	41,043
End of year	\$ 411,998	\$ 190,783	\$ 19,246	\$ -

City of Ridgecrest
Combining Statements of Revenues, Expenses and Changes in Net Assets, Continued
All Internal Service Funds
For the year ended June 30, 2012

	Self Insurance Workers Comp	Building Maintenance	Fleet Maintenance	Total
OPERATING REVENUES:				
Charges for services	\$ -	\$ 388,034	\$ 568,754	\$ 2,215,575
Other revenue	-	-	-	1,178,619
Total operating revenues	-	388,034	568,754	3,394,194
OPERATING EXPENSES:				
Administration	313,818	212,144	426,709	2,467,237
Depreciation	-	3,406	72,149	99,006
Total operating expenses	313,818	215,550	498,858	2,566,243
OPERATING INCOME (LOSS)	(313,818)	172,484	69,896	827,951
NONOPERATING REVENUES:				
Use of money and property	-	423	190	5,744
Total nonoperating revenues	-	423	190	5,744
INCOME (LOSS) BEFORE TRANSFERS	(313,818)	172,907	70,086	833,695
TRANSFERS:				
Transfers in	313,818	-	-	481,175
Transfers out	-	(219,191)	(136,150)	(1,409,342)
Total transfers	313,818	(219,191)	(136,150)	(928,167)
Change in net assets	-	(46,284)	(66,064)	(94,472)
NET ASSETS:				
Beginning of year	-	175,477	279,481	1,059,109
End of year	\$ -	\$ 129,193	\$ 213,417	\$ 964,637

City of Ridgecrest
Combining Statement of Cash Flows, Continued
All Internal Service Funds
For the year ended June 30, 2012

	Human Resource and Risk Management	Information Systems	Printing and Reproduction	Admin/Finance Overhead
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user department	\$ 269,451	\$ 935,472	\$ 77,184	\$ 99
Payments to suppliers or employees for goods and services	(591,824)	(612,796)	(47,497)	(52,090)
Insurance premiums and settlements and insurance recovery	116,399	-	-	-
Others	-	3,352	-	-
Net cash provided by (used in) operating activities	(205,974)	326,028	29,687	(51,991)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	167,357	-	-	-
Transfers out	(438,412)	(426,546)	(148,000)	(41,043)
Net cash provided by (used in) noncapital financing activities	(271,055)	(426,546)	(148,000)	(41,043)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	(15,671)	(9,433)	-
Net cash provided by (used in) capital and related financing activities	-	(15,671)	(9,433)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	4,092	672	367	-
Net cash provided by (used in) investing activities	4,092	672	367	-
Net change in cash and cash equivalents	(472,937)	(115,517)	(127,379)	(93,034)
CASH AND CASH EQUIVALENTS				
Beginning of year	1,741,080	130,199	129,279	93,034
End of year	<u>\$ 1,268,143</u>	<u>\$ 14,682</u>	<u>\$ 1,900</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 582,100	\$ 299,476	\$ 17,813	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	13,885	9,566	-
Changes in current assets and liabilities:				
Accounts receivable	948	12	35	99
Due from other funds	22,325	-	-	-
Inventories	-	-	3,065	-
Prepaid items	-	29,186	-	-
Accounts payable	32,203	(14,490)	(792)	(50,658)
Salaries payable	(1,191)	(2,041)	-	(1,432)
Due to other funds	-	-	-	-
Claims payable	(842,359)	-	-	-
Total adjustments	(788,074)	26,552	11,874	(51,991)
Net cash provided by (used in) operating activities	\$ (205,974)	\$ 326,028	\$ 29,687	\$ (51,991)

City of Ridgecrest
Combining Statement of Cash Flows, Continued
All Internal Service Funds
For the year ended June 30, 2012

	Self Insurance Workers Comp	Building Maintenance	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user department	\$ -	\$ 388,093	\$ 568,793	\$ 2,239,092
Payments to suppliers or employees for goods and services	(311,880)	(216,765)	(441,424)	(2,274,276)
Insurance premiums and settlements and insurance recovery	-	-	-	116,399
Others	-	-	-	3,352
Net cash provided by (used in) operating activities	(311,880)	171,328	127,369	84,567
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	313,818	-	-	481,175
Transfers out	-	(219,191)	(136,150)	(1,409,342)
Net cash provided by (used in) noncapital financing activities	313,818	(219,191)	(136,150)	(928,167)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	(24,572)	-	(49,676)
Net cash provided by (used in) capital and related financing activities	-	(24,572)	-	(49,676)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	-	423	190	5,744
Net cash provided by (used in) investing activities	-	423	190	5,744
Net change in cash and cash equivalents	1,938	(72,012)	(8,591)	(887,532)
CASH AND CASH EQUIVALENTS				
Beginning of year	15,692	83,031	85,908	2,278,223
End of year	<u>\$ 17,630</u>	<u>\$ 11,019</u>	<u>\$ 77,317</u>	<u>\$ 1,390,691</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (313,818)	\$ 172,484	\$ 69,896	\$ 827,951
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	3,406	72,149	99,006
Changes in current assets and liabilities:				
Accounts receivable	-	59	39	1,192
Due from other funds	-	-	-	22,325
Inventories	-	-	935	4,000
Prepaid items	-	-	-	29,186
Accounts payable	1,938	(4,061)	(14,067)	(49,927)
Salaries payable	-	(560)	(1,583)	(6,807)
Due to other funds	-	-	-	-
Claims payable	-	-	-	(842,359)
Total adjustments	1,938	(1,156)	57,473	(743,384)
Net cash provided by (used in) operating activities	\$ (311,880)	\$ 171,328	\$ 127,369	\$ 84,567

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

Fiduciary Funds



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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City of Ridgecrest
Statement of Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2012

	Private Purpose Trust Funds		
	Senior Donation	RDA Obligation Retirement	Total
ASSETS			
Cash and investments	\$ 97	\$ 40,342,313	\$ 40,342,410
Investments with fiscal agents	-	3,446,057	3,446,057
Ineterest receivable		36,824	36,824
Deferred charges, net	-	244,034	244,034
Capital assets:			
Non-depreciable	-	2,202,440	2,202,440
Depreciable, net	-	2,997,866	2,997,866
Total assets	97	49,269,534	49,269,631
LIABILITIES			
Accounts payable	-	26	26
Deposits payable	-	2,000	2,000
Advances from City of Ridgecrest	-	9,578,774	9,578,774
Long-term debt	-	32,153,243	32,153,243
Total liabilities	-	41,734,043	41,734,043
NET ASSETS			
Held in Trust	97	7,535,491	7,535,588
Total net assets	\$ 97	\$ 7,535,491	\$ 7,535,588

City of Ridgecrest
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trust Funds
For the year ended June 30, 2012

	Private Purpose Trust Funds		Total
	Senior Donation	RDA ⁽¹⁾ Obligation Retirement	
ADDITIONS:			
Taxes	\$ -	\$ 1,075,743	\$ 1,075,743
Intergovernmental	-	119,656	119,656
Revenue from use of money and property	-	80,475	80,475
Other Revenue	-	4,480	4,480
Total additions	-	1,280,354	1,280,354
DEDUCTIONS:			
Community development	-	292,164	292,164
Depreciation expense	-	142,865	142,865
Interest expense	-	811,213	811,213
Transfers to City of Ridgecrest (Note 6)	-	571,414	571,414
Total deductions	-	1,817,656	1,817,656
Change in net assets	-	(537,302)	(537,302)
NET ASSETS:			
Beginning of year	97	-	97
Transfer of operations of the dissolved Ridgecrest Redevelopment Agency (Note 16)	-	8,072,793	8,072,793
End of year	\$ 97	\$ 7,535,491	\$ 7,535,588

⁽¹⁾ For the five-month period ended June 30, 2012.

City of Ridgecrest
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<u>ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 545,763	\$ -	\$ (98,827)	\$ 446,936
Accounts receivable	648	-	(161)	487
Total assets	\$ 546,411	\$ -	\$ (98,988)	\$ 447,423
Liabilities:				
Due to City of Ridgecrest	\$ 157,386	\$ -	\$ (101,041)	\$ 56,345
Due to bondholders - special assessment district	389,025	2,053	-	391,078
Total liabilities	\$ 546,411	\$ 2,053	\$ (101,041)	\$ 447,423

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ridgecrest, California (the "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Ron Mc Geady LLP". The signature is written in a cursive, slightly slanted style.

San Diego, California
December 20, 2012

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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

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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.

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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.

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

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

	FISCAL YEARS				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 35,805,602	\$ 8,428,496	\$ 31,515,820	\$ 32,676,918	\$ 34,321,803
Restricted	2,730,315	36,879,459	25,130,907	23,615,054	18,483,103
Unrestricted	<u>2,126,223</u>	<u>11,269,841</u>	<u>(220,511)</u>	<u>798,741</u>	<u>2,858,388</u>
Total governmental activities net assets	<u><u>40,662,140</u></u>	<u><u>56,577,796</u></u>	<u><u>56,426,216</u></u>	<u><u>57,090,713</u></u>	<u><u>55,663,294</u></u>
Business type activities					
Invested in capital assets, net of related debt	16,378,348	16,045,080	16,522,152	16,979,238	17,259,625
Restricted	-	-	-	-	-
Unrestricted	<u>15,849,625</u>	<u>9,755,416</u>	<u>11,109,512</u>	<u>11,807,479</u>	<u>11,511,303</u>
Total business type activities net assets	<u><u>32,227,973</u></u>	<u><u>25,800,496</u></u>	<u><u>27,631,664</u></u>	<u><u>28,786,717</u></u>	<u><u>28,770,928</u></u>
Primary government					
Invested in capital assets, net of related debt	52,183,950	24,473,576	48,037,972	49,656,156	51,581,428
Restricted	2,730,315	36,879,459	25,130,907	23,615,054	18,483,103
Unrestricted	<u>17,975,848</u>	<u>21,025,257</u>	<u>10,889,001</u>	<u>12,606,220</u>	<u>14,369,691</u>
Total primary government net assets	<u><u>\$ 72,890,113</u></u>	<u><u>\$ 82,378,292</u></u>	<u><u>\$ 84,057,880</u></u>	<u><u>\$ 85,877,430</u></u>	<u><u>\$ 84,434,222</u></u>

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

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

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

	FISCAL YEARS				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses					
Governmental activities:					
General government	\$ 1,876,073	\$ 110,641	\$ 822,032	\$ 639,444	\$ 1,968,944
Public safety	6,683,638	7,990,857	7,577,267	7,706,699	7,390,384
Public works	2,758,511	3,041,354	319,912	2,056,581	1,858,022
Transportation	1,005,682	1,677,918	3,590,557	2,559,837	2,460,727
Community development	4,963,100	3,394,765	6,214,074	3,412,566	2,379,597
Health	-	63,565	23,813	92,882	174,055
Culture and leisure	1,648,072	2,088,659	2,087,149	2,428,923	2,425,245
Interest and fiscal agent fees	1,530,204	2,434,697	897,803	927,854	973,731
Total governmental activities expenses	<u>20,465,280</u>	<u>20,802,455</u>	<u>21,532,607</u>	<u>19,824,786</u>	<u>19,630,705</u>
Business type activities:					
TDA Transit	619,971	589,224	661,514	789,718	714,560
Wastewater	1,485,273	2,606,452	2,167,812	2,117,372	2,922,903
Solid Waste Collection	161,257	699,218	850,423	-	-
Total business type activities expenses	<u>2,266,501</u>	<u>3,894,894</u>	<u>3,679,749</u>	<u>2,907,090</u>	<u>3,637,463</u>
Total primary government expenses	<u>\$ 22,731,781</u>	<u>\$ 24,697,349</u>	<u>\$ 25,212,356</u>	<u>\$ 22,731,876</u>	<u>\$ 23,268,168</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	195,656	184,130	173,352	196,411	189,506
Public safety	298,244	310,398	391,308	371,973	340,599
Public works	-	-	-	-	-
Transportation	-	-	70	1,034	850
Community development	225,504	517,003	739,191	147,325	696,801
Health	41,754	-	-	-	-
Culture and leisure	425,213	475,348	500,996	484,910	462,904
Operating grants and contributions	1,622,484	1,885,581	1,253,997	1,384,420	1,112,823
Capital grants and contributions	1,057,999	998,583	939,616	766,742	1,474,279
Total governmental activities program revenues	<u>3,866,854</u>	<u>4,371,043</u>	<u>3,998,530</u>	<u>3,352,815</u>	<u>4,277,762</u>
Business type activities:					
Charges for services:					
TDA Transit	212,819	213,410	254,543	247,294	251,131
Wastewater	2,019,185	1,911,187	1,765,195	1,982,131	1,768,552
Solid Waste Collection	820	29,158	76,532	-	-
Operating grants and contributions	1,597,115	131,539	97,657	-	94,663
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	<u>3,829,939</u>	<u>2,285,294</u>	<u>2,193,927</u>	<u>2,229,425</u>	<u>2,114,346</u>
Total primary government program revenues	<u>\$ 7,696,793</u>	<u>\$ 6,656,337</u>	<u>\$ 6,192,457</u>	<u>\$ 5,582,240</u>	<u>\$ 6,392,108</u>
Net (Expense)/Revenue					
Governmental activities	(16,598,426)	(16,431,412)	(17,534,077)	(16,471,971)	(15,352,943)
Business type activities	1,563,438	(1,609,600)	(1,485,822)	(677,665)	(1,523,117)
Total primary government net expense	<u>\$ (15,034,988)</u>	<u>\$ (18,041,012)</u>	<u>\$ (19,019,899)</u>	<u>\$ (17,149,636)</u>	<u>\$ (16,876,060)</u>

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

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

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

	FISCAL YEARS				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	6,252,553	9,616,160	10,044,411	9,915,676	9,573,705
Sales taxes	3,171,044	3,020,160	2,856,313	3,297,900	2,996,734
Special assessments	292,654	-	-	-	-
Other taxes	1,724,910	2,915,929	3,250,486	2,960,971	3,689,557
Investment earnings	111,677	261,784	131,130	99,550	743,954
Miscellaneous	409,138	245,232	116,840	1,180,496	868,501
Gain (loss) on disposal of capital assets	-	-	-	-	-
Loss from dissolution of former RDA	(8,072,793)	-	-	-	-
Transfers from Fiduciary Fund	571,414	-	-	-	-
Transfers	(3,777,827)	523,727	470,400	444,799	1,318,981
Total governmental activities	<u>682,770</u>	<u>16,582,992</u>	<u>16,869,580</u>	<u>17,899,392</u>	<u>19,191,432</u>
Business type activities:					
Other taxes	890,633	248,368	665,449	776,431	563,141
Investment earnings	39,196	45,705	127,570	349,595	596,679
Miscellaneous	156,383	8,086	8,150	12,227	10,737
Capital Contribution	-	-	-	-	-
Transfers	3,777,827	(523,727)	(470,400)	(444,799)	(1,318,981)
Total business type activities	<u>4,864,039</u>	<u>(221,568)</u>	<u>330,769</u>	<u>693,454</u>	<u>(148,424)</u>
Total primary government	<u>\$ 5,546,809</u>	<u>\$ 16,361,424</u>	<u>\$ 17,200,349</u>	<u>\$ 18,592,846</u>	<u>\$ 19,043,008</u>
Change in Net Assets					
Governmental activities	(15,915,656)	151,580	(664,497)	1,427,421	3,838,489
Business type activities	6,427,477	(1,831,168)	(1,155,053)	15,789	(1,671,541)
Total primary government	<u>\$ (9,488,179)</u>	<u>\$ (1,679,588)</u>	<u>\$ (1,819,550)</u>	<u>\$ 1,443,210</u>	<u>\$ 2,166,948</u>

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

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

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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City of Ridgecrest
Schedule 3
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years (modified accrual basis of accounting)

Sources of Tax Revenues	<u>Business Licenses</u>	<u>Franchise Fees***</u>	<u>Property Tax *</u>	<u>Sales Tax</u>	<u>Transient Occupancy</u>	<u>Gas Tax **</u>	<u>TOTAL</u>
2011-2012	148,213	573,695	10,019,580	3,171,044	1,151,215	765,633	15,829,380
2010-2011	139,663	464,083	9,649,904	3,020,160	1,144,883	726,188	15,144,881
2009-2010	137,487	542,910	10,093,190	2,856,313	1,411,903	427,938	15,469,741
2008-2009	150,431	595,356	9,915,676	3,297,900	1,347,063	429,560	15,735,986
2007-2008	161,156	655,350	9,626,639	2,996,734	1,168,986	465,806	15,074,671
2006-2007	176,583	539,355	8,724,901	3,477,010	999,839	451,270	14,368,958
2005-2006	142,476	556,115	6,637,688	3,392,279	886,816	452,071	12,067,445
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

NOTES:

* Property tax amounts include state reimbursement of homeowners property tax relief and real property transfer tax. It also includes tax increments that would have gone to the City but was withheld by the County due to AB1X 26.

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

*** Franchise fees for fiscal year 2006 thru 2011 was adjusted to remove the waste water franchise fees refunded back to the Waste Water Enterprise Fund

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

	FISCAL YEARS				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	69,667	164,835	302,583	665,322	465,103
Committed			-	-	-
Assigned		375,678	-	-	-
Unassigned	<u>(4,300,138)</u>	<u>(613,171)</u>	<u>236,708</u>	<u>903,897</u>	<u>1,124,552</u>
Total general fund	<u>\$ (4,230,471)</u>	<u>\$ (72,658)</u>	<u>\$ 539,291</u>	<u>\$ 1,569,219</u>	<u>\$ 1,589,655</u>
All other governmental funds					
Nonspendable	\$ 6,874,159	\$ -	\$ -	\$ -	\$ -
Restricted	3,412,004	44,735,139	11,019,602	11,158,572	11,121,284
Committed	527,029	30,421	-	-	-
Assigned	274,695	4,208,621	-	-	-
Unassigned	<u>(339,858)</u>	<u>(164,741)</u>	<u>13,937,333</u>	<u>12,508,015</u>	<u>7,437,018</u>
Total all other governmental fund	<u>\$ 10,748,029</u>	<u>\$ 48,809,440</u>	<u>\$ 24,956,935</u>	<u>\$ 23,666,587</u>	<u>\$ 18,558,302</u>
TOTAL FUND BALANCES	<u><u>\$ 6,517,558</u></u>	<u><u>\$ 48,736,782</u></u>	<u><u>\$ 25,496,226</u></u>	<u><u>\$ 25,235,806</u></u>	<u><u>\$ 20,147,957</u></u>

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

	FISCAL YEARS				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	619,360	305,836	-	536,280	318,132
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	1,587,568	2,359,373	2,344,973	1,796,246	2,169,848
Total general fund	<u>\$ 2,206,928</u>	<u>\$ 2,665,209</u>	<u>\$ 2,344,973</u>	<u>\$ 2,332,526</u>	<u>\$ 2,487,980</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	11,361,910	13,184,361	-	2,647,904	3,407,708
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	704,862	(5,434,237)	4,798,728	480,327	(546,151)
Total all other governmental fund	<u>\$ 12,066,772</u>	<u>\$ 7,750,124</u>	<u>\$ 4,798,728</u>	<u>\$ 3,128,231</u>	<u>\$ 2,861,557</u>
TOTAL FUND BALANCES	<u><u>\$ 14,273,700</u></u>	<u><u>\$ 10,415,333</u></u>	<u><u>\$ 7,143,701</u></u>	<u><u>\$ 5,460,757</u></u>	<u><u>\$ 5,349,537</u></u>

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

	FISCAL YEARS				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues					
Taxes	\$ 11,696,784	\$ 15,793,330	\$ 15,530,273	\$ 16,223,465	\$ 16,313,383
Intergovernmental	2,353,056	2,602,093	2,575,356	2,111,122	2,309,609
Licenses, permits and fees	506,334	721,502	986,291	490,564	587,531
Fines and forfeitures	77,254	87,534	131,851	110,785	99,751
Use of money and property	240,867	392,414	255,750	422,410	673,407
Charges for services	569,653	633,109	828,784	656,543	816,897
Assessment revenues	-	-	-	-	-
Other revenue	369,651	226,512	127,332	850,061	1,033,309
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	15,813,599	20,456,494	20,435,637	20,864,950	21,833,887
Expenditures					
General Government	1,916,341	672,184	934,445	1,083,484	1,479,393
Public safety	6,872,186	7,190,421	7,302,660	7,248,370	6,972,804
Public works	376,341	466,230	323,167	2,056,584	897,772
Transportation	1,087,475	1,100,140	1,174,816	-	-
Community development	4,450,458	2,546,036	5,370,242	2,543,211	2,283,268
Health	-	-	205	61,417	156,948
Culture and leisure	1,604,073	1,847,674	1,899,143	2,184,997	2,095,579
Capital outlay	1,319,036	6,368,168	1,321,645	-	1,275,392
Debt service:					
Principal	534,418	7,901,849	1,109,695	1,065,747	1,075,690
Interest	1,356,477	2,410,055	900,785	932,768	978,031
Cost of Issuance	-	262,832	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	19,516,805	30,765,589	20,336,803	17,176,578	17,214,877
Excess of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(3,703,206)	(10,309,095)	98,834	3,688,372	4,619,010
Other financing sources (uses)					
Proceeds from capital lease	-	34,380,000	231,645	-	-
Bond discount	-	(725,259)	-	-	-
Transfers in	5,859,515	14,026,383	10,627,925	10,114,766	8,591,148
Transfers out	(8,137,761)	(14,131,473)	(10,697,985)	(8,715,289)	(7,335,901)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(2,278,246)	33,549,651	161,585	1,399,477	1,255,247
Net change in fund balances	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ (5,981,452)	\$ 23,240,556	\$ 260,419	\$ 5,087,849	\$ 5,874,257
Debt service as a percentage of non-capital expenditures	10.4%	42.3%	10.6%	11.6%	12.9%

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

	FISCAL YEARS				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues					
Taxes	\$ 14,137,641	\$ 12,247,901	\$ 8,725,616	\$ 7,657,442	\$ 7,300,623
Intergovernmental	1,783,935	1,917,323	2,626,347	3,253,013	4,477,119
Licenses, permits and fees	1,361,033	649,325	447,594	245,025	248,319
Fines and forfeitures	93,950	93,498	97,364	104,260	100,396
Use of money and property	640,658	464,460	274,229	202,816	263,345
Charges for services	786,753	923,449	773,345	623,191	497,612
Assessment revenues	4,520	26,427	1,738	349	1,573
Other revenue	1,148,125	12,874,961	901,769	318,051	531,145
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	19,956,615	29,197,344	13,848,002	12,404,147	13,420,132
Expenditures					
General Government	1,236,437	1,657,522	2,208,144	2,245,850	3,124,345
Public safety	5,921,981	5,752,857	4,287,023	3,862,446	3,933,757
Public works	1,217,673	594,434	286,716	549,946	777,075
Transportation	-	-	698,515	562,118	1,842,018
Community development	1,822,720	1,441,906	1,255,675	1,115,528	3,169,935
Health	1,105,735	873,806	27,683	8,669	336,488
Culture and leisure	1,899,677	1,815,338	1,311,110	1,263,589	1,742,237
Capital outlay	2,108,419	1,388,073	281,614	1,109,864	-
Debt service:					
Principal	1,069,235	10,361,445	844,167	792,923	671,202
Interest	1,053,156	1,731,348	1,270,947	1,312,023	1,358,421
Cost of Issuance		230,386			
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	17,435,033	25,847,115	12,471,594	12,822,956	16,955,478
Excess of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,521,582	3,350,229	1,376,408	(418,809)	(3,535,346)
Other financing sources (uses)					
Proceeds from capital lease	527,626	-	-	170,735	1,038,183
Bond discount	-	(146,800)	-	-	-
Transfers in	4,969,572	6,728,624	5,914,392	4,367,282	5,421,253
Transfers out	(4,160,413)	(6,861,722)	(5,607,856)	(4,007,988)	(4,971,098)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,336,785	(279,898)	306,536	530,029	1,488,338
Net change in fund balances	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 3,858,367	\$ 3,070,331	\$ 1,682,944	\$ 111,220	\$ (2,047,008)
Debt service as a percentage of non-capital expenditures	13.8%	49.4%	17.4%	18.0%	12.0%

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

<u>CATEGORY</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Residential	1,107,100,892	1,078,999,165	1,108,999,868	1,084,808,408	1,058,498,321
Commercial	232,239,002	232,784,394	237,376,125	205,319,656	179,110,827
Industrial	18,661,585	18,532,812	17,843,091	18,105,232	17,971,395
Government	165,432	164,272	167,751	161,605	128,221
Institutional	8,442,440	8,534,530	8,540,128	14,877,479	15,142,018
Miscellaneous	237,022	235,252	240,526	238,916	234,383
Recreational	8,968,482	5,308,333	5,603,484	5,000,813	4,698,128
Vacant Land	73,750,197	72,475,273	75,024,042	71,345,463	65,109,045
SBE Non-Unitary	863,043	842,761	842,761	842,761	842,761
Unsecured	38,000,781	34,479,690	38,641,463	38,435,738	29,790,351
Exempt	(4,320,437)	(4,173,918)	(4,314,950)	(4,173,979)	(4,178,993)
Unknown	-	-	-	543,791	662,290
TOTALS	1,488,428,876	1,452,356,482	1,493,279,239	1,439,679,862	1,372,187,740
Total Direct Rate	0.69386%	0.68764%	0.69471%	0.68679%	0.67270%

NOTES:

Exempt values are not included in Total

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

Source: HdL Coren & Cone

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

<u>CATEGORY</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Residential	911,494,904	788,678,966	713,926,081	633,401,029	580,667,757
Commercial	174,032,874	157,444,654	143,927,504	129,256,590	123,503,418
Industrial	11,837,503	10,882,183	10,860,581	10,413,965	10,113,348
Government	146,152	136,999	132,341	156,446	152,488
Institutional	14,742,327	12,205,814	12,553,443	13,614,469	10,817,736
Miscellaneous	157,037	154,247	151,512	151,691	146,374
Recreational	4,642,201	4,721,225	4,484,762	3,619,797	3,507,733
Vacant Land	49,323,706	36,481,201	34,935,069	31,321,458	31,213,075
SBE Non-Unitary	842,761	842,761	842,761	800	800
Unsecured	29,827,806	27,176,839	28,626,497	27,232,504	28,203,161
Exempt	(1,069,989)	(984,427)	(988,262)	(1,108,762)	(2,289,514)
Unknown	544,550	533,877	394,287	394,763	380,610
TOTALS	1,196,521,832	1,039,258,766	950,834,838	849,563,512	788,870,650
Total Direct Rate	0.62767%	0.57120%	0.51486%	0.45724%	0.41538%

NOTES:

Exempt values are not included in Total

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

Source: HdL Coren & Cone

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

10 Year Detail of Rates producing Revenue for City of Ridgecrest and Ridgecrest Redevelopment Agency					
City General Fund Direct Rates				RDA Incremental Rate	Total Direct Rate
Year	City Share of 1% Levy per Prop. 13	Debt Rate(s)	Total City Rates	1% + applicable voter approved debt	
2011-2012	0.05469%	0.00000%	0.05469%	1.00000%	0.69386%
2010-2011	0.05470%	0.00000%	0.05470%	1.00000%	0.68764%
2009-2010	0.05196%	0.00000%	0.05196%	1.00000%	0.69471%
2008-2009	0.05196%	0.00000%	0.05196%	1.00000%	0.68295%
2007-2008	0.05020%	0.00000%	0.05020%	1.00000%	0.67271%
2006-2007	0.05068%	0.00000%	0.05068%	1.00000%	0.62767%
2005-2006	0.05068%	0.00000%	0.05068%	1.00000%	0.57120%
2004-2005	0.05068%	0.00000%	0.05068%	1.00000%	0.51486%
2003-2004	0.05068%	0.00000%	0.05068%	1.00000%	0.45724%
2002-2003	0.05068%	0.00000%	0.05068%	1.00000%	0.41538%

10 Year Detail Breakdown of the Property Tax Dollar					
Agency	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
City of Ridgecrest	0.05470	0.05470	0.05196	0.05196	0.05020
Sierra Sands Child Dev	0.00509	0.00509	0.00509	0.00509	0.00000
County Advertising	0.00069	0.00070	0.00070	0.00070	0.00070
East Kern Res Con	0.00066	0.00066	0.00066	0.00066	0.00070
Education	0.01917	0.01917	0.01917	0.01917	0.01897
Education Revenue Augmentation Fund	0.12210	0.12210	0.12490	0.12490	0.12984
Fire	0.10580	0.10580	0.10580	0.10580	0.10583
Kern Community College	0.06770	0.06770	0.06770	0.06789	0.06789
Kern County	0.14130	0.14130	0.14130	0.14130	0.14277
Kern County Water Agency	0.00719	0.00718	0.00718	0.00719	0.00719
Sierra Unified School	0.47560	0.47560	0.47560	0.47560	0.47591
TOTAL PROP. 13 RATE	1.00000	1.00000	1.00000	1.00000	1.00000
Kern Community College	0.00906	0.01012	0.00940	0.00905	0.00804
Sierra Sand Unified School District	0.05833	0.05688	0.05113	0.04077	0.04231
Total Voter Approved Rate	0.06739	0.06700	0.06053	0.04982	0.05035
TOTAL TAX RATE	1.06739	1.06700	1.06053	1.04982	1.05035

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

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

10 Year Detail Breakdown of the Property Tax Dollar, Continued					
Agency	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
City of Ridgecrest	0.05068	0.05191	0.05191	0.05191	0.05191
Sierra Sands Child Dev	0.00000	0.00509	0.00509	0.00509	0.00509
County Advertising	0.00070	0.00069	0.00069	0.00069	0.00069
East Kern Res Con	0.00066	0.00066	0.00066	0.00066	0.00066
Education	0.01917	0.01917	0.01917	0.01917	0.01917
Education Revenue Augmentation Fund	0.12989	0.12504	0.12504	0.12504	0.12504
Fire	0.10577	0.10577	0.10577	0.10577	0.10577
Kern Community College	0.06770	0.06770	0.06770	0.06770	0.06770
Kern County	0.14263	0.14117	0.14117	0.14117	0.14117
Kern County Water Agency	0.00719	0.00719	0.00719	0.00719	0.00719
Sierra Unified School	0.47560	0.47560	0.47560	0.47560	0.47560
TOTAL PROP. 13 RATE	1.00000	1.00000	1.00000	1.00000	1.00000
Kern Community College	0.00528	0.00963	0.00918	0.01180	0.00000
Sierra Sand Unified School District	0.04209	0.00000	0.00000	0.00000	0.00000
Total Voter Approved Rate	0.04737	0.00963	0.00918	0.01180	0.00000
TOTAL TAX RATE	1.04737	1.00963	1.00918	1.01180	1.00000

City of Ridgecrest
Schedule 8
Top Ten Principal Property Taxpayers
Fiscal Year 2012 and Ten Years Prior

<u>Taxpayer</u>	<u>2011-2012</u>			<u>2002-2003</u>		
	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
K Partners Ridgecrest I LP	1	\$ 15,832,033	1.06%			
Ridgecrest Regional Hospital	2	10,850,035	0.73%			
HD Development Maryland Inc.	3	10,056,054	0.68%			
Walmart Stores, Inc.	4	9,590,151	0.64%	2	6,643,832	0.84%
Carriage Inns	5	8,361,739	0.56%	1	7,600,000	0.96%
K Partners Ridgecrest III LP	6	7,294,517	0.49%			
First Berkshire Properties	7	6,625,349	0.45%			
PAM Ridgecrest Venture	8	6,459,928	0.43%			
China Lake & Ridgecrest LLC	9	6,186,970	0.42%			
Mediacom California LLC	10	5,458,658	0.37%	5	4,529,309	0.57%
Drummond Medical Center				3	6,566,754	0.83%
Albertsons, Inc.				4	5,443,379	0.69%
First Berkshire Business Trust				7	4,350,000	0.55%
Ridgecrest Capital LLC				6	4,452,565	0.56%
Mervyns				8	4,346,259	0.55%
Ridgecrest Heritage Inn				9	4,298,596	0.54%
Beverly Enterprises California				10	3,693,716	0.47%
Top Ten Totals		\$ 86,715,434	5.83%		\$ 51,924,410	6.58%
CITY TOTALS		1,488,428,876			788,737,600	

Source: HdL Coren & Cone

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

Fiscal Year Ended <u>June 30</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the Fiscal Year of the Levy		Delinquent Tax <u>Collections</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2012	10,265,889	10,249,351	99.84%	16,538
2011	9,924,681	9,883,935	99.59%	40,746
2010	10,014,973	9,985,447	99.71%	29,526
2009	9,684,531	9,669,503	99.84%	15,027
2008	9,082,220	9,069,060	99.86%	13,159
2007	7,413,971	7,406,500	99.90%	7,471
2006	5,822,621	5,817,552	99.91%	5,070
2005	4,958,439	4,953,104	99.89%	5,335
2004	3,915,945	3,908,652	99.81%	7,293
2003	3,446,694	3,441,268	99.84%	5,426

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 Nine 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			
2012	7,685,000	32,825,000	-	2,704,615	343,981	43,558,596	5.52%	\$ 1,551
2011	8,080,000	34,280,000	-	3,323,000	483,399	46,166,399	5.92%	\$ 1,663
2010	8,460,000	7,290,000	-	400,000	615,249	16,765,249	2.25%	\$ 591
2009	8,830,000	7,905,000	-	600,000	739,943	18,074,943	2.45%	\$ 647
2008	9,190,000	8,490,000	115,000	800,000	860,688	19,455,688	2.62%	\$ 694
2007	9,535,000	9,050,000	220,000	1,000,000	1,031,380	20,836,380	2.89%	\$ 746
2006	9,870,000	9,590,000	315,000	1,200,000	1,225,614	22,200,614	4.49%	\$ 837
2005	-	19,355,000	405,000	1,400,000	1,167,060	22,327,060	4.74%	\$ 843
2004	-	20,070,000	485,000	1,600,000	1,135,552	23,290,552	5.35%	\$ 901

NOTES:

- a) See Schedule 15 Demographic and Economic Statistics for personal income and population data

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

City of Ridgecrest
Schedule 11
Ratios of General Bonded Debt Outstanding
Last Nine 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			
2012	7,685,000	32,825,000	-	40,510,000	2.72%	\$ 1,442
2011	8,080,000	34,280,000	-	42,360,000	2.92%	\$ 1,525
2010	8,460,000	7,290,000	-	15,750,000	1.05%	\$ 555
2009	8,830,000	7,905,000	-	16,735,000	1.16%	\$ 599
2008	9,190,000	8,490,000	115,000	17,795,000	1.30%	\$ 635
2007	9,535,000	9,050,000	220,000	18,805,000	1.57%	\$ 673
2006	9,870,000	9,590,000	315,000	19,775,000	1.90%	\$ 746
2005	-	19,355,000	405,000	19,760,000	2.08%	\$ 746
2004	-	20,070,000	485,000	20,555,000	2.42%	\$ 795

NOTES:

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

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

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2012

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City of Ridgecrest
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Debt Outstanding 6/30/2012	%	City's Share of Debt as of 6/30/12
		<u>Applicable</u>	¹
Kern Community College District Safety, Repair & Improvement District	\$ 104,142,372	0.704%	\$ 733,162
Kern Community College District Assessment District	3,305,000	0.763%	25,217
Sierra Sands Joint Unified School District	<u>23,549,430</u>	51.709%	<u>12,177,175</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 12,935,554
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Kern County Certificates of Participation	127,655,000	0.614%	783,802
Kern County Pension Obligations	399,105,506	0.614%	2,450,508
Kern County Board of Education Certificates of Participation	42,755,000	0.614%	262,516
Kern County Community College District Certificates of Participation	93,485,000	0.624%	583,346
Kern County Community College District Benefit Obligations	83,685,000	0.624%	522,194
Sierra Sands Joint Unified School District General Fund Obligations	20,205,000	51.709%	10,447,803
City of Ridgecrest Certificates of Participation	<u>7,685,000</u>	100.000%	<u>7,685,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT	774,575,506		\$ 22,735,169
COMBINED TOTAL DEBT			<u><u>35,670,724</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.

2011-12 Assessed Valuation	\$ 1,488,456,876
Redevelopment Incremental Valuation	999,647,622
Adjusted Assessed Valuation	488,809,254

Ratios to 2011-12 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 0.87%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$7,685,000) 1.57%

Combined Total Debt 7.30%

NOTES:

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

Source: California Municipal Statistics, Inc.

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

Legal Debt Margin Calculation	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2008</u>
Assessed value	\$ 1,488,428,876	\$ 1,452,356,482	\$ 1,493,279,239	\$ 1,439,679,862	\$ 1,372,187,740
Debt limit (15% of assessed value)	223,264,331	217,853,472	223,991,886	215,951,979	205,828,161
Debt applicable to limit:					
General obligation bonds	40,510,000	42,360,000	15,750,000	16,735,000	17,795,000
Less: Amount set aside for repayment of general obligation debt	<u>4,197,413</u>	<u>4,247,727</u>	<u>1,807,736</u>	<u>1,808,337</u>	<u>1,814,042</u>
Total net debt applicable to limit	<u>36,312,587</u>	<u>38,112,273</u>	<u>13,942,264</u>	<u>14,926,663</u>	<u>15,980,958</u>
Legal Debt Margin	186,951,744	179,741,199	210,049,622	201,025,316	189,847,203
Total debt applicable to the limit as a percentage of debt limit	<u>19.42%</u>	<u>21.20%</u>	<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 debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

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

City of Ridgecrest
Schedule 13
Legal Debt Margin Information, Continued
Last Nine Fiscal Years

Legal Debt Margin Calculation	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2004</u>
Assessed value	\$ 1,196,521,832	\$ 1,039,258,766	\$ 950,834,838	\$ 849,563,512
Debt limit (15% of assessed value)	179,478,275	155,888,815	142,625,226	127,434,527
Debt applicable to limit:				
General obligation bonds	18,805,000	19,775,000	19,760,000	20,555,000
Less: Amount set aside for repayment of general obligation debt	<u>2,640,512</u>	<u>2,265,223</u>	<u>1,865,888</u>	<u>1,859,194</u>
Total net debt applicable to limit	<u>16,164,488</u>	<u>17,509,777</u>	<u>17,894,112</u>	<u>18,695,806</u>
Legal Debt Margin	163,313,787	138,379,038	124,731,113	108,738,721
Total debt applicable to the limit as a percentage of debt limit	<u>9.90%</u>	<u>12.65%</u>	<u>14.35%</u>	<u>17.19%</u>

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

REDEVELOPMENT BONDS

Fiscal Year	Net Property Tax Increment	Debt Service		Coverage
		Principal	Interest	
2012	9,850,503	1,455,000	1,910,311	2.93
2011	9,513,037	7,390,000	2,000,268	1.01
2010	9,627,922	615,000	466,635	8.90
2009	9,297,103	585,000	495,113	8.61
2008	8,698,122	560,000	522,165	8.04
2007	7,036,646	540,000	547,150	6.47
2006	5,451,361	9,765,000	1,570,069	0.48
2005	4,588,460	715,000	1,164,698	2.44
2004	3,547,966	690,000	1,237,983	1.84

SPECIAL ASSESSMENT BONDS

Fiscal Year	Special Assessment Collections	Current Account Balance	Debt Service		Coverage
			Principal	Interest	
2012	-	24,659	-	-	-
2011	-	24,659	-	-	-
2010	-	24,659	-	-	-
2009	-	125,700	115,000	4,773	1.05
2008	116,927	125,700	105,000	13,903	2.04
2007	115,531	125,700	95,000	22,179	2.06
2006	113,633	125,700	90,000	29,810	2.00
2005	109,046	125,700	80,000	36,803	2.01
2004	105,976	125,700	75,000	43,158	1.96

NOTES:

The City of Ridgecrest has elected to show only nine 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 Nine 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>
2012	28,089	789,556,510	28,109	36.1	4,732	7.90%
2011	27,768	780,176,392	28,096	33.8	5,511	8.30%
2010	28,362	745,268,274	26,277	30.9	5,652	8.30%
2009	27,951	737,095,821	26,371	31.8	5,690	5.50%
2008	28,038	743,680,000	26,524	n/a	5,727	4.60%
2007	27,944	720,647,816	25,789	30.0	5,929	4.20%
2006	26,515	494,133,540	18,636	29.8	5,972	3.40%
2005	26,493	470,595,159	17,763	30.1	5,889	4.60%
2004	25,842	435,308,490	16,845	30.5	5,813	5.60%

NOTES:

The City of Ridgecrest has elected to show only nine 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 2012 and Nine Years Prior

<u>Employer</u>	<u>2011-2012</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	6811	1	41.28%	4093	1	31.24%
Searles Valley Minerals	650	2	3.94%	625	2	4.77%
Sierra Sands Unified School District	545	3	3.30%	620	3	4.73%
Ridgecrest Regional Hospital	541	4	3.28%	340	4	2.60%
Jacobs Technology	350	5	2.12%	184	6	1.40%
Wal-Mart	222	6	1.35%			
Alta One Federal Credit Union	174	7	1.05%	161	8	1.23%
Cerro Coso Community College	154	8	0.93%	175	7	1.34%
Albertson's	145	9	0.88%			
Desert Area Resources and Training	131	10	0.79%			
City of Ridgecrest				134	10	1.02%
L-3 Communications, Government Services				150	9	1.15%
Advanced Information Engineering Services				280	5	2.14%
			58.93%			51.62%
	Total City Employment**		16,500			13,100

NOTES:

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

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

Source: MuniServices LLC

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

FUNCTION/PROGRAM	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government									
City Council	5	5	5	5	5	5	5	5	5
City Manager	1	3	3	4.5	4	4	3.75	2.5	2
City Clerk	1	1	1.25	1	1.5	2.75	1	1	1
Finance & Technology	8	9	9.5	9.5	12	9.75	9.75	8.5	11
Human Resources	0	1.5	1.5	1.5	1.5	2.5	1	1	1
Community Development	6	8	8	8	8	7	7	5	12
Planning Commissioners	5	5	5	5	5	5	5	5	5
Public Safety									
Police Officers-Sworn	31	34	35	33	37	38	35	30	30.5
Other Full Time Employees	16	16	15.75	16	16.25	16	15.5	26	25.46
PACT Volunteers	50	9	9	9	9	9	10	10	10
Public Works									
Engineering	4	4	4	3	4	5	3	4	2
Maintenance	7	8	8	9	8	9	9	7	8
Transit Services	7	7	7	7	7.5	8	8	8.5	8.5
Wastewater/Sewer	4	6	7	6	5	5	5	5	5
Culture & Recreation	39	32.5	22.5	29	31.97	23.44	22.4	23.86	23.54
Grant Funded Programs									
Work Investment Act	0	23.5	43	25	3.48	3.98	2.98	3.48	3.48

NOTES:

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

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

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

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

FUNCTION/PROGRAM	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police									
Physical Arrests	2417	2416	2605	2667	2213	2,448	2,519	2,078	1,935
Parking Violations	188	97	237	278	294	161	134	216	252
Traffic Violations	937	1150	2054	2034	1439	2,001	2,338	2,844	2,887
Community Development									
Building Permits Issued	302	423	439	144	212	585	768	465	473
Building Permits Valuation (in millions)	19	13	18	12	22	20	35	23	16
Building Inspections Performed	4299	2510	2759	5086	3861	5,455	5,850	2,557	2,039
Planning Permits Issued	113	69	77	161	137	135	197	113	86
Public Services									
Street Resurfacing (miles)	2.5	2.5	1	3	0.5	1.75	1	2.0	0.5
Street Light Replacement ^a	n/a								
Potholes Filled	2,783	2,565	540	600	3,500	1,500	2,011	2,000	1,500
Waste Water Average Daily									
Treatment (millions of gallons)	2.52	2.621	2.674	2.57	2.65	2.6	2.6	2.5	2.4
Transit Route (Service) Miles	64,438	92,925	61,092	86,965	91,178	82,277	91,998	112,052	110,947
Transit Passenger Count	17,131	27,223	12,977	27,478	35,595	38,529	33,967	40,374	38,775
Parks & Recreation									
Sports Field Participation	85,409	89,293	89,735	91,359	88,078	88,140	87,536	87,564	87,518
Community Center/Gym/Pool Participation	90,655	68,325	68,645	73,499	67,421	101,242	99,638	94,933	74,996
Other Participation	45,816	35,370	35,370	35,370	35,730	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 Nine Fiscal Years

FUNCTION/PROGRAM	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police									
Stations	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	10	13	13	18	16	12	10	13	11
Motorcycle unit	3	6	6	2	1	1	1	1	0
K-9 unit	1	1	2	1	1	2	1	1	0
Streets									
Streets (miles)	131	130	130	130	130	131.5	130.5	130	130
Streetlights	347	347	347	347	347	347	347	337	337
Traffic Signals *	9	9	8	7	7	7	7	7	7
Culture & Recreation									
Total Park Acreage	46.88	46.88	21.88	25.88	25.88	25.88	25.88	25.88	25.88
Parks **	5	5	5	6	6	6	6	6	6
Baseball Fields	4	4	4	4	4	4	4	4	4
Softball Fields	3	3	3	3	3	3	3	3	3
Soccer Fields	4	4	4	4	4	4	4	4	4
Football Fields	1	1	1	1	1	1	1	1	1
Tennis Courts	6	6	6	6	6	6	6	6	6
Swimming Pools	1	1	1	1	1	1	1	1	1
Community Centers	2	2	2	2	2	2	2	2	2
Waste Water									
Sanitary Sewers (miles)	170	170	165	265	265	224	223.5	220	220
Storm Sewers (miles)	5	5	5	5	2	2	2	2	2
Treatment Capacity (millions of gallons/ day)	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Transit Services									
Minibuses									
Fixed Route	0	0	0	0	0	0	0	0	0
Dial A Ride	5	5	6	7	7	5	5	5	5
Bus Shelters	5	5	5	5	5	5	5	5	5

NOTE:

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

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

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

Source: Various City Departments