

City of Ridgecrest



**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**

City of Ridgecrest, California



Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2013

Prepared by the
Finance Department of the City of Ridgecrest

V. Rachelle McQuiston, Finance Director
Tess Sloan, Assistant Finance Director
Kristi Cole, Accountant
Karen Guidangen, Administrative Aide - Finance
Kelly Brewton, Accounting Technician
Virginia Johnson, Account Clerk I

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December 20, 2013

**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, 2013. These financial statements are presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

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

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

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

PROFILE OF THE CITY OF RIDGECREST

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

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

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

As the only incorporated community in the Indian Wells Valley, Ridgecrest boasts a thriving economy and a robust population of about 28,348 people. Ridgecrest acts as the shopping and business center for northeastern Kern County.

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

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook

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 49% of the total General Fund revenue. Fortunately for the City, employment outlook is favorable. Based on the Employment Development Department (EDD) Labor Force data, the City gained 1,200 new jobs compared from last year’s with 600 of those new jobs coming from China Lake NAWS. These new jobs brought the City’s unemployment rate down from 7.9% to 7.6%. Kern County’s unemployment rate is 10.3%.

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 an economic recession. As a result of the June 5, 2012 election, the City successfully passed a local option sales tax called Measure L. This measure adds .75% to the sales tax making it a total of 8%. It became effective on October 1, 2012 and will sunset after five years. The City received \$1.5 million in Measure L funds for fiscal year 2013. Future Measure L revenue is anticipated to average \$1.8 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 through 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 inspections was due to the improvement on existing homes and buildings.

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

Year	Permits	Inspections	Valuation
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
2013	705	1,603	5.0 M

Economic Development

Economic Development and the winding down of the Ridgecrest Redevelopment Successor Agency (RRSA) have a slightly positive outlook for 2014.

- ❖ The Super Wal-Mart Retail Center appears to be scheduled to begin shortly after the first quarter.
- ❖ The RRSA is undertaking a Property Management Plan (PMP) to structure specific economic development strategies for the Business Park and prior redevelopment agency assets.
- ❖ The RRSA will begin the projects and improvement within the 2010 Tax Allocation Bond Issuance of twenty-four million (\$24M), less three million (\$3M) for the RRSA payback.
- ❖ Alternative Energy will continue to be developed and supported by both the City and the NAWS.
- ❖ The City is anticipating an increase in sales tax revenue through the expansion of retailers including Marshalls, Fabulous Footwear, JoAnn's Fabric and Dollar General.

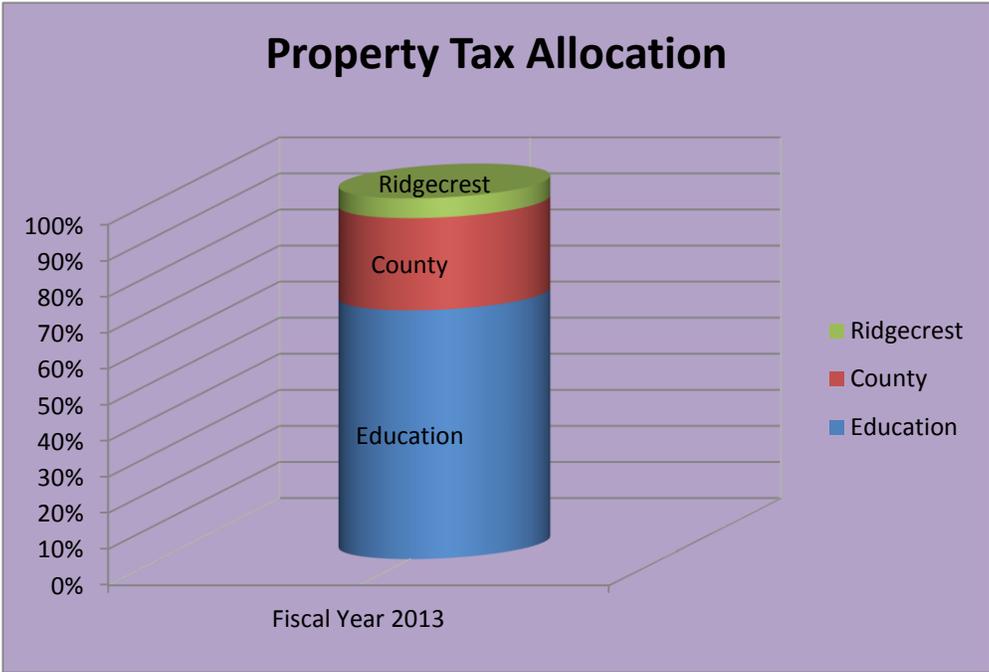
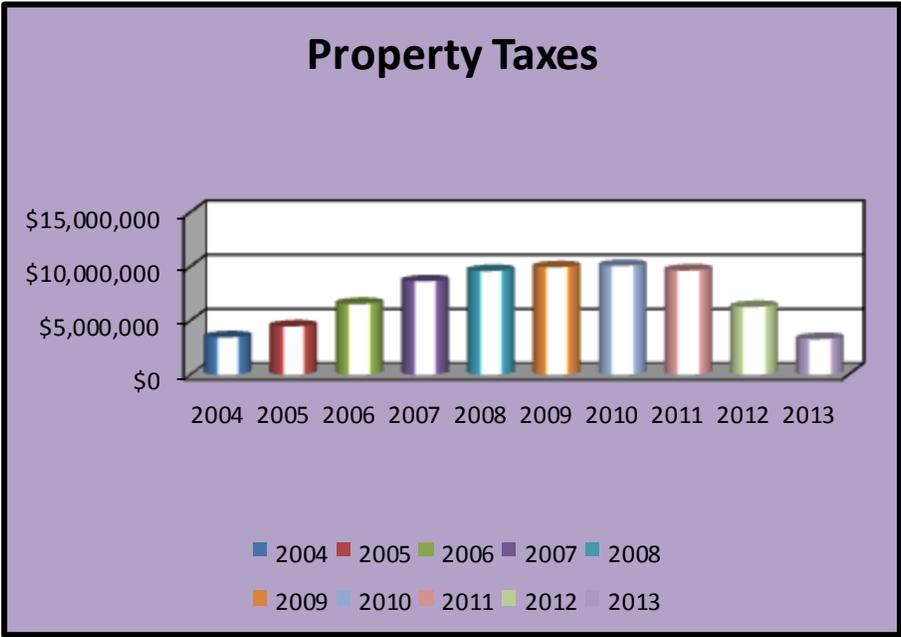
The ever expanding budget crisis of the State of California remains a huge concern for the City as the leadership in Sacramento continues to shift local revenues to help finance the state's budget deficits. The dissolution of the redevelopment agencies that became effective in February 1, 2012 is severely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

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 revenues conservatively, while reducing expenditures to maintain core services. 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.

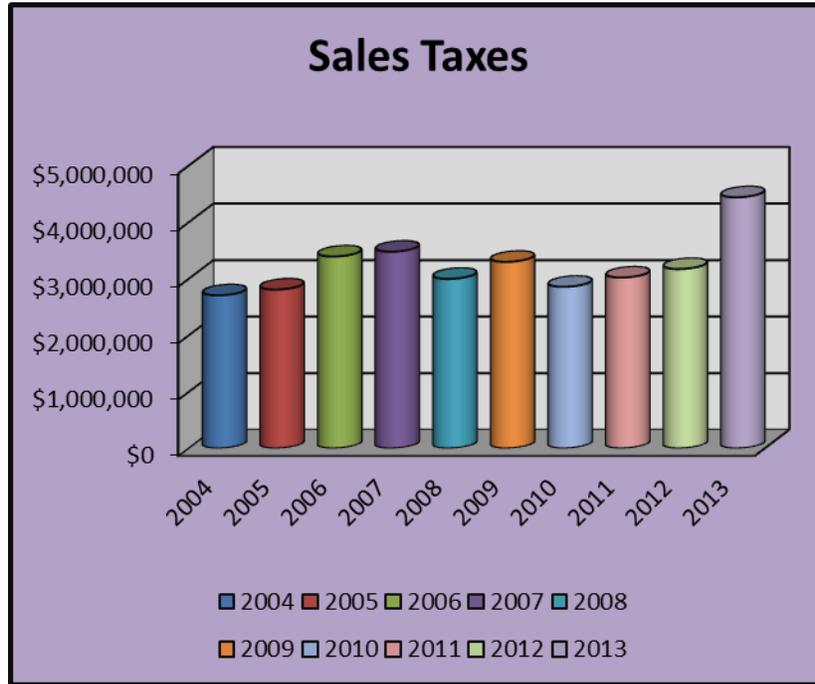
In fiscal years 2000 to 2001, the property tax revenue had negative growth due to dwindling home valuations. In FY 2002, property tax revenue started to move in upward direction, where it peaked up by 16.6% in FY 2004 and another 30% increase in FY 2005 over the previous year's receipts. This was a well 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 \$2M annually to the City's property tax revenue, resulting in an increase of 46% in FY 2006. With the dissolution of the RDA, property tax has been drastically reduced, with a 35% reduction in 2012 from 2011, and in 2013 a further decrease of 47% from 2012. FY 2013 property tax revenue suffered a 66% loss from 2011. The City anticipates property taxes will level out and will continue to conservatively budget future year's proceeds.



Sales Tax

The City’s single largest revenue source is sales tax. The total sales tax in Kern County is 7.25% of the sale price of taxable goods and services sold at retail. Ridgecrest receives 1% of taxable sales from the State Board of Equalization. Effective October 1, 2012, sales tax in the City was raised by .75% due to the passage of Measure L, bringing in almost \$1.5 million in additional sales tax, accounting for a 40% increase from the previous year. FY 14 will realize a full year of Measure L collection, anticipated to bring in \$1.8 million, an additional \$300,000 received in FY 13. Sales tax increased by 40% in FY 2013 from prior year, primarily due to Measure L, as the general sales tax was lower by \$167,000. In the last ten years, the City’s sales tax revenue has continuously climbed at an average rate of 7%, with 2013, by far, the largest increase due to Measure L. Measure L has been crucial in maintaining Public Safety and Road Maintenance; however, this local sales tax option will expire in five years from its effective date. The City intends to return to voters to continue this local sales tax option to sustain and eventually increase services.

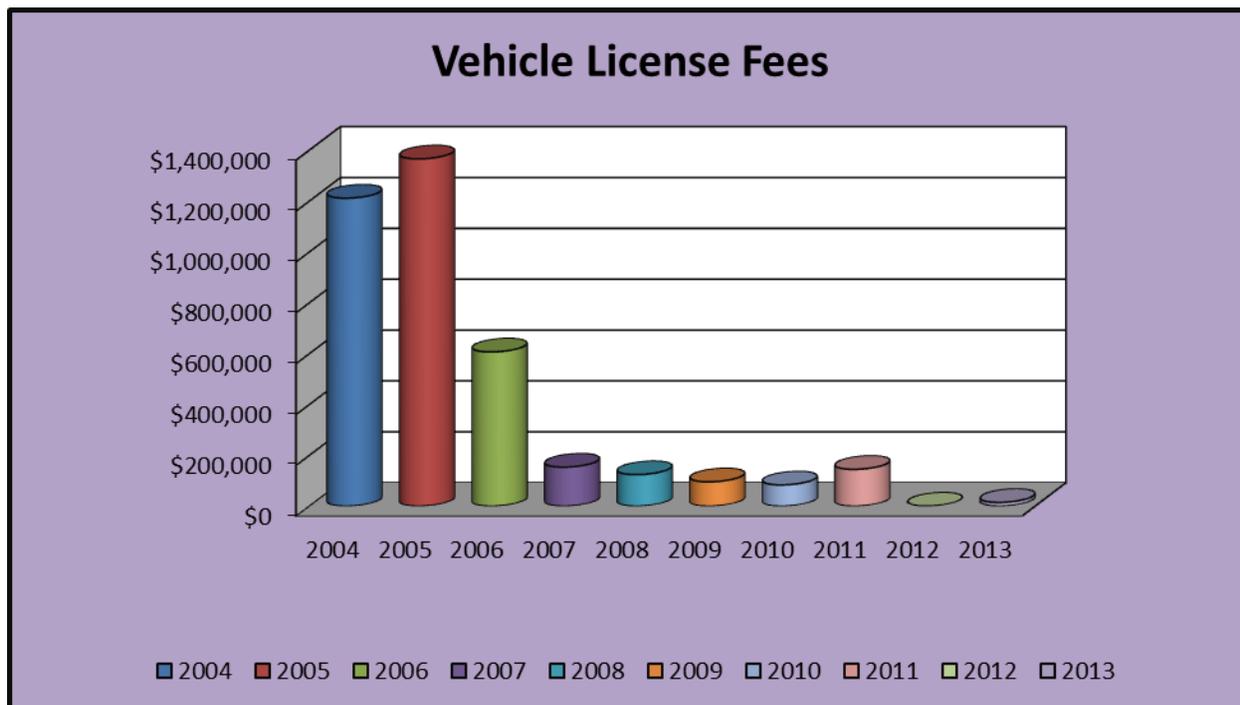
Sales tax leakage to the metropolitan areas of Victorville, Bakersfield and Lancaster-Palmdale continues to be a big concern for the City especially with limited shopping choices for clothing stores, restaurants and car dealerships. Even with the City’s lower sales tax rates, a significant amount of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



Vehicle License Fees

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

It should be noted that VLF funds now, like sales tax, have been split by the State into two pieces. These two pieces are the statutory rate and the “property tax in lieu of VLF”. In FY 2011, the statutory component (the rate by State law was reduced from 2.0% to 0.65%) brought to the Ridgecrest Treasury \$144,761, a 74% increase over prior fiscal year. However, for FY 2012, the City did not receive any VLF monies. The chart below indicates the trend of VLF revenue. The City did not receive any funds in 2012, but did get \$14,725 in FY 2013. The State started the split in FY 2006. The property tax in lieu of VLF component remained stable in FY 2013 of \$1,513,330, a slight reduction from FY 2012 of \$1,522,287. This amount is included in the property tax revenue category instead of the VLF revenue category; thereby, the reason for the tremendous decrease in the chart. Also, in FY 2006, the City received a one-time payment of \$466,886 from the State per AB 1457 for the MVLF Backfill Gap Loan. In the last five fiscal years, the City has been receiving an average of \$67,688 per year on VLF revenue not counting the one time payments.



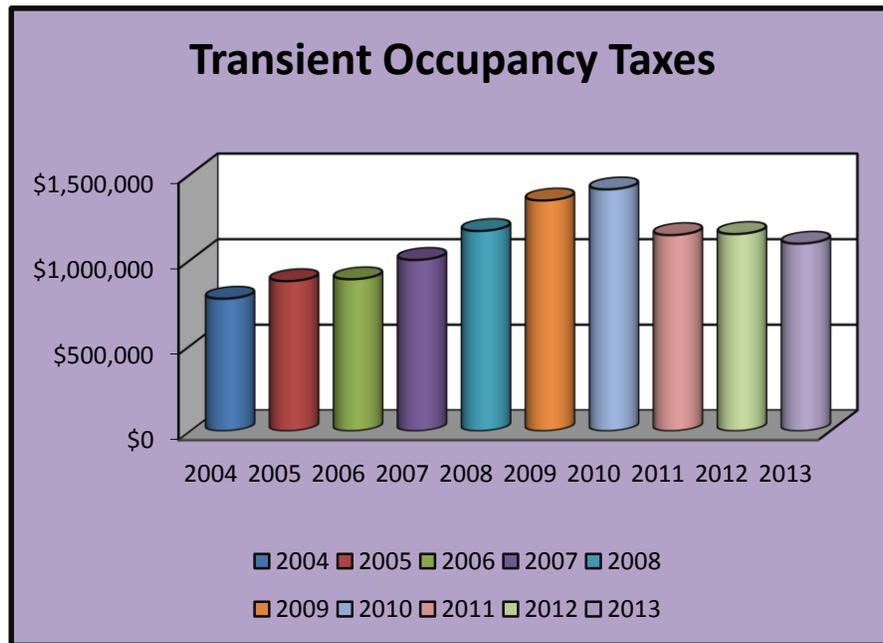
Transient Occupancy Tax

The City’s fourth largest revenue source, transient occupancy tax (TOT,) is imposed on occupants of hotel, motel, inn, tourist home or other lodging facilities unless such occupancy is for 30 continuous days or longer. The tax is applied to the customer’s lodging bill. The total tax rate is 12% including the additional assessment of 2% that is a pass-through to the Ridgecrest Area Convention and Visitors Bureau (RACVB).

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

TOT has averaged a 3% growth rate for the last ten fiscal years. FY 2011 saw a significant decline in TOT revenue by 19%. This decrease is directly attributable to the relocation of the Empire Challenge which filled hotels to occupancy limits with participants in August; as well as, the reduction of federal defense employee travel. In FY 2012, TOT went up by a very modest .55% from prior year, while FY 2013 went down almost 5% due to sequestration. It is anticipated that TOT will stabilize and slowly increase as the possibility of smaller portion of the Empire Challenge coming back and the end of sequestration.

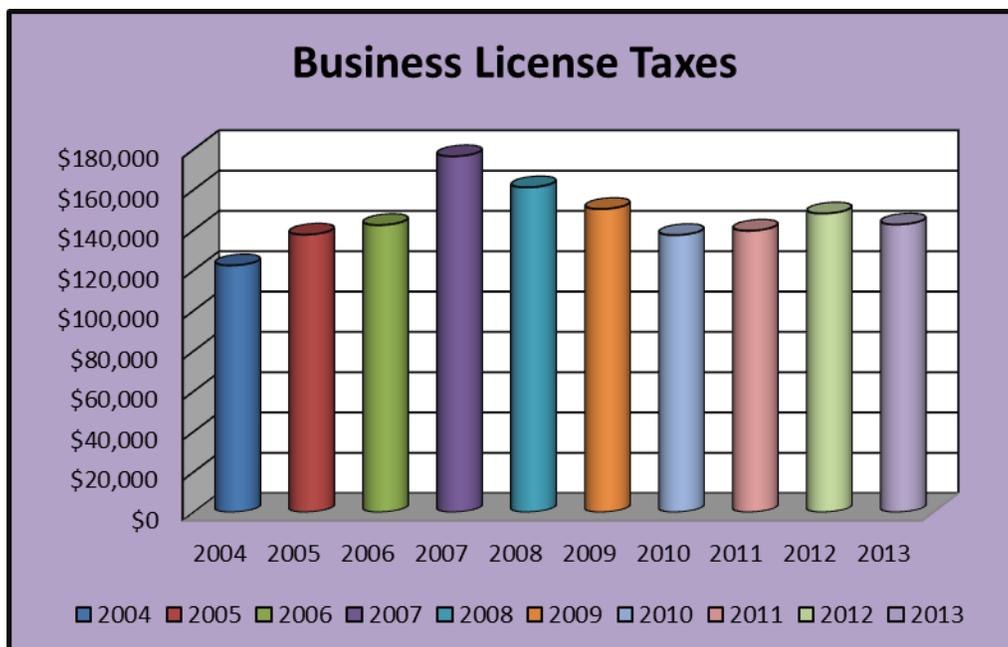
Effective October 1, 2012, lodging operators were required to assess their guests an additional 2%, making the total hotel tax 12%. The additional assessment is a pass through to the RACVB minus collections costs. This will expire five years from its effective date.



Business License Taxes

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

In FY 2007, the City conducted a business license audit targeting certain business groups that the City had overlooked in enforcement of this ordinance. This brought in extra revenue of \$37,328 causing a spike in revenue in that fiscal year at a 24% increase compared to FY 2006. FY 2013 saw business license revenue decrease by 3.7% from FY 2012 likely due to business closures, with the NAWS sequestration markedly reduced spending within the community. Over the last ten years, the City’s business license tax revenue is continuously climbing an average of 4% annually.



CASH MANAGEMENT POLICIES AND PRACTICES

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

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

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

The City's investments of \$39,931,235 with LAIF at June 30, 2013, included a portion of the pool funds invested in structured notes and asset-backed securities and similar transactions. This compares to \$52,239,234 at June 30, 2012. Reduction is primarily due to dissolution of the RDA which required the transfer of the redevelopment agency's cash to the State of California. These investments may include the following:

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

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

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

As of June 30, 2013, The City had \$39,931,235 invested in LAIF which had invested 1.96% 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 CSAC-EIA is comprised of 54 California counties and, currently, consists of consists of 250 organizations including cities, school districts, special districts, and other Joint Powers Authorities (JPA). CSAC-EIA was formed as a Joint Powers Authority in 1979, pursuant to the California Government Code. The purpose of the CSAC-EIA is to arrange, provide and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

The Board of Directors is comprised of 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-EIA to \$50,000,000 per claim; there is an additional \$45,000,000 of reinsurance above CSAC-EIA coverage bringing the total coverage to over \$50,000,000 per claim.

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

The CSAC-EIA is a risk sharing pool of California public agencies, dedicated to controlling losses and providing effective risk management solutions.

In 1979, 29 California counties came together to form a JPA called the CSAC-EIA to pool their risk and provide a viable and cost effective solution for the counties' insurance and risk management needs.

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

The liability claims programs are managed by a third-party claims administrator under the direction of the Risk Management Division of the Administration Department.

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

Workers' Compensation and Liability Claims

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

Year	IBNR
2008	349,969
2009	495,619
2010	663,164
2011	1,667,224
2012	824,864
2013	1,543,276

Unemployment Insurance

The City participates in a direct-cost reimbursement method for unemployment insurance. This program is administered by the State EDD to provide salary continuance for employees who were terminated involuntarily. For FY 2012-2013 the total cost reimbursed was \$18,807; a significant reduction from FY 2011-2012 reimbursed cost of \$39,624. The decrease is due to significant layoffs in 2011-2012, whereas hiring has stabilized in the FY 2012-2013.

INTERNAL CONTROL STRUCTURE:

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

BUDGETARY CONTROLS:

The City maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse on June 30, encumbrances outstanding as of June 30, 2013 are disclosed in the notes to the financial statements. Appropriations for FY 2013 will provide authority to complete those transactions.

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

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ridgecrest for its CAFR for the fiscal year ended June 30, 2012. This was the ninth consecutive years that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

LOOKING TO THE FUTURE

The City was faced with a prior period adjustment reducing the fund balance over \$4 million negative due to a lawsuit from the Howard Jarvis taxpayer's association in FY 2012. Despite this setback, the City Manager and Finance Director have committed to containing expenses and concurrently pursue increased revenue opportunities, with the goal of clearing the negative fund balance in six (6) years. **With the passage of Measure L and hiring grants, the Police department was able to maintain the same service level.** The City Manager is updating the City Strategic Plan to define a clear direction for the City, while the Finance Department is closely monitoring expenditure and revenue activity; providing monthly projections to the City Council, adjusting appropriation levels as necessary to maintain positive year end carryover goals. With Measure L, conservative revenue estimates, and careful monitoring of financial position, the City was able to end FY 2013 with over \$2 million in carryover.

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 an infusion of new ideas, solutions and innovations as how to improve the current financial condition of the City.

Economic Development/Redevelopment

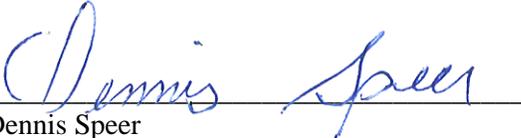
The City is dedicated to expanding community growth and resources, and improving community service. Ridgecrest has undertaken a variety of marketing projects in the specific areas of business retention, growth, relocation, recreation and retirement to achieve a highly developed and integrated regional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

Despite its challenges, Ridgecrest is a city filled with opportunities, where people, commodities, retail, manufacturing, medical resources, innovation, research and development, and the China Lake NAWS converge to create an Eastern Sierra High Desert regional center. Tourism and hospitality services are expanding to meet the potential growth.

ACKNOWLEDGMENTS

The preparation and publication of this report would have not been possible without the dedication, professionalism and teamwork of the entire staff of the Finance Department. We also thank the City's independent auditors, Pun & McGeady, for their assistance and expertise; and all City departments for their cooperation during the audit engagement and their participation in preparing this report. We would like to express our appreciation to the Mayor and City Council for their interest and support in planning and conducting the City's financial affairs in a responsible and progressive manner.

Respectfully submitted,



Dennis Speer
Interim City Manager/
Successor Agency Executive Director



V. Rachelle McQuiston
Finance Director



Government Finance Officers Association

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

Presented to

**City of Ridgecrest
California**

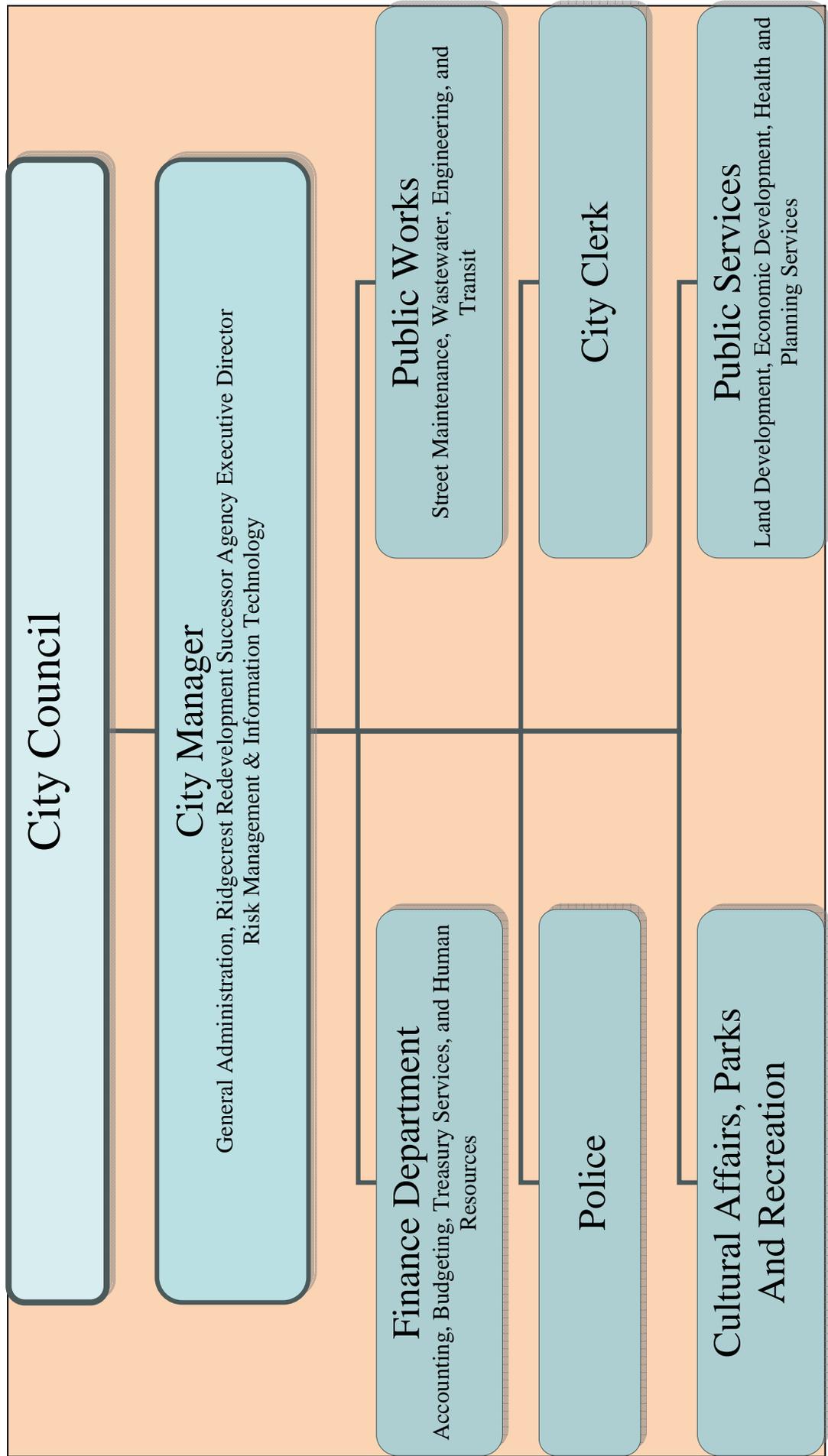
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF RIDGECREST

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2013





City of Ridgecrest

Comprehensive Annual Financial Report

Principal Officials as of June 30, 2013

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

City Staff as of June 30, 2013

Dennis Speer, City Manager/RRSA Executive Director
/Public Works Director
Ronald Strand, Chief of Police
V. Rachelle McQuiston, Finance Director/City-Agency Treasurer
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, 2013

Financial Section





6265 Greenwich Drive
Suite 220
San Diego, California 92122

Phone: (858) 242-5100
Fax: (858) 242-5150
www.pm-llp.com

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ridgecrest, California (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, and Schedules of Funding Progress on pages 5 through 17 and 81 through 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Combining and Individual Non-Major Fund Financial Statements and Non-Major Governmental Funds Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Non-Major Fund Financial Statements and Non-Major Governmental Funds Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance

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

San Diego, California
December 20, 2013



6265 Greenwich Drive
Suite 220
San Diego, California 92122

Phone: (858) 228-5100
Fax: (858) 228-5150
www.pm-llp.com

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ridgecrest, California (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

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

San Diego, California
December 20, 2013

City of Ridgecrest
Management's Discussion and Analysis
For the year ended June 30, 2013

Management of the City of Ridgecrest (the "City") provides the Management Discussion and Analysis of the City's Comprehensive Annual Financial Report (CAFR) for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year (FY) ended June 30, 2013. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements, which follow. Keep in mind that the Financial Highlights, immediately following, are strictly snapshots of information. Net position, changes in net position and fund disclosures are discussed in more detail later in the report.

Financial Highlights – Primary Government

- ♦ *Government-Wide Highlights*

Net Position – Assets of the City exceeded its liabilities at fiscal year ending June 30, 2013 by \$74.70 million, this compared to \$72.89 million at fiscal year end June 30, 2012. This is an overall increase of \$1.81 million or an increase of 2% of prior year's net position. Net position for governmental activities exceeded liabilities by \$30.30 million and this compares to \$28.99 million at June 30, 2012 an increase of 5%. The percent change for FY 2013 compared to FY 2012 is considerably less volatile than the previous year's comparison of a decrease of 11% and 28%, respectively. This reflects the leveling of the Redevelopment Agency (RDA) Successor wind-down; the passing of Measure L, a local sales tax option, along with the stabilizing of the economy. Assets for business-type activities exceeded liabilities by \$31.24 million compared to \$31.14 million at June 30, 2012, a 0.3% increase, another example of the stabilization of the economy.

Changes in Net Position – The City's net position increased \$1.81 million in FY 2012-2013; this compared to a \$9.49 million decrease in FY 2011-2012. Net position of governmental activities increased \$1.60 million compared to a decrease of \$15.92 million in 2011-2012. Net position of business-type activities increased by \$0.20 million compared to a \$6.43 million decrease in FY 2011-2012. This reflects the leveling of the RDA Successor wind-down, Measure L sales tax option, along with the stabilizing of the economy.

- ♦ *Fund Highlights*

Governmental Funds – At the close of FY 2012-2013 the City's total governmental funds reported a fund balance of \$9.19 million; a \$2.67 million increase from FY 2011-2012 balance of \$6.52 million; a 40.9% increase. This increase is due to the stabilization of the RDA successor agency, Measure L sales tax and management cutting costs and closely managing projections.

General Fund – The fund balance of the general fund on June 30, 2013 was (\$2.19 million), an increase of \$2.04 million from the June 30, 2012 balance of (\$4.23 million). This increase was due to the partial year collection of Measure L local sales tax option of .75% and management cutting costs and closely managing projections.

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.

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance with the government-wide financial statements can be found on pages 33 and 36.

The City has twenty (20) governmental funds, of which 3 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 three (3) major funds are: General Fund, City Debt Service Fund, and Capital Improvements Capital Projects Fund. Data from the non-major governmental funds (e.g., State Gas Tax Fund, TDA Street Fund, etc.) are combined into a single, aggregated presentation. The governmental fund financial statements can be found on pages 32-35. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 88-95.

- ♦ *Proprietary Funds* - The City maintains two types of proprietary funds: enterprise funds and internal service funds.

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

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

The basic proprietary funds financial statements can be found on pages 40-43.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51-80.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes budgetary comparison schedules for the major funds, schedules and disclosure of the modified approach for the City pavement infrastructure and information regarding the obligation to provide pension benefits to employees. This information can be found on pages 81-84.

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013

City of Ridgecrest's Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 5,025,289	\$ 2,339,891	\$14,891,771	\$14,231,495	\$19,917,060	\$ 16,571,386
Noncurrent Assets	49,191,366	49,993,002	18,759,010	19,082,963	67,950,376	69,075,965
Total Assets	54,216,655	52,332,893	33,650,781	33,314,458	87,867,436	85,647,351
Current Liabilities	2,868,402	2,809,701	1,207,141	1,086,485	4,075,543	3,896,186
Long-term Liabilities	9,091,070	8,861,052	-	-	9,091,070	8,861,052
Total Liabilities	11,959,472	11,670,753	1,207,141	1,086,485	13,166,613	12,757,238
Net Investments in						
Capital Assets	35,668,108	35,805,602	16,054,395	16,378,348	51,722,503	52,183,950
Restricted	2,614,715	2,730,315	-	-	2,614,715	2,730,315
Unrestricted	3,974,360	2,126,223	16,389,245	15,849,625	20,363,605	17,975,848
Total Net Position	\$ 42,257,183	\$ 40,662,140	\$32,443,640	\$32,227,973	\$74,700,823	\$ 72,890,113

Net Position

The chart above reflects the City's combined net position (governmental and business-type activities) which total \$75 million at the close of fiscal year ending June 30, 2013.

Sixty-six point five percent of the City's total net position 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.

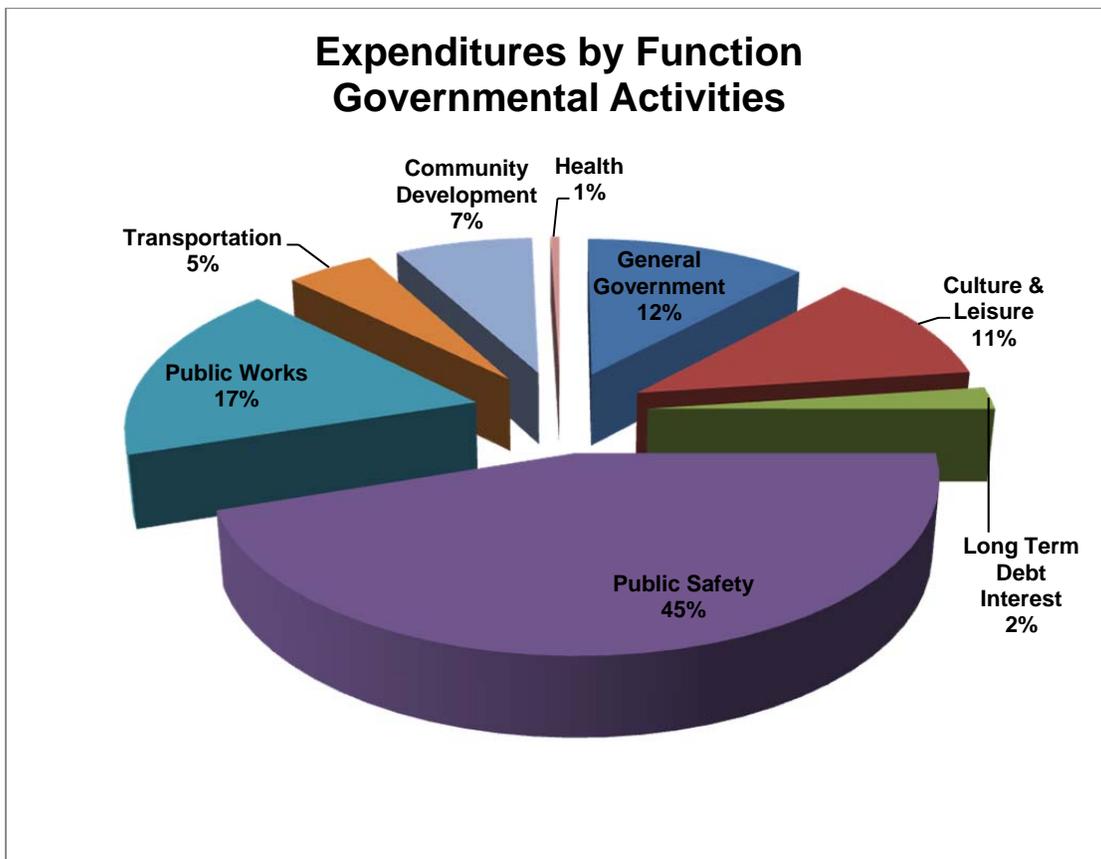
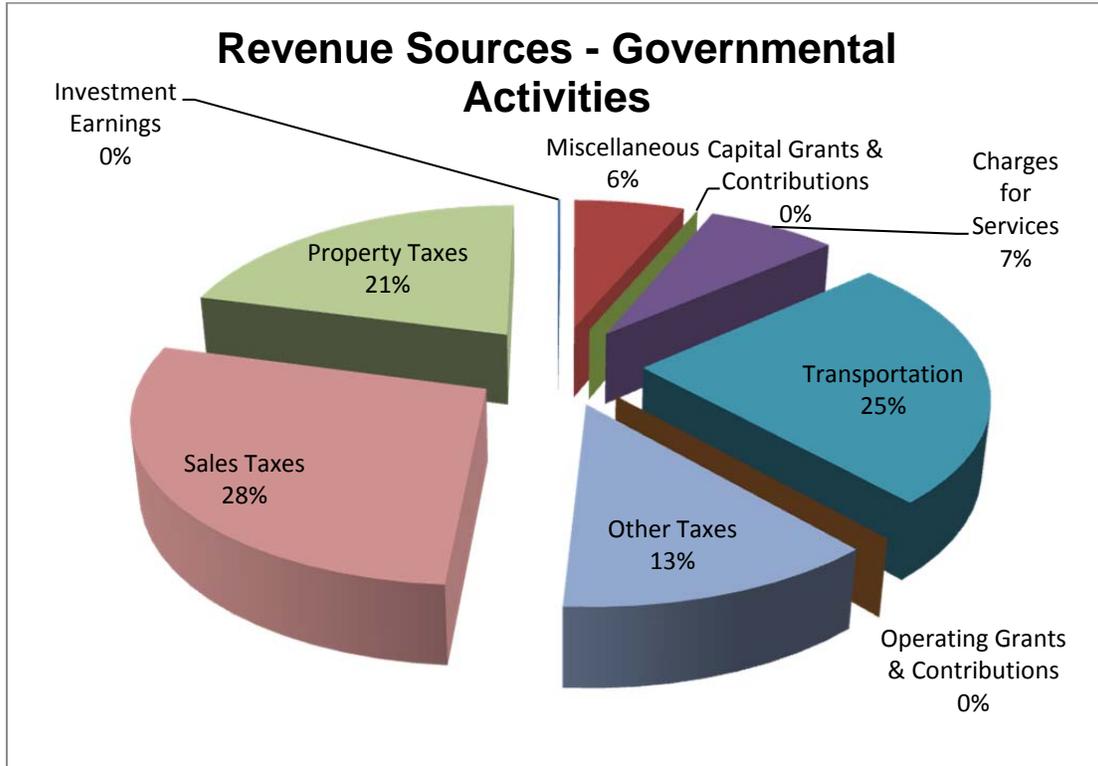
The remaining City net position (33.5%) represent resources that are subject to external restrictions (e.g., capital projects, community development, debt services and special projects) and resources that are unrestricted to meet the City's ongoing obligations to citizens and creditors.

At the end of the FY 2012-13, the City is able to report positive balances in all three categories of net position, both for the government as a whole; as well as, for its separate governmental and business-type activities. The City's net position were increased by \$1.81 million during the fiscal year. The increase is due to the partial year receipts of the Measure L local tax option and management closely monitoring fiscal position.

Governmental Activities

Governmental activities increased the City's net position by \$1.60 million and the business type activities showed an increase in net position of \$0.20 million. The slight increase in the net position for governmental activities is attributed to the partial year receipts of the Measure L local tax option, and management closely monitoring fiscal position. The minor increase is evidence of the stabilization of the economy. This compares to a prior year decrease in governmental activities of \$15.9 million along with an increase of \$6.4 million in business type activities due to the dissolution of the RDA along with the repayment of the in-lieu franchise fees from the Wastewater fund. The charts that follow show the program revenues, general revenues and expenses by function for all City activities.

**City of Ridgecrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013**



City of Ridgecrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013

Statement of Activities
For the Year Ended June 30, 2013

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,206,610	\$ 1,186,371	\$ 2,161,444	\$ 2,232,824	\$ 3,368,054	\$ 3,419,195
Operating grants and contributions	1,979,447	1,622,484	225,974	1,597,115	2,205,421	3,219,599
Capital grants and contributions	2,332,772	1,057,999	-	-	2,332,772	1,057,999
Total program revenues	5,518,829	3,866,854	2,387,418	3,829,939	7,906,247	7,696,793
General revenues:						
Property taxes	3,284,155	6,252,553	-	-	3,284,155	6,252,553
Sales taxes	4,440,039	3,171,044	-	-	4,440,039	3,171,044
Other taxes	1,986,184	2,017,564	768,613	890,633	2,754,794	2,908,197
Investment earnings	21,423	111,677	40,947	39,196	62,370	150,873
Other revenues	1,680,125	409,138	35,843	156,383	1,778,338	565,521
Total general revenues	11,411,926	11,961,976	845,403	1,086,212	12,257,329	13,048,188
Total revenues	16,930,755	15,828,830	3,232,821	4,916,151	20,163,576	20,744,981
Expenses:						
General government	1,818,304	1,876,073	-	-	1,818,304	1,876,073
Public safety	7,161,993	6,683,638	-	-	7,161,993	6,683,638
Public works	2,787,797	2,758,511	-	-	2,787,797	2,758,511
Transportation	753,762	1,005,682	-	-	753,762	1,005,682
Community Development	1,178,359	4,963,100	-	-	1,178,359	4,963,100
Health	76,939	-	-	-	76,939	-
Culture & Leisure	1,745,953	1,648,072	-	-	1,745,953	1,648,072
Interest on long-term debt	345,295	1,530,204	-	-	345,295	1,530,204
Transit	-	-	887,417	619,971	887,417	619,971
Waste Water	-	-	1,558,143	1,485,273	1,558,143	1,485,273
Solid Waste Collection	-	-	38,904	161,257	38,904	161,257
Total expenses	15,868,402	20,465,280	2,484,464	2,266,501	18,352,866	22,731,781
Increase (decrease) in net position before transfers	1,062,353	(4,636,450)	748,357	2,649,650	1,810,710	(1,986,800)
Transfers & extraordinary Items	532,690	(11,279,206)	(532,690)	3,777,827	-	(7,501,379)
Change in net position	1,595,043	(15,915,656)	215,667	6,427,477	1,810,710	(9,488,179)
Net position, beginning of year	40,662,140	56,577,797	32,227,973	25,800,496	72,890,113	82,378,292
Net position, end of year	\$ 42,257,183	\$ 40,662,141	\$ 32,443,640	\$ 32,227,973	\$ 74,700,823	\$ 72,890,113

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013

- ♦ Charges for services are primarily for recreation, building, planning engineering and waste water services.
- ♦ Operating and capital grants and contributions include Federal and State grants and other governments and impact fees.
- ♦ Property taxes include the general, transfer tax, voter-approved debt service and the redevelopment property taxes.
- ♦ Other taxes include mainly hotel, business, and franchise fees and other special assessments.
- ♦ General government expenses include those expenses necessary for the operation of the general operation of the City. These include but are not limited to:
 - City Council,
 - City Manager,
 - City Clerk,
 - Legal Expenses,
 - Human Resources,
 - Financial Administration (Treasury) and
 - Administration which includes non-departmental City Hall expense, Advertising & Promotion.
- ♦ Public Safety Expenses include both Police and Fire Protection Services.
- ♦ Community Development expenses includes planning, building, housing, code enforcement, and economic development 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 its Wastewater System. These business-type activities increased the City's net position by \$0.20 million over the prior year compared to a decrease of \$6.40 million from FY 2011-2012.

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 six (6) 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.

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013

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.

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, 2013, 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 10-11 Amount</u>	<u>Percent of Total</u>	<u>FY 11-12 Amount</u>	<u>Percent of Total</u>	<u>FY 12-13 Amount</u>	<u>Percent of Total</u>
Taxes	\$ 15,793,330	77.2%	\$ 11,696,784	71.4%	\$ 11,295,144	67.2%
Intergovernmental	2,602,093	12.7%	2,353,056	14.4%	2,699,957	16.1%
Licenses, Permits & Fees	721,502	3.5%	506,334	3.1%	361,759	2.2%
Fines and Forfeitures	87,534	0.4%	77,254	0.5%	115,390	0.7%
Use of Money & Property	392,414	1.9%	240,867	1.5%	135,907	0.8%
Charges for Services	633,109	3.1%	569,653	3.5%	492,815	2.9%
Assessment Revenues	-	0.0%	-	0.0%	4,393	0.0%
Transfers from Fiduciary Fund	-	0.0%	571,414	3.5%	706,518	4.2%
Other Revenues	226,512	1.1%	369,651	2.3%	990,033	5.9%
Total	\$ 20,456,494	100.0%	\$ 16,385,013	100.0%	\$ 16,801,916	100.0%

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013

As of the end of the current year, the City of Ridgecrest's governmental funds reported combined ending fund balances of \$9.19 million, an increase of \$2.67 million in comparison FY 2011-12 ending funding balance. Of this ending balance the unassigned fund balance is (\$1.65 million). The City is diligently working to increase the fund balance and is planning on maintaining a positive fund balance within 6 years by controlling costs and closely monitoring fiscal position. The majority of the fund balance, \$6.46 million, is non-spendable as the balance represents the advance made to the former RDA to refund the 1999 COP and the payment receive from the Successor Agency can only be used to pay the 2005 Refunding Certificates of Participation.

Of the \$3.37 million of restricted fund balance, \$300,242 of this belongs to the General Fund, \$751,356 to the City Debt Service Fund and \$2,314,473 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 \$544,340; \$16,442 is committed for Park Development, \$527,898 is committed for Sub-Standard Street projects.

Assigned Fund Balance includes amounts that are intended by the City to be used for specific purposes but are neither restricted nor limited. Of the combined ending fund balance of \$9,189,840 5.1% or \$466,216 is classified as Assigned Fund Balance, set aside for Capital Improvements and Lighting/Landscaping Districts.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the main operating fund of the City. The primary source of its revenues are taxes; primarily sales taxes including a partial year collection of Measure L local option tax, final budgeted taxes increased \$1.5 million from prior year, actuals were \$2.8 million higher from prior year. The increased budget was due to the anticipated partial year collection of the local option tax due to the passage of Measure L. The significant increase in actual amounts was due to higher Measure L revenue than anticipated, along with RDA pass through payments coming in \$0.9 million higher than budgeted and \$0.8 million more than prior year receipts. The next largest revenue source is transfers from other funds for administration charges and RDA successor transfers. The final budgeted amount was \$2.1 million which was \$1.5 million less than FY 2011-2012 due to the dissolution of the RDA. The amended budget, which includes unspent, but encumbered appropriations carried forward from fiscal year 2012; as well as, Council approved adjustments during the year, totaled \$12.4 million, \$0.6 million less than fiscal year 2012. This decrease was due to budget reductions along with employees' renegotiated contracts including mandatory employee retirement contributions; reducing the City retirement obligation. Overall, the final budget anticipated increasing reserves by \$0.6 million. Because of budget cuts, Measure L local option tax, and one-time RDA pass through revenue, the fund balance was increased \$2.0 million. The City has made considerable strides to wipe out the negative fund balance; with continued budget reduction, closely monitoring fiscal position and conservative revenue estimates, the City plans to have a positive fund balance within the next 6 years.

**City of Ridgcrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013**

	For the Fiscal Year Ended June 30, 2013				For the Fiscal Year Ended June 30, 2012			
	Budgeted Amounts	Actual Amounts	Positive (Negative) Variance with Final Budget		Budgeted Amounts	Actual Amounts	Positive (Negative) Variance with Final Budget	
	Original	Final	Final Budget		Original	Final	Final Budget	
Fund balance, July 1	\$ 35,263	\$ (353,042)	\$ (3,877,429)		\$ (218,581)	\$ (230,368)	\$ 157,710	
Resources (inflows):								
Taxes	8,763,605	9,664,943	1,312,338		6,803,201	7,233,231	390,030	
Intergovernmental revenue	792,100	314,815	(27,430)		792,100	372,049	(175,224)	
Licenses, fees, and permits	219,500	182,110	(37,390)		236,100	238,880	2,780	
Fines and forfeitures	84,650	115,390	30,740		89,950	77,254	(12,696)	
Use of money and property	127,430	118,341	(69,089)		142,430	135,493	(7,087)	
Current service charges	605,850	467,813	(138,037)		631,550	569,653	(77,397)	
Other revenues	482,100	960,829	(147,859)		315,100	324,703	(297,897)	
Transfers from other funds	1,741,314	1,789,695	(316,851)		3,605,784	3,183,200	(427,584)	
Amount available for appropriation	12,816,549	13,613,939	606,425		12,616,215	12,739,538	(605,075)	
Charges to appropriations (outflows):								
General government	1,669,620	1,541,547	102,157		1,890,395	1,916,234	(44,699)	
Public safety	6,356,126	5,999,976	529,226		7,259,988	6,638,131	880,966	
Public works	240,010	163,034	29,559		514,454	376,341	69,571	
Community development	502,888	728,225	138,003		450,374	670,048	(94,618)	
Culture and leisure	1,534,383	1,557,343	(3,446)		1,882,863	1,604,073	300,172	
Capital Outlay	434,559	201,102	247,123		-	378,305	(378,305)	
Non-departmental:								
Transfers to other funds	1,509,050	1,381,847	(208,178)		582,878	4,709,144	(3,932,783)	
Total charges to appropriations	12,246,636	11,573,074	834,444		12,580,952	16,292,276	(3,199,696)	
Excess of resources over (under) charges to appropriations	569,913	2,040,865	1,440,871		35,263	(4,157,813)	(3,804,771)	
Fund balance, June 30	\$ 605,176	\$ 246,954	\$ (2,189,606)		\$ (183,318)	\$ (583,410)	\$ (4,230,471)	

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013

Capital Asset and Debt Administration

The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2013, amounts to \$58.5 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. Total capital assets remained stable, with a reduction \$1.0 million from prior year. New assets total \$2.8 million for governmental activities, primarily due to new construction on street improvement. 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	\$ 1,897,870	\$ 1,614,217	\$ 3,512,087
Construction in process	3,787,393	28,160	3,815,553
Total non-depreciable assets, net	<u>5,685,263</u>	<u>1,642,377</u>	<u>7,327,640</u>
<i>Depreciable Assets:</i>			
Buildings and improvements	5,869,754	2,751,008	8,620,762
Machinery and equipment	6,220,021	4,075,185	10,295,206
Infrastructure	104,001,463	18,877,601	122,879,064
	116,091,238	25,703,794	141,795,032
Less accumulated depreciation	<u>(79,364,958)</u>	<u>(11,291,776)</u>	<u>(90,656,734)</u>
Total depreciable assets, net	<u>36,726,280</u>	<u>14,412,018</u>	<u>51,138,298</u>
Total capital assets	<u><u>\$ 42,411,543</u></u>	<u><u>\$ 16,054,395</u></u>	<u><u>\$ 58,465,938</u></u>

Additional information on the capital assets can be found in Note 7 on pages 67-69 of this report.

- ***Long-Term Debt*** - At the end of the current fiscal year, the City had a total of Governmental Activities long term debt outstanding of \$9.5 million, a net decrease of \$0.4 million compared from prior year due to decrease of principle and a modest increase in compensated absences. The outstanding debt of \$9.5 million consists of \$7.275 million for the 2005 Refunding COP bonds that were issued in fiscal year 2006 to advance refund the 1999 COP in order to capture favorable interest rates to lower the City's borrowing costs and the balance of \$112,689 represents capital lease still owed.

Long Term Debt from Fiduciary Funds has a balance of \$30.5 million from the 2010 Tax Allocation Refunding Bond to provide funds to refund the 1999 Tax Allocation Bonds.

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Due within one year	Due in more than one year
Governmental Activities						
2005 Refunding Certificates of Participation	7,685,000	-	(410,000)	7,275,000	430,000	6,845,000
Capital Lease Obligations	343,981		(124,190)	219,791	107,102	112,689
Compensated Absences	1,876,599	843,161	(732,461)	1,987,299	631,608	1,355,691
Total Government Activities	9,905,580	843,161	(1,266,651)	9,482,090	1,168,710	8,313,380
Fiduciary Funds						
Tax Allocation Bonds	32,825,000	-	(1,680,000)	31,145,000	1,680,000	29,465,000
Less: Bond discount	(671,757)	-	26,870	(644,887)		(644,887)
	32,153,243	-	(1,653,130)	30,500,113	1,680,000	28,820,113
Total	\$ 42,058,823	\$ 843,161	\$ (2,919,781)	\$ 39,982,203	\$ 2,848,710	\$ 37,133,493

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 69-72 of this report.

Economic Factors and Next Year's Budget

The stabilization of the economy and the passing of Measure L local option tax has allowed the City of Ridgecrest to maintain Police Services and increase Street Maintenance projects. Measure L brought in an additional \$1.5 million in receipts for the FY 2012-2013 partial year, and \$1.8 million is conservatively estimated for FY 2013-2014. The 2012 Wastewater Loan to refund in-lieu franchise fees plunged the General fund balance to -\$4.2 million. Management has implemented budget cuts continues to closely monitor fiscal position in order to steadily increase the General Fund to a positive balance within the next 6 years.

Transient Occupancy Tax (TOT) and sales tax revenues are more sensitive to the economic swings, and appear to stabilize, but not expected to increase markedly over the next few years. The City continues to conservatively budget these revenue sources and closely monitor trends. 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.

Fiscal year 2014 budget assumed conservative revenue estimates along with reduced appropriations to ensure increased fund balance annually. The City is continually reviewing increased revenue opportunities in new grants and fees, along with reviewing efficiencies in order to cut cost, including negotiating with bargaining groups to require all City employees to pay into their retirement contribution, with no plans to increase spending. The City Council receives monthly reports on projected year end balance to ensure the City's financial position continues to strengthen. Strategies are being implemented in fiscal year 2014 to improve fund balance in order to bolster reserves in the general fund. New hires after December 31, 2012 who are not currently in the public pension system will be enrolled in substantially lower pension benefit and will be required to pay at least 50% of the pension cost. This reform may have a minimal savings in the current budget but there will be substantial savings in the long term.

The 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.

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the year ended June 30, 2013

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 2014 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 Director of Finance, 100 W. California Avenue, Ridgecrest, California, 93555.

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of Ridgecrest
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Basic Financial Statements



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Government-Wide Financial Statements



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Comprehensive Annual Financial Report
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City of Ridgecrest
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 5,717,660	\$ 10,336,436	\$ 16,054,096
Investments with fiscal agent	751,356	-	751,356
Receivables:			
Accounts	2,557,928	426,303	2,984,231
Taxes	24,138	-	24,138
Interest	1,720	4,192	5,912
Deposits	10,241	-	10,241
Due from fiduciary fund	56,345	-	56,345
Internal balances	(4,118,340)	4,118,340	-
Inventories	24,241	-	24,241
Prepaid items	-	6,500	6,500
Total current assets	5,025,289	14,891,771	19,917,060
Noncurrent assets:			
Advances from Fiduciary Fund	6,464,159	2,704,615	9,168,774
Loans receivable	279,695	-	279,695
Capital assets:			
Nondepreciable	5,685,263	1,642,377	7,327,640
Depreciable, net	36,726,280	14,412,018	51,138,298
Total capital assets, net	42,411,543	16,054,395	58,465,938
Net OPEB asset	35,969	-	35,969
Total noncurrent assets	49,191,366	18,759,010	67,950,376
Total assets	54,216,655	33,650,781	87,867,436
LIABILITIES			
Current liabilities:			
Accounts payable	383,821	22,701	406,522
Interest payable	110,896	-	110,896
Salaries payable	167,372	23,508	190,880
Other payroll deductions payable	195,926	-	195,926
Deposits payable	76,090	-	76,090
Unearned revenue	-	1,160,932	1,160,932
Claims payable - due within one year	765,587	-	765,587
Compensated absences - due within one year	631,608	-	631,608
Long-term debt - due within one year	537,102	-	537,102
Total current liabilities	2,868,402	1,207,141	4,075,543
Long-term liabilities:			
Claims payable	777,690	-	777,690
Compensated absences - due in more than one year	1,355,691	-	1,355,691
Long-term debt - due in more than one year	6,957,689	-	6,957,689
Total long-term liabilities	9,091,070	-	9,091,070
Total liabilities	11,959,472	1,207,141	13,166,613
NET POSTION			
Net investment in capital assets	35,668,108	16,054,395	51,722,503
Restricted for:			
Special projects	18,121	-	18,121
Capital projects	2,296,352	-	2,296,352
Other purpose	300,242	-	300,242
Total restricted	2,614,715	-	2,614,715
Unrestricted	3,974,360	16,389,245	20,363,605
Total net position	\$ 42,257,183	\$ 32,443,640	\$ 74,700,823

City of Ridgecrest
Statement of Activities
For the fiscal year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 1,818,304	\$ 192,539	\$ -	\$ -	\$ 192,539
Public safety	7,161,993	304,361	316,648	44,781	665,790
Public works	2,787,797	25,000	-	2,252,544	2,277,544
Community development	1,178,359	357,550	-	-	357,550
Transportation	753,762	230	1,662,799	-	1,663,029
Health	76,939	-	-	-	-
Culture and leisure	1,745,953	326,930	-	35,447	362,377
Interest on long-term debt	345,295	-	-	-	-
Total governmental activities	15,868,402	1,206,610	1,979,447	2,332,772	5,518,829
Business-Type activities:					
TDA transit	887,416	346,509	225,974	-	572,483
Wastewater improvement	1,558,143	1,814,935	-	-	1,814,935
Solidwaste Collection	38,905	-	-	-	-
Total business-type activities	2,484,464	2,161,444	225,974	-	2,387,418
Total primary government	\$ 18,352,866	\$ 3,368,054	\$ 2,205,421	\$ 2,332,772	\$ 7,906,247

City of Ridgecrest
Statement of Activities (Continued)
For the fiscal year ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (1,625,765)	\$ -	\$ (1,625,765)
Public safety	(6,496,203)	-	(6,496,203)
Public works	(510,253)	-	(510,253)
Community development	(820,809)	-	(820,809)
Transportation	909,267	-	909,267
Health	(76,939)	-	(76,939)
Culture and leisure	(1,383,576)	-	(1,383,576)
Interest on long-term debt	(345,295)	-	(345,295)
Total governmental activities	(10,349,573)	-	(10,349,573)
Business-Type activities:			
TDA transit	-	(314,933)	(314,933)
Wastewater improvement	-	256,792	256,792
Solidwaste Collection	-	(38,905)	(38,905)
Total business-type activities	-	(97,046)	(97,046)
Total primary government	(10,349,573)	(97,046)	(10,446,619)
General revenues:			
Taxes:			
Property taxes	3,284,155	-	3,284,155
Sales taxes	4,440,039	-	4,440,039
Transient occupancy tax	1,094,855	-	1,094,855
Franchise tax	705,946	-	705,946
Special assessments	170,658	-	170,658
Vehicle in lieu tax	14,725	768,613	783,338
Total taxes	9,710,378	768,613	10,478,991
Investment earnings	21,423	40,947	62,370
Miscellaneous	973,607	35,843	1,009,450
Gain on sale of assets	-	-	-
Transfers from Fiduciary Fund	706,518	-	706,518
Transfers	532,690	(532,690)	-
Total general revenues and transfers	11,944,616	312,713	12,257,329
Change in net position	1,595,043	215,667	1,810,710
Net position - beginning of year	40,662,140	32,227,973	72,890,113
Net position - end of year	\$ 42,257,183	\$ 32,443,640	\$ 74,700,823

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of Ridgecrest
Comprehensive Annual Financial Report
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Fund Financial Statements

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



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City of Ridgecrest
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Governmental Fund Financial Statements



City of Ridgecrest
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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

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

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

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

**City of Ridgecrest
Balance Sheet
Governmental Funds
June 30, 2013**

	Major Funds				
	General Fund	City Debt Service Fund	Capital Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,177,461	\$ -	\$ -	\$ 3,125,460	\$ 4,302,921
Investments with fiscal agent	-	751,356	-	-	751,356
Receivables:					
Accounts	1,159,983	-	764,522	630,768	2,555,273
Taxes	23,452	-	-	-	23,452
Interest	456	-	-	1,264	1,720
Loans	-	-	-	279,695	279,695
Due from other funds	232,081	-	-	-	232,081
Due from fiduciary funds	56,345	-	-	-	56,345
Deposits	-	-	-	10,241	10,241
Inventory	1,953	-	-	-	1,953
Advances to Fiduciary Fund	-	6,464,159	-	-	6,464,159
Total assets	\$ 2,651,731	\$ 7,215,515	\$ 764,522	\$ 4,047,428	\$ 14,679,196
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 192,408	\$ -	\$ 70,230	\$ 19,632	\$ 282,270
Salaries payable	157,055	-	-	8,314	165,369
Other payroll deductions payable	195,926	-	-	-	195,926
Due to other funds	-	-	232,081	-	232,081
Deposits payable	45,063	-	31,027	-	76,090
Deferred revenue	132,545	-	7,040	279,695	419,280
Advances from other funds	4,118,340	-	-	-	4,118,340
Total liabilities	4,841,337	-	340,378	307,641	5,489,356
Fund Balances:					
Nonspendable	1,935	6,464,159	-	-	6,466,094
Restricted	300,242	751,356	-	2,314,473	3,366,071
Committed	-	-	-	544,340	544,340
Assigned	-	-	424,144	42,072	466,216
Unassigned	(2,491,783)	-	-	838,902	(1,652,881)
Total fund balances	(2,189,606)	7,215,515	424,144	3,739,787	9,189,840
Total liabilities and fund balances	\$ 2,651,731	\$ 7,215,515	\$ 764,522	\$ 4,047,428	\$ 14,679,196

City of Ridgecrest
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2013

Total Fund Balances - Total Governmental Funds	<u>\$ 9,189,840</u>
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Amount reported in Government-Wide Statement of Net Position	42,411,543
Less: amount reported in Internal Service Funds	<u>(63,545)</u>
	<u>42,347,998</u>
 Net OPEB asset resulting from making OPEB contributions in excess of annual OPEB cost.	 35,969
 Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Compensated absences - due within one year	(631,608)
Compensated absences - due in more than one year	(1,355,691)
Long-term debt - due within one year	(537,102)
Long-term debt - due in more than one year	<u>(6,957,689)</u>
	<u>(9,482,090)</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.	 (110,896)
 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.	 419,280
 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>(142,918)</u>
 Net Position of Governmental Activities	 <u><u>\$ 42,257,183</u></u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of Ridgecrest
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

	Major Funds				
	General Fund	City Debt Service Fund	Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 9,664,943	\$ -	\$ 580,369	\$ 1,049,832	\$ 11,295,144
Intergovernmental	314,815	-	1,672,174	712,968	2,699,957
License and permits	182,110	-	-	179,649	361,759
Fines and forfeitures	115,390	-	-	-	115,390
Assessment levied	-	-	-	4,393	4,393
Use of property and money	118,341	-	424	17,142	135,907
Charges for services	467,815	-	25,000	-	492,815
Transfers from Fiduciary Fund	365,232	341,286	-	-	706,518
Other revenues	960,830	-	-	29,203	990,033
Total revenues	12,189,476	341,286	2,277,967	1,993,187	16,801,916
EXPENDITURES:					
Current:					
General government	1,541,547	-	-	2,730	1,544,277
Public safety	5,999,976	-	-	230,471	6,230,447
Public works	163,034	2,250	-	-	165,284
Transportation	-	-	-	659,715	659,715
Community development	728,225	-	-	28,251	756,476
Culture and leisure	1,557,343	-	-	-	1,557,343
Capital outlay	201,102	-	2,665,956	-	2,867,058
Debt service:					
Principal	-	534,190	-	-	534,190
Interest	-	354,312	-	-	354,312
Total expenditures	10,191,227	890,752	2,665,956	921,167	14,669,102
REVENUES OVER (UNDER) EXPENDITURES	1,998,249	(549,466)	(387,989)	1,072,020	2,132,814
OTHER FINANCING SOURCES (USES):					
Transfers in	1,424,463	139,466	575,035	1,073,027	3,211,991
Transfers out	(1,381,847)	-	-	(1,290,676)	(2,672,523)
Total other financing sources (uses)	42,616	139,466	575,035	(217,649)	539,468
Net change in fund balances	2,040,865	(410,000)	187,046	854,371	2,672,282
FUND BALANCES:					
Beginning of year	(4,230,471)	7,625,515	237,098	2,885,416	6,517,558
End of year	<u>\$ (2,189,606)</u>	<u>\$ 7,215,515</u>	<u>\$ 424,144</u>	<u>\$ 3,739,787</u>	<u>\$ 9,189,840</u>

City of Ridgecrest
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balance to the Government-Wide Statement of Activities
For the year ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$	2,672,282
 Governmental funds report capital outlay as expenditures. Capital outlay expenditures were included in the Statement of Revenue, Expenditures, and Changes in Fund Balances through out various departments. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		2,769,682
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 \$62,941 reported in Internal Service Funds).		(3,250,569)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased Net Position.		(47,368)
The net effect of OPEB contributions in excess of annual OPEB cost was to increase net position.		353
Compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in governmental funds.		(110,700)
The repayment of debt principal consumes the current financial resources of governmental funds; however, it has no effect on net position.		534,190
Interest expense on long-term debt was reported in the government-wide Statement of Activities, but they did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from the prior year.		9,017
Revenues in the Statement of Activities that did not provide current financial resources were not reported as revenues in the governmental funds.		125,711
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.		(1,107,555)
 Change in Net Position of Governmental Activities	 \$	 <u>1,595,043</u>

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Proprietary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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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 Position
Proprietary Funds
June 30, 2013

	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	\$ 1,048,816	\$ 9,283,801	\$ 3,819	\$ 10,336,436	\$ 1,414,739
Receivables:					
Accounts	382,251	44,052	-	426,303	2,655
Interest	436	3,756	-	4,192	-
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	22,288
Prepaid items	6,500	-	-	6,500	-
Total current assets	1,438,003	9,331,609	3,819	10,773,431	1,439,682
Noncurrent assets:					
Advances to other funds	-	4,118,340	-	4,118,340	-
Advances to Fiduciary Fund	-	2,704,615	-	2,704,615	-
Capital assets:					
Non-depreciable	-	1,642,377	-	1,642,377	-
Depreciable	1,070,443	24,633,352	-	25,703,795	412,893
Less: accumulated depreciation	(490,016)	(10,801,761)	-	(11,291,777)	(349,348)
Total capital assets	580,427	15,473,968	-	16,054,395	63,545
Total noncurrent assets	580,427	22,296,923	-	22,877,350	63,545
Total assets	2,018,430	31,628,532	3,819	33,650,781	1,503,227
LIABILITIES					
Current liabilities:					
Accounts payable	4,178	14,704	3,819	22,701	101,551
Salaries payable	11,572	11,936	-	23,508	2,003
Due to other funds	-	-	-	-	-
Unearned revenue	1,160,932	-	-	1,160,932	-
Claims payable - due within one year	-	-	-	-	765,587
Total current liabilities	1,176,682	26,640	3,819	1,207,141	869,141
Noncurrent liabilities:					
Claims payable - due in more than one year	-	-	-	-	777,690
Total noncurrent liabilities	-	-	-	-	777,690
Total liabilities	1,176,682	26,640	3,819	1,207,141	1,646,831
NET POSITION					
Net investment in capital assets	580,427	15,473,968	-	16,054,395	63,545
Unrestricted (deficit)	261,321	16,127,924	-	16,389,245	(206,463)
Total net position	\$ 841,748	\$ 31,601,892	\$ -	\$ 32,443,640	\$ (142,918)

City of Ridgecrest
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2013

	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	\$ 346,509	\$ 1,814,935	\$ -	\$ 2,161,444	\$ 1,777,207
Other revenue	1,259	34,584	-	35,843	455,093
Total operating revenues	347,768	1,849,519	-	2,197,287	2,232,300
OPERATING EXPENSES:					
Transportation	788,698	-	-	788,698	-
Health	-	1,084,587	38,905	1,123,492	-
Administration	-	-	-	-	3,273,264
Depreciation	98,718	473,556	-	572,274	62,941
Total operating expenses	887,416	1,558,143	38,905	2,484,464	3,336,205
OPERATING INCOME (LOSS)	(539,648)	291,376	(38,905)	(287,177)	(1,103,905)
NONOPERATING REVENUES:					
Taxes	768,613	-	-	768,613	-
Intergovernmental	225,974	-	-	225,974	-
Use of money and property	1,052	39,232	663	40,947	3,128
Total nonoperating revenues	995,639	39,232	663	1,035,534	3,128
INCOME (LOSS) BEFORE TRANSFERS	455,991	330,608	(38,242)	748,357	(1,100,777)
TRANSFERS:					
Transfers in	-	-	63,442	63,442	1,386,724
Transfers out	(292,751)	(303,381)	-	(596,132)	(1,393,502)
Total transfers	(292,751)	(303,381)	63,442	(532,690)	(6,778)
Change in net position	163,240	27,227	25,200	215,667	(1,107,555)
NET POSITION:					
Beginning of year	678,508	31,574,665	(25,200)	32,227,973	964,637
End of year	<u>\$ 841,748</u>	<u>\$ 31,601,892</u>	<u>\$ -</u>	<u>\$ 32,443,640</u>	<u>\$ (142,918)</u>

City of Ridgecrest
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Solid Waste Collection	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 576,403	\$ 1,812,245	\$ 575,000	\$ 2,963,648	\$ 1,975,999
Cash received from other funds	-	1,180,054	-	1,180,054	-
Payments to suppliers or employees for goods and services	(1,170,123)	(1,120,883)	(635,286)	(2,926,292)	(2,233,281)
Insurance premiums and settlements or insurance recovery	-	-	-	-	(249,915)
Others	1,259	34,584	-	35,843	455,093
Net cash provided by (used in) operating activities	(592,461)	1,906,000	(60,286)	1,253,253	(52,104)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Taxes	768,613	-	-	768,613	-
Intergovernmental	225,974	-	-	225,974	-
Transfers in	-	-	63,442	63,442	1,386,724
Transfers out	(292,751)	(303,381)	-	(596,132)	(1,393,502)
Net cash provided by (used in) noncapital financing activities	701,836	(303,381)	63,442	461,897	(6,778)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(225,929)	(22,392)	-	(248,321)	-
Transfer of capital assets	-	-	-	-	80,488
Cash received from repayment of advances	-	131,660	-	131,660	-
Net cash provided by (used in) capital and related financing activities	(225,929)	109,268	-	(116,661)	80,488
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	1,441	41,139	663	43,243	2,442
Net cash provided by (used in) investing activities	1,441	41,139	663	43,243	2,442
Net increase (decrease) in cash and cash equivalents	(115,113)	1,753,026	3,819	1,641,732	24,048
CASH AND CASH EQUIVALENT:					
Beginning of year	1,163,929	7,530,775	-	8,694,704	1,390,691
End of year	<u>\$ 1,048,816</u>	<u>\$ 9,283,801</u>	<u>\$ 3,819</u>	<u>\$ 10,336,436</u>	<u>\$ 1,414,739</u>

City of Ridgecrest
Statement of Cash Flows (Continued)
Proprietary Funds
For the year ended June 30, 2013

	Business-type Activities -			Total	Governmental Activities - Internal Service Funds
	Enterprise 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)	\$ (539,648)	\$ 291,376	\$ (38,905)	\$ (287,177)	\$ (1,103,905)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	98,718	473,556	-	572,274	62,941
Changes in current assets and liabilities:					
Accounts receivable	(311,364)	(2,690)	575,000	260,946	(1,208)
Due from other funds	-	1,180,054	-	1,180,054	200,000
Prepaid items	6,500	-	-	6,500	46,211
Inventories	-	-	-	-	398
Total net assets	(391,014)	(37,826)	3,619	(425,221)	29,874
Salaries payable	3,089	1,530	-	4,619	(4,827)
Due to other funds	-	-	(600,000)	(600,000)	-
Claims payable	-	-	-	-	718,412
Unearned revenue	541,258	-	-	541,258	-
Total adjustments	(52,813)	1,614,624	(21,381)	1,540,430	1,051,801
Net cash provided by (used in) operating activities	\$ (592,461)	\$ 1,906,000	\$ (60,286)	\$ 1,253,253	\$ (52,104)

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For the year ended June 30, 2013

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City of Ridgecrest
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Fiduciary Fund Financial Statements



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Comprehensive Annual Financial Report
For the year ended June 30, 2013

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FIDUCIARY FUND FINANCIAL STATEMENTS

Private Purpose Trust Funds

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

Agency Funds

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

City of Ridgecrest
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments	\$ 26,783,978	\$ 448,716
Investments with fiscal agents	2,873,224	-
Interest receivable	17,662	272
Deferred charges, net	234,273	-
Capital assets:		
Non-depreciable	2,202,440	-
Depreciable, net	<u>2,694,157</u>	<u>-</u>
Total assets	<u>34,805,734</u>	<u>\$ 448,988</u>
LIABILITIES AND NET POSITION		
Liabilities:		
Due to City of Ridgecrest	\$ -	\$ 56,345
Due to bondholders	-	392,643
Deposits payable	2,000	-
Advances from City of Ridgecrest	9,168,774	-
Bonds payable	<u>30,500,113</u>	<u>-</u>
Total liabilities	<u>39,670,887</u>	<u>\$ 448,988</u>
Net Position (Deficit):		
Held in trust for Successor Agency to Ridgecrest Redevelopment Agency	(4,865,250)	
Held in trust for Senior Donation	<u>97</u>	
Total net assets (deficit)	<u>\$ (4,865,153)</u>	

City of Ridgecrest
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2013

	Private Purpose Trust Funds
ADDITIONS:	
Taxes	\$ 4,974,851
Revenue from use of money and property	108,797
Other Revenue	302
Total additions	5,083,950
 DEDUCTIONS:	
Community development	14,585,808
Depreciation expense	303,710
Interest expense	1,888,655
Transfers to City of Ridgecrest (Note 6)	706,518
Total deductions	17,484,691
 Change in fiduciary net position	 (12,400,741)
 NET POSITION:	
Beginning of year	7,535,588
End of year	\$ (4,865,153)

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Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

Notes to Basic Financial Statements



City of Ridgecrest
Notes to Basic Financial Statements
For the year ended June 30, 2013

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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City of Ridgecrest
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

The above component unit is included in the City’s basic financial statements using the blended method since the governing body of the component unit is substantially the same as the governing body of the City and the component units provided services entirely to the City. The activities of the Housing Authority are included in the special revenue fund.

B. Basis of Accounting and Measurement Focus

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

In 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

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

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

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

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. (In the Statement of Activities, internal service fund transactions have been eliminated.) However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

Governmental Fund Financial Statements

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

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

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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 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.

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

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

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

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

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

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

Proprietary Funds of the City are outlined below:

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

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

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

Internal Service Funds – The City has six internal service funds. Human Resources and Risk Management Fund is used to account for the costs of the City’s risk management and self-insurance programs and its personnel management costs. 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 Position and a Statement of Changes in Fiduciary Net Postion. 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.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investment

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

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

The City 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, 2013

Note 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 Position.

G. Compensated Absences

Government-Wide Financial Statements

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

Fund Financial Statements

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

H. Property Taxes

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Property Taxes (Continued)

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 Position

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

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

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

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

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

J. Fund Balances

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

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

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

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations imposed by the formal action of the government's highest level of decision making authority normally through resolutions, etc., and that remain binding unless rescinded or modified in the same manner. The City Council is considered the highest authority for the City.

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

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Fund Balances (Continued)

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.

L. Accounting Changes

GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements ("SCA")*. The requirements of this statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This statement became effective for periods beginning after December 15, 2011 and did not have a significant impact on the City's financial statements for the year ended June 30, 2013.

GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The requirements of this statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This statement became effective for periods beginning after June 15, 2012 and did not have a significant impact on the City's financial statements for year ended June 30, 2013.

GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement combines the authoritative accounting and financial reporting of the FASB and the American Institute of Certified Public Accountants ("AICPA"). The statement eliminates the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments. This statement became effective for period beginning after December 15, 2011 and did not have a significant impact on the City's financial statements for the year ended June 30, 2013.

GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The requirement of this statement standardizes the presentation of the deferred inflows and outflows of resources and their effects on a government's net position. This statement became effective for periods beginning after December 15, 2011. The implementation of this statement to the City was limited to renaming of "Net Assets" to "Net Position".

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2013:

	<u>Government-Wide</u>			<u>Fiduciary</u>	<u>Total</u>
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>		
	<u>Activities</u>	<u>Activities</u>		<u>Funds</u>	
Cash and investments	\$ 5,717,660	\$ 10,336,436	\$ 16,054,096	#REF!	#REF!
Investment with fiscal agent	751,356	-	751,356	#REF!	#REF!
Total	<u>\$ 6,469,016</u>	<u>\$ 10,336,436</u>	<u>\$ 16,805,452</u>	<u>#REF!</u>	<u>#REF!</u>

Cash, cash equivalents, and investment, excluding investments with fiscal agents, consisted of the following at June 30, 2013:

Cash and cash equivalent:	
Petty cash	\$ 1,620
Demand deposits	3,353,935
Investments:	
Local Agency Investment Fund	39,931,235
Total	<u>\$ 43,286,790</u>

A. Cash Deposits

The carrying amounts of the City's demand deposits were \$3,353,935 at June 30, 2013. Bank balances were \$4,001,451 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.

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

B. Investments

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

- 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, 2013 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, 2013, the City had \$39,931,235 invested in LAIF, which had invested 1.96% of the pool investment funds in Medium-Term and Short-Term Structured Notes and Asset-Backed Securities.

D. Risk Disclosures

Interest Rate Risk

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

	Amount	Maturities 1 year or less
Cash and cash equivalent:		
Petty cash	\$ 1,620	\$ 1,620
Demand deposits	3,353,935	3,353,935
Investments:		
Local Agency Investment Fund	39,931,235	39,931,235
Total	\$ 43,286,790	\$ 43,286,790

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Credit Risk

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

	Amount	Credit Quality Ratings	
		Moody's	Standard & Poor's
Investments:			
Local Agency Investment Fund	\$ 39,931,235	Not Rated	Not Rated
Total	\$ 39,931,235		

Custodial Credit Risk

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

Note 3 – Loan Program

At June 30, 2013, the outstanding balance of the loan program is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Loans receivables:				
Womens' shelter	\$ 6,571	\$ -	\$ (1,962)	\$ 4,609
High Desert loans	285,898	-	(10,812)	275,086
Total	\$ 292,469	\$ -	\$ (12,774)	\$ 279,695

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 4 – Interfund Transactions

A. Due To and From Other Funds

At June 30, 2013, the City had the following short-term interfund receivables and payables to cover cash shortfalls:

		Due from other funds	
		General Fund	Total
Due to Other funds	Capital Improvements	\$ 232,081	\$ 232,081
	Agency Funds	56,345	56,345
	Total	\$ 288,426	\$ 288,426

The loan to Capital Improvement Fund from General Fund in the amount of \$232,081 was a short term loan to cover cash shortfall. This was repaid in August 2013 as soon as Capital Improvement Fund collected their accounts receivable. The loans to the Agency Funds were made to cover their cash shortfall in order to make the agency's bond payments.

B. Advances to and from other funds

During the year ended June 30, 2013, the General Fund entered into loan agreement with Wastewater Improvement Enterprise Fund in the amount of \$4,250,000. The loan is to be repaid over 30 years at 0.5% interest rate per year. This loan is for paying back the franchise fees the Wastewater Fund had paid General Fund from fiscal years ended June 30, 2006 through 2012. At June 30, 2012, the outstanding balance of the agreement was \$4,118,340.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 132,319	\$ 20,591	\$ 152,910
2015	132,980	19,930	152,910
2016	133,645	19,265	152,910
2017	134,313	18,597	152,910
2018	134,985	17,925	152,910
2019-2023	685,117	79,433	764,550
2024-2028	702,417	62,133	764,550
2029-2033	720,154	44,396	764,550
2034-2038	738,338	26,212	764,550
2039-2042	604,072	7,570	611,642
Total	\$ 4,118,340	\$ 316,054	\$ 4,434,394

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 4 – Interfund Transactions (Continued)

C. Transfers

At June 30, 2013, the City had the following transfers:

		Transfers Out					
		General Fund	Non-major Governmental Funds	Transit Enterprise Funds	Wastewater	Internal Service Funds	Total
					Improvement Enterprise Funds		
Transfers In	General Fund	\$ -	\$ 277,993	\$ 230,678	\$ 239,055	\$ 676,737	\$ 1,424,463
	City Debt Service Fund	139,466	-	-	-	-	139,466
	Capital Improvements	84,993	490,042	-	-	-	575,035
	Non-major						
	Governmental Funds	598,195	474,832	-	-	-	1,073,027
	Solid Waste						
	Enterprise Fund	63,442	-	-	-	-	63,442
Internal Service Funds	495,751	47,809	62,073	64,326	716,765	1,386,724	
Total	\$ 1,381,847	\$ 1,290,676	\$ 292,751	\$ 303,381	\$ 1,393,502	\$ 4,662,157	

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

Additional details regarding transfers in and out are as follows:

The transfers from General Fund to other funds and its purposes are as follows: 1) \$139,466 to City Debt Service Fund for payment of the loans that financed the City Hall re-roofing and HVAC replacement. 2) \$84,993 to Capital Improvement Fund for city's local matching of three streets construction projects. 3) \$598,195 to Gas Tax Fund for portion of the Measure L revenue allocated to streets funding. 4) \$63,442 to Solid Waste Enterprise Fund transfer to cover the fund's expense prior to fund's closing. 5) \$495,751 to Internal Service fund for ISF overhead allocation.

The transfers from Non-major governmental funds to the other funds and its purposes are as follows: 1) \$277,993 to General Fund are for overhead allocations and \$100,318 of it was to cover public safety funding per AB 3229. 2) \$490,042 to Capital Improvements Fund for funding of three streets construction projects at College Heights, Drummond Ave, and Sunland Ave. 3) \$474,832 to Non-major Governmental funds for TDA Article 4 funding of street maintenance. 4) \$47,809 to Internal Service Funds for ISF overhead allocation.

Wastewater Improvement Enterprise Fund transfer to General Fund and the Internal Service Fund for a total of \$303,381 are for administrative overhead allocation, public work overhead allocation, self-insurance/risk management allocation.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 4 – Interfund Transactions (Continued)

C. Transfers (Continued)

Transit Enterprise Fund transfer to General Fund and Internal Service Funds for a total of \$292,751 are for administrative overhead allocation, public work overhead allocation, self-insurance/risk management allocation.

Internal Service Funds transfer to General Fund for \$676,737 was for administrative overhead allocation and residual equity from the closure of three ISF funds. While the transfer of \$716,765 was consisted of \$650,471 transfer to pay workers compensation claims for the year and the rest was for the self-insurance/risk management allocation to Information Technology ISF, Fleet Maintenance ISF and Building Maintenance ISF funds.

Note 5 – Advances to Fiduciary Fund

At June 30, 2013, the City had advanced the Fiduciary Fund \$9,168,774.

On November 1, 2005, the City and the Agency have entered into a reimbursement agreement, pursuant to which the Agency has agreed to reimburse the City for all Lease payments. The Agency's reimbursement obligation is secured by a pledge of certain tax increment revenues arising in the Agency's Ridgecrest Redevelopment Project. Certain outstanding and future bonds of the Agency have or may have a claim on tax increment revenues that is senior to the Agency's reimbursement obligation under the Reimbursement Agreement. On February 1, 2012, the outstanding balance was transferred to the Successor Agency due to the dissolution of the Agency. At June 30, 2013, the outstanding balance of the agreement was \$6,464,159. Payment of the loan is done annually. It is reduced by the principal portion of the lease payment of the dissolved Agency towards the 2005 Refunding Certificates of Participation.

On June 19, 2002, the Wastewater Improvement Enterprise Fund loaned the Agency Fund \$2,000,000 for the purpose of paying costs and expenses in connection with implementing the redevelopment plan. The loan is to be repaid over 10 years. On February 1, 2012, the outstanding balance was transferred to the Successor Agency due to the dissolution of the Agency. At June 30, 2013, 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
2014	\$ 200,000	\$ 20,000	\$ 220,000
Total	\$ 200,000	\$ 20,000	\$ 220,000

On June 16, 2010, per resolution 10-49, the City Council and Agency Board approved the funding of the construction of the Ridgecrest Photovoltaic Solar Energy Production Field. The field is located at 125 South Warner St., also known as the Helmer's Park. This 495.9 kW DC Solar Photovoltaic System is designed to produce 90% of the Civic Center's current annual electrical power consumption and decrease the Center's energy bill by more than \$136,000 annually. The resolution also authorized the Agency to borrow money from the Wastewater Improvement Fund to finance the construction cost of the solar field which amounted to \$3,123,000, to be paid in 5 years at the interest rate of 1/2% per annum. On February 1, 2012, the outstanding balance was transferred to the Successor Agency due to the dissolution of the Agency. At June 30, 2013, the outstanding balance of the agreement was \$2,504,615.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 5 – Advances to Fiduciary Fund (Continued)

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,246,062	\$ 637,108	\$ 1,883,170
2015	627,707	6,293	634,000
2016	630,846	3,154	634,000
Total	\$ 2,504,615	\$ 646,555	\$ 3,151,170

Note 6 – Transfers from Fiduciary Fund

During the year ended June 30, 2013, the Successor Agency made the following transfers: 1) to the City's General Fund for \$250,000 for the administrative allowance for the Redevelopment Agency dissolution and \$115,232 for the salaries and benefits of the city employee doing bond project management; and 2) to the City's Debt Service Fund in the amount of \$2,250 to cover the 2005 COP arbitrage analysis and its fiscal agent fees and \$339,036 for the lease payment to cover the interest payment to the 2005 Certificate of Participation Bonds. Total transferred was in the amount of \$706,518 and were reviewed and approved by the California Department of Finance through ROPS.

Note 7 – Capital Assets

A. Governmental Activities

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

	Balance July 1, 2012	Additions	Deletions	Reclassifications	Balance June 30, 2013
Non-Depreciable assets:					
Land	\$ 1,948,371	\$ -	\$ (50,501)	\$ -	\$ 1,897,870
Construction in progress	2,306,637	1,920,823	(67,722)	(372,345)	3,787,393
Total non-depreciable assets	4,255,008	1,920,823	(118,223)	(372,345)	5,685,263
Depreciable assets					
Building and improvements	19,266,418	-	-	(13,396,664)	5,869,754
Machinery and equipment	6,336,692	201,102	(199,616)	(118,157)	6,220,021
Infrastructure	89,466,540	647,757	-	13,887,166	104,001,463
Subtotal	115,069,650	848,859	(199,616)	372,345	116,091,238
Less accumulated depreciation					
Building and improvements	(11,396,340)	(230,413)	-	9,861,284	(1,765,469)
Machinery and equipment	(5,161,979)	(330,376)	189,983	118,639	(5,183,733)
Infrastructure	(59,683,112)	(2,752,721)	-	(9,979,923)	(72,415,756)
Subtotal	(76,241,431)	(3,313,510)	189,983	-	(79,364,958)
Total depreciable assets, net	38,828,219	(2,464,651)	(9,633)	372,345	36,726,280
Total	\$ 43,083,227	\$ (543,828)	\$ (127,856)	\$ -	\$ 42,411,543

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 7 – Capital Assets (Continued)

A. Governmental Activities (Continued)

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2013 are as follows:

General government	\$	203,753
Public safety		167,952
Public works		2,387,338
Community development		403,576
Culture and leisure		87,950
Internal service fund		62,941
Total depreciation expense	\$	3,313,510

B. Business-Type Activities

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

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Non-Depreciable assets:				
Land	\$ 1,614,217	\$ -	\$ -	\$ 1,614,217
Construction in progress	61,349	-	(33,189)	28,160
Total non-depreciable assets	1,675,566	-	(33,189)	1,642,377
Depreciable assets				
Building and improvements	2,747,841	3,167	-	2,751,008
Machinery and equipment	3,796,842	245,154	33,189	4,075,185
Infrastructure	18,877,601	-	-	18,877,601
Subtotal	24,660,593	248,321	33,189	25,703,794
Less accumulated depreciation				
Building and improvements	(1,130,271)	(251,459)	-	(1,381,730)
Machinery and equipment	(2,404,501)	(193,639)	-	(2,598,140)
Infrastructure	(7,184,730)	(127,176)	-	(7,311,906)
Subtotal	(10,229,730)	(572,274)	-	(11,291,776)
Total depreciable assets, net	14,430,863	(323,953)	33,189	14,412,018
Total	\$ 16,045,080	\$ (323,953)	\$ -	\$ 16,054,395
Total net assets				

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2013 are as follows:

T.D.A. Transit	\$	98,718
Wastewater Improvement		473,556
Total depreciation expense	\$	572,274

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 7 – Capital Assets (Continued)

C. Fiduciary Funds

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Non-Depreciable assets:				
Land	\$ 2,202,440	\$ -	\$ -	\$ 2,202,440
Total non-depreciable assets	2,202,440	-	-	2,202,440
Depreciable assets				
Building and improvements	12,092,609	-	-	12,092,609
Subtotal	12,092,609	-	-	12,092,609
Less accumulated depreciation				
Building and improvements	(9,094,743)	(303,709)	-	(9,398,452)
Subtotal	(9,094,743)	(303,709)	-	(9,398,452)
Total depreciable assets, net	2,997,866	(303,709)	-	2,694,157
Total	\$ 5,200,306	\$ (303,709)	\$ -	\$ 4,896,597

Note 8 – Long-term Obligations

The following is a summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Classification	
					Due within One Year	Due in more than One Year
Governmental Activities:						
2005 Refunding Certificates of Participation	\$ 7,685,000	\$ -	\$ (410,000)	\$ 7,275,000	\$ 430,000	\$ 6,845,000
Capital lease	343,981	-	(124,190)	219,791	107,102	112,689
Compensated absences	1,876,599	843,161	(732,461)	1,987,299	631,608	1,355,691
Total governmental activities	\$ 9,905,580	\$ 843,161	\$ (1,266,651)	\$ 9,482,090	\$ 1,168,710	\$ 8,313,380
Fiduciary Funds:						
Tax Allocation Bonds	\$ 32,825,000	\$ -	\$ (1,680,000)	\$ 31,145,000	\$ 1,680,000	\$ 29,465,000
Less: Bond discount	(671,757)	-	26,870	(644,887)	-	(644,887)
Total fiduciary activities	\$ 32,153,243	\$ -	\$ (1,653,130)	\$ 30,500,113	\$ 1,680,000	\$ 28,820,113

A. Governmental Activities Long-Term Debt

2005 Refunding Certificates of Participation

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 8 – Long-term Obligations (Continued)

A. Governmental Activities Long-Term Debt (Continued)

2005 Refunding Certificates of Participation (Continued)

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

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
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	510,000	240,351	750,351
2019-2023	2,880,000	854,513	3,734,513
2024-2027	2,050,000	186,975	2,236,975
TOTAL	\$ 7,275,000	\$ 2,436,684	\$ 9,711,684

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,	
2014	\$ 117,060
2015	117,060
Total minimum lease payments	234,120
Less amount representing interest	14,329
Present value of lease payments	\$ 219,791

Compensated Absences

Compensated absences at June 30, 2013, amounted to \$1,987,299. Typically, the Self-Insurance Fund (Internal Service Fund) has been used to liquidate the liability for compensated absences. There is no fixed payment schedule for compensated absences.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 8 – Long-term Obligations (Continued)

B. Fiduciary Funds Long-Term Debt

Tax Allocation Bonds at June 30, 2013, consisted of the following:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Classification	
					Due within One Year	Due in more than One Year
2002 Tax Allocation Refunding Bonds	\$ 465,000	\$ -	\$ (465,000)	\$ -	\$ 430,000	\$ (430,000)
2010 Tax Allocation Refunding Bonds	32,360,000	-	(1,215,000)	31,145,000	430,001	30,714,999
Bond discount	(671,757)	-	26,870	(644,887)	-	(644,887)
Total Tax Allocation Bonds	\$ 32,153,243	\$ -	\$ (1,653,130)	\$ 30,500,113	\$ 860,001	\$ 29,640,112

2002 Tax Allocation Refunding Bonds

Proceeds from the \$4,475,000 2002 Tax Allocation Refunding Bonds were issued to refund the 1993 Tax Allocation Refunding Bonds. The bonds issued are due in annual installments ranging from \$310,000 to \$465,000 through June 30, 2013. Interest rates range from 2% to 5% and is paid semi-annually. The outstanding balance of the bonds in the amount of \$905,000 was transferred to the Successor Agency on February 1, 2012 due to the dissolution of the Agency Bonds. Total principal and interest remaining on the bond is \$0 at June 30, 2013.

2010 Tax Allocation Refunding Bond

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

The 2010 Tax Allocation Refunding bonds are comprised of \$11,680,000 serial bonds and three term bonds total to \$22,700,000. Principal on serial bonds mature in amounts from \$1,005,000 to 1,215,000 through June 30, 2021. Interest on the bonds is payable semi-annually at rates ranging from 3% to 5.5%. The three term bonds maturing on June 30, 2024 (bearing interest at 5.375%) and June 30, 2037 (bearing interest at 6.125% and 6.25%), are subject to mandatory redemption on each June 30, commencing on June 30, 2022, and June 30, 2025, respectively, at a redemption price equal to the principal amount with accrued interest to the redemption date, without premium, ranging from \$420,000 to \$1,035,000. Bonds and related deferred cost of issuance and bond discount outstanding at January 31, 2012 were \$33,375,000, \$247,999 and \$683,042, respectively, and were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the Agency. Total principal and interest remaining on the bond is \$31,145,000 at June 30, 2013 payable through 2037.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 8 – Long-term Obligations (Continued)

B. Fiduciary Funds Long-Term Debt (Continued)

2010 Tax Allocation Refunding Bond (Continued)

The annual requirements to amortize the bonds outstanding at June 30, 2013, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,085,000	\$ 1,788,011	\$ 2,873,011
2015	1,070,000	1,751,393	2,821,393
2016	1,055,000	1,711,268	2,766,268
2017	1,055,000	1,658,518	2,713,518
2018	1,050,000	1,605,768	2,713,518
2019-2023	5,195,000	7,186,821	12,681,608
2024-2028	6,035,000	5,728,119	11,615,869
2029-2033	7,880,000	3,561,806	11,808,106
2034-2037	6,720,000	1,048,413	9,905,344
TOTAL	\$ 31,145,000	\$ 26,040,117	\$ 59,898,635

Note 9 – Risk Management

The City is a member of California State Association of Counties - Excess Insurance Authority (CSAC-EIA). The Authority is comprised of 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, 2013

Note 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 \$1,543,277 reported at June 30, 2013. Of the total claims payable, \$765,587 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
2010-2011	\$ 663,164	\$ 1,004,060	\$ -	\$ 1,667,224
2011-2012	1,667,224	151,531	(993,890)	824,865
2012-2013	824,865	1,560,365	(841,953)	1,543,277

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, 2013

Note 10 – Public Employee Retirement System

Plan Description

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

Funding Policy

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

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

The City paid \$108,322 for the required employee contributions. Of that amount \$28,603 was paid for Safety classic members and \$79,719 was for Miscellaneous classic members.

The following table details the contribution rate for the City and its employees by bargaining unit as of June 30, 2013.

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 10 – Public Employee Retirement System (Continued)

Funding Policy (Continued)

Additionally, the City is required to contribute at an actuarially determined rate applied to covered payroll. The rate for “classic members” for fiscal year 2013 is 17.388% for miscellaneous employees and 31.197% for safety employees. For fiscal year 2014, the rates will go up slightly to 18.226% for miscellaneous employees and 32.34% for safety employees. However, for employees hired on or after January 1, 2013 and classified as CalPERS “new members”, the rate is 6.25% for miscellaneous employees and 11.50% for safety employees. These rates are effective until June 30, 2015.

Annual Pension Cost

For the fiscal year ended June 30, 2013, the City’s annual pension cost was \$631,984 for miscellaneous employees and \$706,150 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, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases range from 3.55% to 14.45% depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments for both miscellaneous and safety employees. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period was 15 years for both miscellaneous and safety employees.

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

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 808,185	100%	\$ -
6/30/2012	823,753	100%	-
6/30/2013	631,984	100%	-

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

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 658,227	100%	\$ -
6/30/2012	759,773	100%	-
6/30/2013	706,150	100%	-

Funded Status of Plan – Miscellaneous and Safety Employees

As of the actuarial valuation date of June 30, 2013, the City’s miscellaneous and safety plans were part of a CalPERS Risk Pool for employers with less than 100 active plan members. As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required.

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 11 – Other Postemployment Benefits

Plan Description

The City provides \$115 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 2012 and 2013, the required employer contributions under the CalPERS Health plan is \$112 and \$115 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.

Annual OPEB Cost and Net OPEB Obligation (Assets)

For fiscal year ended June 30, 2013, the City's annual OPEB cost was \$80,767. The City's annual required contribution (ARC) was \$81,120 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, 2013, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation (asset):

Annual Required Contribution (ARC)	\$ 81,120
Interest on Net OPEB Obligation (Assets) @ 7.75%	(2,710)
Adjustment to ARC	2,357
Annual OPEB Cost	<u>80,767</u>
Contribution Made (ARC Inclusive of Benefit Payments)	<u>(81,120)</u>
(Increase) in Net OPEB Obligation (Assets)	(353)
Net OPEB Obligation (Assets) - Beginning of year	<u>(35,616)</u>
Net OPEB Obligation (Assets) - End of year	<u><u>\$ (35,969)</u></u>

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 11 – Other Postemployment Benefits (Continued)

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

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

	Annual OPEB Cost	Actual Contributions	Percentage Contribution	Net OPEB Obligation (Asset)
2010-2011	\$ 75,749	\$ 76,200	100.6%	\$ (35,266)
2011-2012	76,640	76,990	100.5%	(35,616)
2011-2012	80,767	81,120	100.4%	(35,969)

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) inflation rate of 3%, (e) CalPERS Assumption Model was used in determining the factor for pre-retirement turnover, pre-retirement mortality, post-retirement mortality and retirement age. Employee currently retired who have elected CalPERS medical coverage are assumed to continue coverage for their lifetime and the lifetime of their spouse if covered. 50% of future non-PEAR active employees are assumed to elect retiree health coverage at retirement. 100% of future PEAR retirees are assumed to elect retiree health coverage at retirement with 50% electing the \$250 reimbursement benefit over the CalPERS benefit. Of those electing coverage approximately 20% are assumed to elect coverage for their spouse. A female spouse is assumed to be 3 years younger than a male spouse. The City’s \$100 monthly benefit is not assumed to increase in future years. On the other hand, the CalPERS minimum required employer contribution is assumed to increase by 4% each year. The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level percentage-of-pay method on a closed-basis. The remaining amortization period at June 30, 2011 is assumed to be 26 years.

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 34.73% funded. The actuarial accrued liability for benefits was \$961,858, and the actuarial value of assets was \$449,850, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$512,338. The covered payroll (annual payroll for active employees covered by the plan) was \$5,189,000, and the ratio of the UAAL to the covered payroll was 9.87%.

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

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 12 – Other Required Disclosures

A. Deficit Fund Balances/Net Position

At June 30, 2013, the following funds had a fund balances (deficit) or unrestricted net position (deficit), which will be eliminated through the reduction in future expenditures and/or the use of new funding sources:

Fund	Fund Type	Deficit
General Fund	General Fund	\$ (2,189,606)
Human Resource and Risk Management	Internal Service Fund	(339,004)

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations in the following functions of the respective funds:

Fund	Function	Excess Expenditures
General Fund	Culture and leisure	\$ (3,446)
Special Projects Special Revenue Fund	Community development	(13,552)

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 13 – Classification of Fund Balances

	Major Funds				Total
	General Fund	City Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	
Nonspendable:					
Inventory	\$ 1,935	\$ -	\$ -	\$ -	\$ 1,935
Advances to Fiduciary Fund	-	6,464,159	-	-	6,464,159
Total nonspendable	1,935	6,464,159	-	-	6,466,094
Restricted:					
Asset seizure	73,862	-	-	-	73,862
Asset Seizure - drug/gang	9,126	-	-	-	9,126
DARE/CHAMPS car donations	2,951	-	-	-	2,951
Proposition 172	85,173	-	-	-	85,173
Spay & neuter donations	51,143	-	-	-	51,143
Freedom park donation	1,430	-	-	-	1,430
Measure L	76,557	-	-	-	76,557
Debt service	-	751,356	-	-	751,356
AB 3229	-	-	-	40	40
Grant operations	-	-	-	17,943	17,943
TCRF capital projects	-	-	-	74,562	74,562
Capital projects	-	-	-	2,221,790	2,221,790
Community partnership	-	-	-	138	138
Total restricted	300,242	751,356	-	2,314,473	3,366,071
Committed:					
Park development	-	-	-	16,442	16,442
Substandard street improvement	-	-	-	527,898	527,898
Total committed	-	-	-	544,340	544,340
Assigned					
Capital improvements	-	-	424,144	-	424,144
Landscaping & lighting district	-	-	-	4,397	4,397
Business park capital projects	-	-	-	37,675	37,675
Total assigned	-	-	424,144	42,072	466,216
Unassigned	(2,491,783)	-	-	838,902	(1,652,881)
Total Fund Balances	\$ (2,189,606)	\$ 7,215,515	\$ 424,144	\$ 3,739,787	\$ 9,189,840

City of Ridgecrest
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 14 – Commitments and Contingencies

A. *Litigation*

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

B. *Grants*

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

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

Required Supplementary Information (Unaudited)



City of Ridgecrest
Required Supplementary Information (Unaudited)
For the year ended June 30, 2013

Note 1 – Budgetary Information

The City maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse at June 30, encumbrances outstanding at June 30, 2012 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2013 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, 2013

Note 1 – Budgetary Information (Continued)

Budget Comparison Schedule - General Fund

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 8,763,605	\$ 8,352,605	\$ 9,664,943	\$ 1,312,338
Intergovernmental	243,800	342,245	314,815	(27,430)
License and permits	219,500	219,500	182,110	(37,390)
Fines and forfeitures	84,650	84,650	115,390	30,740
Use of property and money	127,430	187,430	118,341	(69,089)
Charges for services	605,850	605,850	467,815	(138,035)
Transfers from Fiduciary Fund	-	365,232	365,232	-
Other revenues	482,100	1,108,688	960,830	(147,858)
Total revenues	<u>10,526,935</u>	<u>11,266,200</u>	<u>12,189,476</u>	<u>923,276</u>
EXPENDITURES:				
Current:				
General government	1,669,620	1,643,704	1,541,547	102,157
Public safety	6,356,126	6,529,202	5,999,976	529,226
Public works	240,010	192,593	163,034	29,559
Community development	502,888	866,228	728,225	138,003
Culture and leisure	1,534,383	1,553,897	1,557,343	(3,446)
Capital outlay	434,559	448,225	201,102	247,123
Total expenditures	<u>10,737,586</u>	<u>11,233,849</u>	<u>10,191,227</u>	<u>1,042,622</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(210,651)</u>	<u>32,351</u>	<u>1,998,249</u>	<u>1,965,898</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,741,314	1,741,314	1,424,463	(316,851)
Transfers out	(1,509,050)	(1,173,669)	(1,381,847)	(208,178)
Total other financing sources (uses)	<u>232,264</u>	<u>567,645</u>	<u>42,616</u>	<u>(525,029)</u>
Net change in fund balances	<u>\$ 21,613</u>	<u>\$ 599,996</u>	<u>2,040,865</u>	<u>\$ 1,440,869</u>
FUND BALANCES:				
Beginning of year			(4,230,471)	
End of year			<u>\$ (2,189,606)</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the year ended June 30, 2013

Note 2 – Schedule of Funding Progress

A. Defined Benefits Pension Plan

As of the actuarial valuation date of June 30, 2010, 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%
7/1/2011	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, 2013

Supplementary Information



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

Non-Major Governmental Funds



City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	Special Revenue Funds				
	State Gas Tax	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement
ASSETS					
Cash and investments	\$ 211,980	\$ 16,435	\$ -	\$ 37,660	\$ -
Accounts receivable	55,768	-	575,000	-	-
Interest receivable	-	7	-	15	40
Loans receivable	-	-	-	-	-
Deposits	-	-	-	-	-
Total assets	\$ 267,748	\$ 16,442	\$ 575,000	\$ 37,675	\$ 40
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 15,234	\$ -	\$ -	\$ -	\$ -
Salaries payable	8,314	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	23,548	-	-	-	-
Fund Balances:					
Restricted	-	-	-	-	40
Committed	-	16,442	-	-	-
Assigned	-	-	-	37,675	-
Unassigned	244,200	-	575,000	-	-
Total fund balances	244,200	16,442	575,000	37,675	40
Total liabilities and fund balances	\$ 267,748	\$ 16,442	\$ 575,000	\$ 37,675	\$ 40

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2013

	Special Revenue Funds				
	Grant Operations	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee
ASSETS					
Cash and investments	\$ 17,936	\$ 74,532	\$ 5,116	\$ 166,133	\$ 710,722
Accounts receivable	-	-	-	-	-
Interest receivable	7	30	2	67	335
Loans receivable	-	-	-	-	-
Deposits	-	-	-	-	-
Total assets	\$ 17,943	\$ 74,562	\$ 5,118	\$ 166,200	\$ 711,057
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 4,398	\$ -	\$ -
Salaries payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	4,398	-	-
Fund Balances:					
Restricted	17,943	74,562	-	166,200	711,057
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	720	-	-
Total fund balances	17,943	74,562	720	166,200	711,057
Total liabilities and fund balances	\$ 17,943	\$ 74,562	\$ 5,118	\$ 166,200	\$ 711,057

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2013

	Special Revenue Funds				
	Park Development Impact Fee	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant	Housing Authority
ASSETS					
Cash and investments	\$ 232,136	\$ 100,165	\$ 1,011,692	\$ 138	\$ 18,971
Accounts receivable	-	-	-	-	-
Interest receivable	93	40	407	-	11
Loans receivable	-	-	-	-	279,695
Deposits	-	-	-	-	-
Total assets	\$ 232,229	\$ 100,205	\$ 1,012,099	\$ 138	\$ 298,677
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	279,695
Total liabilities	-	-	-	-	279,695
Fund Balances:					
Restricted	232,229	100,205	1,012,099	138	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	18,982
Total fund balances	232,229	100,205	1,012,099	138	18,982
Total liabilities and fund balances	\$ 232,229	\$ 100,205	\$ 1,012,099	\$ 138	\$ 298,677

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
	Landscaping And Lighting	Sub-Standard Streets Improvements	
ASSETS			
Cash and investments	\$ 4,395	\$ 517,449	\$ 3,125,460
Accounts receivable	-	-	630,768
Interest receivable	2	208	1,264
Loans receivable	-	-	279,695
Deposits	-	10,241	10,241
Total assets	\$ 4,397	\$ 527,898	\$ 4,047,428
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 19,632
Salaries payable	-	-	8,314
Due to other funds	-	-	-
Deposits payable	-	-	-
Deferred revenue	-	-	279,695
Total liabilities	-	-	307,641
Fund Balances:			
Restricted	-	-	2,314,473
Committed	-	527,898	544,340
Assigned	4,397	-	42,072
Unassigned	-	-	838,902
Total fund balances	4,397	527,898	3,739,787
Total liabilities and fund balances	\$ 4,397	\$ 527,898	\$ 4,047,428

(Concluded)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2013

	Special Revenue Funds				
	State Gas Tax	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement
REVENUES:					
Taxes	\$ -	\$ -	\$ 1,049,832	\$ -	\$ -
Intergovernmental	612,968	-	-	-	100,000
Assessment levied	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of property and money	165	35	-	78	113
Other revenues	230	-	-	-	-
Total revenues	613,363	35	1,049,832	78	100,113
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	230,471	-	-	-	-
Transportation	651,425	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	881,896	-	-	-	-
REVENUE OVER (UNDER) EXPENDITURES	(268,533)	35	1,049,832	78	100,113
OTHER FINANCING SOURCES (USES):					
Transfers in	1,073,027	-	-	-	-
Transfers out	(225,484)	-	(474,832)	-	(100,318)
Transfers from Fiduciary Fund	-	-	-	-	-
Total other financing sources (uses)	847,543	-	(474,832)	-	(100,318)
Net change in fund balances before extraordinary item	579,010	35	575,000	78	(205)
FUND BALANCES:					
Beginning of year	(334,810)	16,407	-	37,597	245
End of year	<u>\$ 244,200</u>	<u>\$ 16,442</u>	<u>\$ 575,000</u>	<u>\$ 37,675</u>	<u>\$ 40</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, 2013

	Special Revenue Funds				
	Grant Operations	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Assessment levied	-	-	-	-	-
Licenses and permits	-	-	30,000	7,812	77,259
Use of property and money	40	624	34	342	1,667
Other revenues	-	-	-	-	-
Total revenues	40	624	30,034	8,154	78,926
EXPENDITURES:					
Current:					
General government	2,730	-	-	-	-
Public safety	-	-	-	-	-
Transportation	-	-	-	-	8,290
Community development	-	-	28,251	-	-
Capital outlay	-	-	-	-	-
Total expenditures	2,730	-	28,251	-	8,290
REVENUE OVER (UNDER) EXPENDITURES	(2,690)	624	1,783	8,154	70,636
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(367,096)	-	-	(122,946)
Transfers from Fiduciary Fund	-	-	-	-	-
Total other financing sources (uses)	-	(367,096)	-	-	(122,946)
Net change in fund balances before extraordinary item	(2,690)	(366,472)	1,783	8,154	(52,310)
FUND BALANCES:					
Beginning of year	20,633	441,034	(1,063)	158,046	763,367
End of year	<u>\$ 17,943</u>	<u>\$ 74,562</u>	<u>\$ 720</u>	<u>\$ 166,200</u>	<u>\$ 711,057</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, 2013

	Special Revenue Funds				
	Park Development Impact Fee	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant	Housing Authority
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Assessment levied	-	-	-	-	-
Licenses and permits	9,749	13,023	41,806	-	-
Use of property and money	481	200	2,088	1	10,194
Other revenues	-	-	-	-	12,773
Total revenues	10,230	13,223	43,894	1	22,967
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
REVENUE OVER (UNDER) EXPENDITURES	10,230	13,223	43,894	1	22,967
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Transfers from Fiduciary Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances before extraordinary item	10,230	13,223	43,894	1	22,967
FUND BALANCES:					
Beginning of year	221,999	86,982	968,205	137	(3,985)
End of year	<u>\$ 232,229</u>	<u>\$ 100,205</u>	<u>\$ 1,012,099</u>	<u>\$ 138</u>	<u>\$ 18,982</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, 2013

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
	Landscaping And Lighting	Sub-Standard Streets Improvements	
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,049,832
Intergovernmental	-	-	712,968
Assessment levied	4,393	-	4,393
Licenses and permits	-	-	179,649
Use of property and money	4	1,076	17,142
Other revenues	-	16,200	29,203
Total revenues	4,397	17,276	1,993,187
EXPENDITURES:			
Current:			
General government	-	-	2,730
Public safety	-	-	230,471
Transportation	-	-	659,715
Community development	-	-	28,251
Capital outlay	-	-	-
Total expenditures	-	-	921,167
REVENUE OVER (UNDER) EXPENDITURES	4,397	17,276	1,072,020
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	1,073,027
Transfers out	-	-	(1,290,676)
Transfers from Fiduciary Fund	-	-	-
Total other financing sources (uses)	-	-	(217,649)
Net change in fund balances before extraordinary item	4,397	17,276	854,371
FUND BALANCES:			
Beginning of year	-	510,622	2,885,416
End of year	\$ 4,397	\$ 527,898	\$ 3,739,787

(Concluded)

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Transfers from Fiduciary Fund	\$ 749,036	\$ 751,286	\$ 341,286	\$ (410,000)
Total revenues	<u>749,036</u>	<u>751,286</u>	<u>341,286</u>	<u>(410,000)</u>
EXPENDITURES:				
Current:				
Public works	-	2,250	2,250	-
Debt service:				
Principal	665,852	665,852	534,190	131,662
Interest	<u>375,977</u>	<u>354,727</u>	<u>354,312</u>	<u>415</u>
Total expenditures	<u>1,041,829</u>	<u>1,022,829</u>	<u>890,752</u>	<u>132,077</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>292,793</u>	<u>271,543</u>	<u>139,466</u>	<u>(132,077)</u>
Total other financing sources (uses)	<u>292,793</u>	<u>271,543</u>	<u>139,466</u>	<u>(132,077)</u>
Net change in fund balance	<u>\$ (749,036)</u>	<u>\$ (751,286)</u>	(410,000)	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>7,625,515</u>	
End of year			<u>\$ 7,215,515</u>	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Intergovernmental	\$ -	\$ 1,816,073	\$ 1,672,174	\$ (143,899)
Use of money and property	-	-	424	424
Charges for services	-	-	25,000	25,000
Total revenues	<u>-</u>	<u>1,816,073</u>	<u>1,697,598</u>	<u>(118,475)</u>
EXPENDITURES:				
Capital outlay	-	2,929,709	2,665,956	263,753
Total expenditures	<u>-</u>	<u>2,929,709</u>	<u>2,665,956</u>	<u>263,753</u>
REVENUE OVER (UNDER) EXPENDITURES				
	<u>-</u>	<u>(1,113,636)</u>	<u>(968,358)</u>	<u>145,278</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	639,158	575,035	(64,123)
Total other financing sources (uses)	<u>-</u>	<u>639,158</u>	<u>575,035</u>	<u>(64,123)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (474,478)</u>	<u>(393,323)</u>	<u>\$ 81,155</u>
FUND BALANCE:				
Beginning of year			<u>237,098</u>	
End of year			<u>\$ (156,225)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 747,064	\$ 747,064	\$ 612,968	\$ (134,096)
Use of property and money	-	-	165	
Other revenues	-	-	230	230
Total revenues	<u>747,064</u>	<u>747,064</u>	<u>613,363</u>	<u>(133,866)</u>
EXPENDITURES:				
Current:				
Public safety	250,000	250,000	230,471	19,529
Transportation	1,543,590	1,558,772	651,425	907,347
Total expenditures	<u>1,793,590</u>	<u>1,808,772</u>	<u>881,896</u>	<u>926,876</u>
REVENUE OVER				
(UNDER) EXPENDITURES	<u>(1,046,526)</u>	<u>(1,061,708)</u>	<u>(268,533)</u>	<u>(1,060,742)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,325,000	820,635	1,073,027	252,392
Transfers out	(262,066)	(262,066)	(225,484)	36,582
Total other financing sources (uses)	<u>1,062,934</u>	<u>558,569</u>	<u>847,543</u>	<u>288,974</u>
Net change in fund balance	<u>\$ 16,408</u>	<u>\$ (503,139)</u>	579,010	<u>\$ (771,768)</u>
FUND BALANCE:				
Beginning of year			(334,810)	
End of year			<u>\$ 244,200</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 35	\$ 35
Total revenues	<u>-</u>	<u>-</u>	<u>35</u>	<u>35</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	35	<u>\$ 35</u>
FUND BALANCE:				
Beginning of year			<u>16,407</u>	
End of year			<u>\$ 16,442</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
TDA Street Fund - Special Revenue Fund
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 487,000	\$ 487,000	\$ 1,049,832	\$ 562,832
Total revenues	<u>487,000</u>	<u>487,000</u>	<u>1,049,832</u>	<u>562,832</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(487,000)	(487,000)	(474,832)	12,168
Total other financing sources (uses)	<u>(487,000)</u>	<u>(487,000)</u>	<u>(474,832)</u>	<u>12,168</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	575,000	<u>\$ 575,000</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 575,000</u>	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 78	\$ 78
Total revenues	<u>-</u>	<u>-</u>	<u>78</u>	<u>78</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	78	<u>\$ 78</u>
FUND BALANCE:				
Beginning of year			<u>37,597</u>	
End of year			<u>\$ 37,675</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Supplemental Law Enforcement - Special Revenue Fund
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of property and money	-	-	113	113
Total revenues	100,000	100,000	100,113	113
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	(100,318)	(318)
Total other financing sources (uses)	(100,000)	(100,000)	(100,318)	(318)
Net change in fund balance	\$ -	\$ -	(205)	\$ (205)
FUND BALANCE:				
Beginning of year			245	
End of year			<u>\$ 40</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 40	\$ 40
Total revenues	<u>-</u>	<u>-</u>	<u>40</u>	<u>40</u>
EXPENDITURES:				
Current:				
General government	-	2,800	2,730	70
Total expenditures	<u>-</u>	<u>2,800</u>	<u>2,730</u>	<u>70</u>
REVENUE OVER				
(UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ (2,800)</u>	(2,690)	<u>\$ 110</u>
FUND BALANCE:				
Beginning of year			<u>20,633</u>	
End of year			<u>\$ 17,943</u>	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 624	\$ 624
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(392,978)	(367,096)	25,882
Total other financing sources (uses)	-	(392,978)	(367,096)	25,882
Net change in fund balance	\$ -	\$ (392,978)	(366,472)	\$ 26,506
FUND BALANCE:				
Beginning of year			441,034	
End of year			\$ 74,562	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ 30,000	\$ 30,000	\$ -
Use of property and money	-	-	34	34
Total revenues	<u>-</u>	<u>30,000</u>	<u>30,034</u>	<u>34</u>
EXPENDITURES:				
Current:				
Community development	-	14,699	28,251	(13,552)
REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>15,301</u>	<u>1,783</u>	<u>(13,518)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 15,301</u>	<u>1,783</u>	<u>\$ (13,518)</u>
FUND BALANCE:				
Beginning of year			<u>(1,063)</u>	
End of year			<u>\$ 720</u>	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 7,812	\$ 7,812
Use of property and money	-	-	342	342
Total revenues	-	-	8,154	8,154
Net change in fund balance	\$ -	\$ -	8,154	\$ 8,154
FUND BALANCE:				
Beginning of year			158,046	
End of year			<u>\$ 166,200</u>	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 77,259	\$ 77,259
Use of property and money	-	-	1,667	1,667
Total revenues	<u>-</u>	<u>-</u>	<u>78,926</u>	<u>78,926</u>
EXPENDITURES:				
Current:				
Transportation	-	8,290	8,290	-
Total expenditures	<u>-</u>	<u>8,290</u>	<u>8,290</u>	<u>-</u>
REVENUE OVER				
(UNDER) EXPENDITURES	<u>-</u>	<u>(8,290)</u>	<u>70,636</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(122,946)	(122,946)	-
Total other financing sources (uses)	<u>-</u>	<u>(122,946)</u>	<u>(122,946)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (8,290)</u>	<u>(52,310)</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>763,367</u>	
End of year			<u>\$ 711,057</u>	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 30,000	\$ 30,000	\$ 9,749	\$ (20,251)
Use of property and money	-	-	481	481
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>10,230</u>	<u>(19,770)</u>
Net change in fund balance	<u>\$ 30,000</u>	<u>\$ 30,000</u>	10,230	<u>\$ (19,770)</u>
FUND BALANCE:				
Beginning of year			<u>221,999</u>	
End of year			<u>\$ 232,229</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 13,023	\$ (6,977)
Use of property and money	-	-	200	200
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>13,223</u>	<u>(6,777)</u>
Net change in fund balance	<u>\$ 20,000</u>	<u>\$ 20,000</u>	13,223	<u>\$ (6,777)</u>
FUND BALANCE:				
Beginning of year			<u>86,982</u>	
End of year			<u>\$ 100,205</u>	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 41,806	\$ 41,806
Use of property and money	-	-	2,088	2,088
Total revenues	-	-	43,894	43,894
Net change in fund balance	\$ -	\$ -	43,894	\$ 43,894
FUND BALANCE:				
Beginning of year			968,205	
End of year			<u>\$ 1,012,099</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Partnership Grant - Special Revenue Fund
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 1	\$ 1
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
FUND BALANCE:				
Beginning of year			<u>137</u>	
End of year			<u>\$ 138</u>	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 10,194	\$ 10,194
Other revenues	-	-	12,773	12,773
Total revenues	-	-	22,967	22,967
Net change in fund balance	\$ -	\$ -	22,967	\$ 22,967
FUND BALANCE:				
Beginning of year			(3,985)	
End of year			<u>\$ 18,982</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Landscaping and Lighting - Special Revenue Fund
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Assessment levied	\$ -	\$ 2,100	\$ 4,393	\$ 2,293
Use of property and money	-	-	4	4
Total revenues	-	2,100	4,397	2,297
Net change in fund balance	\$ -	\$ 2,100	4,397	\$ 2,297
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 4,397</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 1,076	\$ 1,076
Other revenues	-	-	16,200	16,200
Total revenues	-	-	17,276	17,276
Net change in fund balance	\$ -	\$ -	17,276	\$ 17,276
FUND BALANCE:				
Beginning of year			510,622	
End of year			<u>\$ 527,898</u>	

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

Internal Service Funds



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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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 Position
All Internal Service Funds
June 30, 2013

	Human Resource and Risk Management	Information Systems	Printing and Reproduction	Self Insurance Workers Comp
ASSETS				
Current assets:				
Cash and investments	\$ 1,204,009	\$ 6,882	\$ 12	\$ 27,007
Accounts receivable	2,400	37	10	-
Interest receivable	472	114	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Total current assets	<u>1,206,881</u>	<u>7,033</u>	<u>22</u>	<u>27,007</u>
Noncurrent assets:				
Capital assets:				
Depreciable	-	-	-	-
Less: accumulated depreciation	-	-	-	-
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>1,206,881</u></u>	<u><u>7,033</u></u>	<u><u>22</u></u>	<u><u>27,007</u></u>
LIABILITIES				
Current Liabilities:				
Accounts payable	605	7,033	22	27,007
Salaries payable	2,003	-	-	-
Claims payable - due within one year	765,587	-	-	-
Total current liabilities	<u>768,195</u>	<u>7,033</u>	<u>22</u>	<u>27,007</u>
Noncurrent liabilities:				
Claims payable - due in more than one year	777,690	-	-	-
Total noncurrent liabilities	<u>777,690</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>1,545,885</u></u>	<u><u>7,033</u></u>	<u><u>22</u></u>	<u><u>27,007</u></u>
NET POSITION				
Net investment in capital assets	-	-	-	-
Unrestricted	(339,004)	-	-	-
Total net position	<u><u>\$ (339,004)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Ridgecrest
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2013

	Building Maintenance	Fleet Maintenance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 43,909	\$ 132,920	\$ 1,414,739
Accounts receivable	208	-	2,655
Interest receivable	63	37	686
Due from other funds	-	-	-
Inventories	-	22,288	22,288
Prepaid items	-	-	-
Total current assets	<u>44,180</u>	<u>155,245</u>	<u>1,440,368</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	-	412,893	412,893
Less: accumulated depreciation	-	(349,348)	(349,348)
Total capital assets	<u>-</u>	<u>63,545</u>	<u>63,545</u>
Total noncurrent assets	<u>-</u>	<u>63,545</u>	<u>63,545</u>
Total assets	<u>44,180</u>	<u>218,790</u>	<u>1,503,913</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	44,180	22,704	101,551
Salaries payable	-	-	2,003
Claims payable - due within one year	-	-	765,587
Total current liabilities	<u>44,180</u>	<u>22,704</u>	<u>869,141</u>
Noncurrent liabilities:			
Claims payable - due in more than one year	-	-	777,690
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>777,690</u>
Total liabilities	<u>44,180</u>	<u>22,704</u>	<u>1,646,831</u>
NET POSITION			
Net investment in capital assets	-	63,545	63,545
Unrestricted	-	132,541	(206,463)
Total net position	<u>\$ -</u>	<u>\$ 196,086</u>	<u>\$ (142,918)</u>

City of Ridgecrest
Combining Statements of Revenues, Expenses and Changes in Position
All Internal Service Funds
For the year ended June 30, 2013

	Human Resource and Risk Management	Information Systems	Printing and Reproduction	Self Insurance Workers Comp
OPERATING REVENUES:				
Charges for services	\$ 233,707	\$ 742,080	\$ 71,914	\$ -
Other revenue	454,092	793	-	-
Total operating revenues	<u>687,799</u>	<u>742,873</u>	<u>71,914</u>	<u>-</u>
OPERATING EXPENSES:				
Administration	1,412,365	563,888	63,550	650,472
Depreciation	-	-	-	-
Total operating expenses	<u>1,412,365</u>	<u>563,888</u>	<u>63,550</u>	<u>650,472</u>
OPERATING INCOME (LOSS)	<u>(724,566)</u>	<u>178,985</u>	<u>8,364</u>	<u>(650,472)</u>
NONOPERATING REVENUES:				
Use of money and property	2,339	374	37	1
Total nonoperating revenues	<u>2,339</u>	<u>374</u>	<u>37</u>	<u>1</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(722,227)</u>	<u>179,359</u>	<u>8,401</u>	<u>(650,471)</u>
TRANSFERS:				
Transfers in	736,253	-	-	650,471
Transfers out	(765,028)	(370,142)	(27,647)	-
Total transfers	<u>(28,775)</u>	<u>(370,142)</u>	<u>(27,647)</u>	<u>650,471</u>
Change in net assets	<u>(751,002)</u>	<u>(190,783)</u>	<u>(19,246)</u>	<u>-</u>
NET POSITION:				
Beginning of year	411,998	190,783	19,246	-
End of year	<u>\$ (339,004)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Ridgecrest
Combining Statements of Revenues, Expenses and Changes in Net Position (Continued)
All Internal Service Funds
For the year ended June 30, 2013

	Building Maintenance	Fleet Maintenance	Total
OPERATING REVENUES:			
Charges for services	\$ 296,306	\$ 433,200	\$ 1,777,207
Other revenue	208	-	455,093
Total operating revenues	<u>296,514</u>	<u>433,200</u>	<u>2,232,300</u>
OPERATING EXPENSES:			
Administration	270,529	312,460	3,273,264
Depreciation	-	62,941	62,941
Total operating expenses	<u>270,529</u>	<u>375,401</u>	<u>3,336,205</u>
OPERATING INCOME (LOSS)	<u>25,985</u>	<u>57,799</u>	<u>(1,103,905)</u>
NONOPERATING REVENUES:			
Use of money and property	214	163	3,128
Total nonoperating revenues	<u>214</u>	<u>163</u>	<u>3,128</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>26,199</u>	<u>57,962</u>	<u>(1,100,777)</u>
TRANSFERS:			
Transfers in	-	-	1,386,724
Transfers out	(155,392)	(75,293)	(1,393,502)
Total transfers	<u>(155,392)</u>	<u>(75,293)</u>	<u>(6,778)</u>
Change in net assets	(129,193)	(17,331)	(1,107,555)
NET ASSETS:			
Beginning of year	129,193	213,417	964,637
End of year	<u>\$ -</u>	<u>\$ 196,086</u>	<u>\$ (142,918)</u>

City of Ridgecrest
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2013

	Human Resource and Risk Management	Information Systems	Printing and Reproduction	Self Insurance Workers Comp
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user department	\$ 232,230	\$ 842,276	\$ 72,007	\$ -
Payments to suppliers or employees for goods and services	(473,633)	(524,725)	(61,869)	(641,095)
Insurance premiums and settlements and insurance recovery	(249,915)	-	-	-
Others	454,092	793	-	-
Net cash provided by (used in) operating activities	(37,226)	318,344	10,138	(641,095)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	736,253	-	-	650,471
Transfers out	(765,028)	(370,142)	(27,647)	-
Net cash provided by (used in) noncapital financing activities	(28,775)	(370,142)	(27,647)	650,471
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfer of capital assets	-	43,738	15,584	-
Net cash provided by (used in) capital and related financing activities	-	43,738	15,584	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	1,867	260	37	1
Net cash provided by (used in) investing activities	1,867	260	37	1
Net change in cash and cash equivalents	(64,134)	(7,800)	(1,888)	9,377
CASH AND CASH EQUIVALENTS				
Beginning of year	1,268,143	14,682	1,900	17,630
End of year	<u>\$ 1,204,009</u>	<u>\$ 6,882</u>	<u>\$ 12</u>	<u>\$ 27,007</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (724,566)	\$ 178,985	\$ 8,364	\$ (650,472)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	-
Changes in current assets and liabilities:				
Accounts receivable	(1,477)	196	93	-
Due from other funds	-	100,000	-	-
Prepaid items	-	46,211	-	-
Inventories	-	-	1,866	-
Accounts payable	(31,598)	(3,269)	(185)	9,377
Salaries payable	2,003	(3,779)	-	-
Claims payable	718,412	-	-	-
Total adjustments	687,340	139,359	1,774	9,377
Net cash provided by (used in) operating activities	\$ (37,226)	\$ 318,344	\$ 10,138	\$ (641,095)

City of Ridgecrest
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the year ended June 30, 2013

	Building Maintenance	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user department	\$ 396,234	\$ 433,252	\$ 1,975,999
Payments to suppliers or employees for goods and services	(229,477)	(302,482)	(2,233,281)
Insurance premiums and settlements and insurance recovery	-	-	(249,915)
Others	208	-	455,093
Net cash provided by (used in) operating activities	166,965	130,770	(52,104)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	-	1,386,724
Transfers out	(155,392)	(75,293)	(1,393,502)
Net cash provided by (used in) noncapital financing activities	(155,392)	(75,293)	(6,778)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Transfer of capital assets	21,166	-	80,488
Net cash provided by (used in) capital and related financing activities	21,166	-	80,488
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	151	126	2,442
Net cash provided by (used in) investing activities	151	126	2,442
Net change in cash and cash equivalents	32,890	55,603	24,048
CASH AND CASH EQUIVALENTS			
Beginning of year	11,019	77,317	1,390,691
End of year	<u>\$ 43,909</u>	<u>\$ 132,920</u>	<u>\$ 1,414,739</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 25,985	\$ 57,799	\$ (1,103,905)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	62,941	62,941
Changes in current assets and liabilities:			
Accounts receivable	(72)	52	(1,208)
Due from other funds	100,000	-	200,000
Prepaid items	-	-	46,211
Inventories	-	(1,468)	398
Accounts payable	42,164	13,385	29,874
Salaries payable	(1,112)	(1,939)	(4,827)
Claims payable	-	-	718,412
Total adjustments	140,980	72,971	1,051,801
Net cash provided by (used in) operating activities	\$ 166,965	\$ 130,770	\$ (52,104)

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

Fiduciary Funds



City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of Ridgecrest
Statement of Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2013

	Private Purpose Trust Funds		
	Senior Donation	RDA Obligation	Total
		Retirement	
ASSETS			
Cash and investments	\$ 97	\$ 26,783,881	\$ 26,783,978
Investments with fiscal agents	-	2,873,224	2,873,224
Interest receivable	-	17,662	17,662
Deferred charges, net	-	234,273	234,273
Capital assets:			
Non-depreciable	-	2,202,440	2,202,440
Depreciable, net	-	2,694,157	2,694,157
Total assets	<u>97</u>	<u>34,805,637</u>	<u>34,805,734</u>
LIABILITIES			
Deposits payable	-	2,000	2,000
Advances from City of Ridgecrest	-	9,168,774	9,168,774
Long-term debt	-	30,500,113	30,500,113
Total liabilities	<u>-</u>	<u>39,670,887</u>	<u>39,670,887</u>
NET ASSETS			
Held in Trust	<u>97</u>	<u>(4,865,250)</u>	<u>(4,865,153)</u>
Total net assets	<u>\$ 97</u>	<u>\$ (4,865,250)</u>	<u>\$ (4,865,153)</u>

City of Ridgecrest
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trust Funds
For the year ended June 30, 2013

	Private Purpose Trust Funds		
	Senior Donation	RDA Obligation Retirement	Total
ADDITIONS:			
Taxes	\$ -	\$ 4,974,851	\$ 4,974,851
Revenue from use of money and property	-	108,797	108,797
Other Revenue	-	302	302
Total additions	-	5,083,950	5,083,950
DEDUCTIONS:			
Community development	-	14,585,808	14,585,808
Depreciation expense	-	303,710	303,710
Interest expense	-	1,888,655	1,888,655
Transfers to City of Ridgecrest (Note 6)	-	706,518	706,518
Total deductions	-	17,484,691	17,484,691
Change in net assets	-	(12,400,741)	(12,400,741)
NET ASSETS:			
Beginning of year	97	7,535,491	7,535,588
End of year	<u>\$ 97</u>	<u>\$ (4,865,250)</u>	<u>\$ (4,865,153)</u>

City of Ridgecrest
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<u>ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 446,936	\$ 1,780	\$ -	\$ 448,716
Interest receivable	487	-	(215)	272
Total assets	\$ 447,423	\$ 1,780	\$ (215)	\$ 448,988
Liabilities:				
Due to City of Ridgecrest	\$ 56,345	\$ -	\$ -	\$ 56,345
Due to bondholders - special assessment district	391,078	1,565	-	392,643
Total liabilities	\$ 447,423	\$ 1,565	\$ -	\$ 448,988

City of Ridgecrest
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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CITY OF RIDGECREST

STATISTICAL SECTION

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

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

City of Ridgecrest

Schedule 1

Net Position by Component

Last Ten Fiscal Years (accrual basis of accounting)

	FISCAL YEARS									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Net Investments in capital assets	\$ 35,668,108	\$ 35,805,602	\$ 8,428,496	\$ 31,515,820	\$ 32,676,918	\$ 34,321,803	\$ 36,151,924	\$ 36,723,055	\$ 38,924,688	\$ 41,091,665
Restricted	2,538,158	2,730,315	36,879,459	25,130,907	23,615,054	18,483,103	12,758,127	9,423,134	6,582,149	302,406
Unrestricted	4,050,917	2,126,223	11,269,841	(220,511)	798,741	2,858,388	2,914,754	3,210,134	1,657,163	5,095,753
Total governmental activities net position	42,257,183	40,662,140	56,577,796	56,426,216	57,090,713	55,663,294	51,824,805	49,356,323	47,164,000	46,489,824
Business type activities										
Net Investments in capital assets	16,054,395	16,378,348	16,045,080	16,522,152	16,979,238	17,259,625	17,439,700	16,761,833	16,045,165	18,098,541
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	16,389,245	15,849,625	9,755,416	11,109,512	11,807,479	11,511,303	13,002,769	12,279,782	12,271,560	9,759,630
Total business type activities net assets	32,443,640	32,227,973	25,800,496	27,631,664	28,786,717	28,770,928	30,442,469	29,041,615	28,316,725	27,858,171
Primary government										
Net Investments in capital assets	51,722,503	52,183,950	24,473,576	48,037,972	49,656,156	51,581,428	53,591,624	53,484,888	54,969,853	59,190,206
Restricted	2,538,158	2,730,315	36,879,459	25,130,907	23,615,054	18,483,103	12,758,127	9,423,134	6,582,149	302,406
Unrestricted	20,440,162	17,975,848	21,025,257	10,889,001	12,606,220	14,369,691	15,917,523	15,489,916	13,928,723	14,855,383
Total primary government net position	\$ 74,700,823	\$ 72,890,113	\$ 82,378,292	\$ 84,057,880	\$ 85,877,430	\$ 84,434,222	\$ 82,267,274	\$ 78,397,938	\$ 75,480,725	\$ 74,347,995

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

	FISCAL YEARS									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government	\$ 1,818,304	\$ 1,876,073	\$ 1,106,441	\$ 822,032	\$ 639,444	\$ 1,968,944	\$ 1,248,003	\$ 1,788,039	\$ 3,633,285	\$ 2,610,200
Public safety	7,161,993	6,683,638	7,990,857	7,577,267	7,706,699	7,390,384	6,272,651	5,977,850	4,600,609	4,247,413
Public works	2,787,797	2,758,511	3,041,354	3,199,912	2,056,581	1,858,022	2,755,773	1,144,047	5,102	503,305
Transportation	753,762	1,005,682	1,677,918	3,590,557	2,559,837	2,460,727	847,028	1,491,230	3,202,007	2,983,211
Community development	1,178,359	4,963,100	3,394,765	6,214,074	3,412,566	2,379,597	2,726,996	3,010,805	1,362,832	1,384,567
Health	76,939	-	63,565	23,813	92,882	174,055	1,135,383	897,909	45,893	36,697
Culture and leisure	1,745,953	1,648,072	2,088,659	2,087,149	2,428,923	2,425,245	2,062,233	1,661,169	1,473,004	2,109,798
Interest and fiscal agent fees	345,295	1,530,204	2,434,697	897,803	927,854	973,731	927,572	2,176,002	1,265,420	1,300,781
Total governmental activities expenses	15,868,402	20,465,280	20,802,455	21,532,607	19,824,786	19,630,705	17,975,640	18,147,051	15,588,152	15,175,972
Business type activities:										
TDA Transit	887,416	619,971	589,224	661,514	789,718	714,560	664,494	657,291	519,590	505,599
Wastewater	1,558,143	1,485,273	2,606,452	2,167,812	2,117,372	2,922,903	1,322,303	1,877,549	1,006,344	958,436
Solid Waste Collection	38,905	161,257	699,218	850,423	-	-	-	-	-	-
Total business type activities expenses	2,484,464	2,266,501	3,894,894	3,679,749	2,907,090	3,637,463	1,986,797	2,534,840	1,525,934	1,464,035
Total primary government expenses	\$ 18,352,866	\$ 22,731,781	\$ 24,697,349	\$ 25,212,356	\$ 22,731,876	\$ 23,268,168	\$ 19,962,437	\$ 20,681,891	\$ 17,114,086	\$ 16,640,007
Program Revenues										
Governmental activities:										
Charges for services:										
General government	192,539	195,656	184,130	173,352	196,411	189,506	216,526	53,026	176,129	129,467
Public safety	665,790	298,244	310,398	391,308	371,973	340,599	265,239	210,805	216,577	134,767
Public works	2,277,544	-	-	-	-	-	-	-	-	-
Transportation	1,663,029	-	-	70	1,034	850	-	-	-	-
Community development	357,550	225,504	517,003	739,191	147,325	696,801	636,286	1,013,269	530,726	410,822
Health	-	41,754	-	-	-	-	25	-	49	-
Culture and leisure	362,377	425,213	475,348	500,996	484,910	462,904	417,666	404,028	419,679	355,708
Operating grants and contributions	-	1,622,484	1,885,581	1,253,997	1,384,420	1,112,823	890,959	763,657	684,679	1,007,704
Capital grants and contributions	-	1,057,999	998,583	939,616	766,742	1,474,279	1,277,771	432,633	387,562	1,088,752
Total governmental activities program revenues	5,518,829	3,866,854	4,371,043	3,998,530	3,352,815	4,277,762	3,704,472	2,877,418	2,415,414	3,127,220

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

	FISCAL YEARS									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Business type activities:										
Charges for services:										
TDA Transit	572,483	212,819	213,410	254,543	247,294	251,131	159,721	93,024	133,380	110,120
Wastewater	1,814,935	2,019,185	1,911,187	1,765,195	1,982,131	1,768,552	2,147,081	2,105,194	1,978,225	1,833,614
Solid Waste Collection	-	820	29,158	76,532	-	-	-	-	-	-
Operating grants and contributions	-	1,597,115	131,539	97,657	-	94,663	54,811	-	34,763	27,289
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	2,387,418	3,829,939	2,285,294	2,193,927	2,229,425	2,114,346	2,361,613	2,198,218	2,146,368	1,971,023
Total primary government program revenues	\$ 7,906,247	\$ 7,696,793	\$ 6,656,337	\$ 6,192,457	\$ 5,582,240	\$ 6,392,108	\$ 6,066,085	\$ 5,075,636	\$ 4,561,782	\$ 5,098,243
Net (Expense)/Revenue										
Governmental activities	(10,349,573)	(16,598,426)	(16,431,412)	(17,534,077)	(16,471,971)	(15,352,943)	(14,271,168)	(15,269,633)	(13,172,738)	(12,048,752)
Business type activities	(97,046)	1,563,438	(1,609,600)	(1,485,822)	(677,665)	(1,523,117)	374,816	(336,622)	620,434	506,988
Total primary government net expense	\$ (10,446,619)	\$ (15,034,988)	\$ (18,041,012)	\$ (19,019,899)	\$ (17,149,636)	\$ (16,876,060)	\$ (13,896,352)	\$ (15,606,255)	\$ (12,552,304)	\$ (11,541,764)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	3,284,155	6,252,553	9,616,160	10,044,411	9,915,676	9,573,705	8,621,750	6,520,691	4,452,522	3,445,492
Sales taxes	4,440,039	3,171,044	3,020,160	2,856,313	3,297,900	2,996,734	3,477,010	3,392,280	2,807,751	2,705,467
Transient occupancy taxes	1,094,855	1,151,215	1,144,883	1,411,903	1,347,063	1,168,986	999,839	886,816	875,808	773,190
Special assessments	170,658	292,654	-	-	-	-	-	-	1,738	349
Other taxes	720,671	573,695	1,771,046	1,838,583	1,613,908	2,520,571	1,797,384	2,121,018	2,143,638	1,936,129
Investment earnings	21,423	111,677	261,784	131,130	99,550	743,954	743,571	454,613	203,827	129,142
Miscellaneous	973,607	409,138	245,232	116,840	1,180,496	868,501	819,361	2,171,014	1,831,295	997,998
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	809,326	-	-
Loss from dissolution of former RDA	-	(8,072,793)	-	-	-	-	-	-	-	-
Transfers from Fiduciary Fund	706,518	571,414	-	-	-	1,318,981	280,735	-	-	-
Transfers	532,690	(3,777,827)	523,727	470,400	444,799	1,318,981	280,735	401,031	1,051,811	431,912
Total governmental activities	11,944,616	682,770	16,582,992	16,869,580	17,899,392	19,191,432	16,739,650	16,756,789	13,368,390	10,419,679
Business type activities:										
Other taxes	768,613	890,633	248,368	665,449	776,431	563,141	614,994	718,734	586,019	579,761
Investment earnings	40,947	39,196	45,705	127,570	349,595	596,679	683,951	502,255	255,984	186,175
Miscellaneous	35,843	156,383	8,086	8,150	12,227	10,737	7,828	13,388	-	-
Capital Contribution	-	-	-	-	-	-	-	257,375	-	-
Transfers	(532,690)	3,777,827	(523,727)	(470,400)	(444,799)	(1,318,981)	(280,735)	(401,031)	(1,051,811)	(431,912)
Total business type activities	312,713	4,864,039	(221,568)	330,769	693,454	(148,424)	1,026,038	1,090,721	(209,808)	334,024
Total primary government	\$ 12,257,329	\$ 5,546,809	\$ 16,361,424	\$ 17,200,349	\$ 18,592,846	\$ 19,043,008	\$ 17,765,688	\$ 17,847,510	\$ 13,158,582	\$ 10,753,703
Change in Net Position										
Governmental activities	1,595,043	(15,915,656)	151,580	(664,497)	1,427,421	3,838,489	2,468,482	1,487,156	195,652	(1,629,073)
Business type activities	215,667	6,427,477	(1,831,168)	(1,155,053)	15,789	(1,671,541)	1,400,854	754,099	410,626	841,012
Total primary government	\$ 1,810,710	\$ (9,488,179)	\$ (1,679,588)	\$ (1,819,550)	\$ 1,443,210	\$ 2,166,948	\$ 3,869,336	\$ 2,241,255	\$ 606,278	\$ (788,061)

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

	FISCAL YEARS									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General fund	\$ 1,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	223,685	69,667	164,835	302,583	665,322	465,103	619,360	305,836	-	536,280
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	375,678	-	-	-	-	-	-	-
Assigned	(2,415,226)	(4,300,138)	(613,171)	236,708	903,897	1,124,552	1,587,568	2,359,373	2,344,973	1,796,246
Unassigned	(2,189,606)	(4,230,471)	(72,658)	539,291	1,569,219	1,589,655	2,206,928	2,665,209	2,344,973	2,332,526
Total general fund	6,464,159	6,874,159	-	11,019,602	11,158,572	11,121,284	11,361,910	13,184,361	-	2,647,904
All other governmental funds	3,065,829	3,412,004	44,735,139	11,019,602	11,158,572	11,121,284	11,361,910	13,184,361	-	2,647,904
Nonspendable	544,340	527,029	30,421	-	-	-	-	-	-	-
Restricted	466,216	274,695	4,208,621	13,937,333	12,508,015	7,437,018	704,862	(5,434,237)	4,798,728	480,327
Committed	838,902	(339,858)	(164,741)	13,937,333	12,508,015	7,437,018	704,862	(5,434,237)	4,798,728	480,327
Assigned	11,379,446	10,748,029	48,809,440	24,956,935	23,666,587	18,558,302	12,066,772	7,750,124	4,798,728	3,128,231
Unassigned	11,379,446	10,748,029	48,809,440	24,956,935	23,666,587	18,558,302	12,066,772	7,750,124	4,798,728	3,128,231
Total all other governmental fund	9,189,840	6,517,558	48,736,782	25,496,226	25,235,806	20,147,957	14,273,700	10,415,333	7,143,701	5,460,757
TOTAL FUND BALANCES	9,189,840	6,517,558	48,736,782	25,496,226	25,235,806	20,147,957	14,273,700	10,415,333	7,143,701	5,460,757

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

	FISCAL YEARS				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues					
Taxes	\$ 11,295,144	\$ 11,696,784	\$ 15,793,330	\$ 15,530,273	\$ 16,223,465
Intergovernmental	2,699,957	2,353,056	2,602,093	2,575,356	2,111,122
Licenses, permits and fees	361,759	506,334	721,502	986,291	490,564
Fines and forfeitures	115,390	77,254	87,534	131,851	110,785
Use of money and property	135,907	240,867	392,414	255,750	422,410
Charges for services	492,815	569,653	633,109	828,784	656,543
Assessment revenues	4,393	-	-	-	-
Transfers from Fiduciary Fund	706,518	571,414			
Other revenue	990,033	369,651	226,512	127,332	850,061
Total revenues	16,801,916	16,385,013	20,456,494	20,435,637	20,864,950
Expenditures					
General Government	1,544,277	1,916,341	672,184	934,445	1,083,484
Public safety	6,230,447	6,872,186	7,190,421	7,302,660	7,248,370
Public works	165,284	376,341	466,230	323,167	2,056,584
Transportation	659,715	1,087,475	1,100,140	1,174,816	-
Community development	756,476	4,450,458	2,546,036	5,370,242	2,543,211
Health	-	-	-	205	61,417
Culture and leisure	1,557,343	1,604,073	1,847,674	1,899,143	2,184,997
Capital outlay	2,867,058	1,319,036	6,368,168	1,321,645	-
Debt service:					
Principal	534,190	534,418	7,901,849	1,109,695	1,065,747
Interest	354,312	1,356,477	2,410,055	900,785	932,768
Cost of Issuance	-	-	262,832	-	-
Total expenditures	14,669,102	19,516,805	30,765,589	20,336,803	17,176,578
Excess of revenues over (under) expenditures	2,132,814	(3,131,792)	(10,309,095)	98,834	3,688,372
Other financing sources (uses)					
Proceeds from capital lease	-	-	34,380,000	231,645	-
Bond discount	-	-	(725,259)	-	-
Transfers in	3,211,991	5,288,101	14,026,383	10,627,925	10,114,766
Transfers out	(2,672,523)	(8,137,761)	(14,131,473)	(10,697,985)	(8,715,289)
Total other financing sources (uses)	539,468	(2,849,660)	33,549,651	161,585	1,399,477
Net change in fund balances	\$ 2,672,282	\$ (5,981,452)	\$ 23,240,556	\$ 260,419	\$ 5,087,849
Debt service as a percentage of non-capital expenditures	7.5%	10.4%	42.3%	10.6%	11.6%

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

	FISCAL YEARS				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues					
Taxes	\$ 16,313,383	\$ 14,137,641	\$ 12,247,901	\$ 8,725,616	\$ 7,657,442
Intergovernmental	2,309,609	1,783,935	1,917,323	2,626,347	3,253,013
Licenses, permits and fees	587,531	1,361,033	649,325	447,594	245,025
Fines and forfeitures	99,751	93,950	93,498	97,364	104,260
Use of money and property	673,407	640,658	464,460	274,229	202,816
Charges for services	816,897	786,753	923,449	773,345	623,191
Assessment revenues	-	4,520	26,427	1,738	349
Transfers from Fiduciary Fund					
Other revenue	1,033,309	1,148,125	12,874,961	901,769	318,051
Total revenues	<u>21,833,887</u>	<u>19,956,615</u>	<u>29,197,344</u>	<u>13,848,002</u>	<u>12,404,147</u>
Expenditures					
General Government	1,479,393	1,236,437	1,657,522	2,208,144	2,245,850
Public safety	6,972,804	5,921,981	5,752,857	4,287,023	3,862,446
Public works	897,772	1,217,673	594,434	286,716	549,946
Transportation	-	-	-	698,515	562,118
Community development	2,283,268	1,822,720	1,441,906	1,255,675	1,115,528
Health	156,948	1,105,735	873,806	27,683	8,669
Culture and leisure	2,095,579	1,899,677	1,815,338	1,311,110	1,263,589
Capital outlay	1,275,392	2,108,419	1,388,073	281,614	1,109,864
Debt service:					
Principal	1,075,690	1,069,235	10,361,445	844,167	792,923
Interest	978,031	1,053,156	1,731,348	1,270,947	1,312,023
Cost of Issuance			230,386		
Total expenditures	<u>17,214,877</u>	<u>17,435,033</u>	<u>25,847,115</u>	<u>12,471,594</u>	<u>12,822,956</u>
Excess of revenues over (under) expenditures	<u>4,619,010</u>	<u>2,521,582</u>	<u>3,350,229</u>	<u>1,376,408</u>	<u>(418,809)</u>
Other financing sources (uses)					
Proceeds from capital lease	-	527,626	-	-	170,735
Bond discount	-	-	(146,800)	-	-
Transfers in	8,591,148	4,969,572	6,728,624	5,914,392	4,367,282
Transfers out	(7,335,901)	(4,160,413)	(6,861,722)	(5,607,856)	(4,007,988)
Total other financing sources (uses)	<u>1,255,247</u>	<u>1,336,785</u>	<u>(279,898)</u>	<u>306,536</u>	<u>530,029</u>
Net change in fund balances	<u>\$ 5,874,257</u>	<u>\$ 3,858,367</u>	<u>\$ 3,070,331</u>	<u>\$ 1,682,944</u>	<u>\$ 111,220</u>
Debt service as a percentage of non-capital expenditures	12.9%	13.8%	49.4%	17.4%	18.0%

City of Ridgecrest
Schedule 5
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>³	<u>Property Tax</u>¹	<u>Sales Tax</u>⁴	<u>Transient Occupancy</u>	<u>Gas Tax</u>²	<u>TOTAL</u>
2012-2013	142,744	705,946	3,284,155	4,440,039	1,094,855	612,967	10,280,706
2011-2012	148,213	573,695	6,252,553	3,171,044	1,151,215	765,633	12,062,353
2010-2011	139,663	464,083	9,616,160	3,020,160	1,144,883	726,188	15,111,137
2009-2010	137,487	542,910	10,044,411	2,856,313	1,411,903	427,938	15,420,962
2008-2009	150,431	595,356	9,915,676	3,297,900	1,347,063	429,560	15,735,986
2007-2008	161,156	655,350	9,573,705	2,996,734	1,168,986	465,806	15,021,737
2006-2007	176,583	539,355	8,621,750	3,477,010	999,839	451,270	14,265,807
2005-2006	142,476	556,115	6,520,691	3,392,279	886,816	452,071	11,950,448
2004-2005	137,732	559,011	4,452,522	2,807,752	875,808	449,735	9,282,561
2003-2004	122,445	581,400	3,445,492	2,705,466	773,190	444,549	8,072,542

NOTES:

- 1) Property tax amounts include state reimbursement of homeowners property tax relief and real property transfer tax Property tax for fiscal years 2012 and earlier included redevelopment tax increment.
- 2) Increase in Gas Tax from FY 2010 onward was due to the "Fuel Tax Swap of 2010". This was the addition of Section 2103 fund allocation from a new motor vehicle excise tax that replace the allocation from Prop. 42 sales tax on gasoline. Figures for fiscal years 2010 and earlier did not include the Prop. 42 revenue.
- 3) Franchise fees for fiscal year 2006 thru 2011 was adjusted to remove the waste water franchise fees that was refunded to the Waste Water Enterprise Fund per Resolution 11-73
- 4) The City passed "Measure L" allowing an additional increase of 0.75% in the local sale tax rate. This local measure became effective October 1, 2012 and will sunset in five years.

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

CATEGORY	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Residential	1,073,678,607	1,107,100,892	1,078,999,165	1,108,999,868	1,084,808,408	1,058,498,321	911,494,904	788,678,966	713,926,081	633,401,029
Commercial	233,122,309	232,239,002	232,784,394	237,376,125	205,319,656	179,110,827	174,032,874	157,444,654	143,927,504	129,256,590
Industrial	18,635,376	18,661,585	18,532,812	17,843,091	18,105,232	17,971,395	11,837,503	10,882,183	10,860,581	10,413,965
Government	168,551	165,432	164,272	167,751	161,605	128,221	146,152	136,999	132,341	156,446
Institutional	19,549,674	8,442,440	8,534,530	8,540,128	14,877,479	15,142,018	14,742,327	12,205,814	12,553,443	13,614,469
Miscellaneous	154,830	237,022	235,252	240,526	238,916	234,383	157,037	154,247	151,512	151,691
Recreational	7,863,497	8,968,482	5,308,333	5,603,484	5,000,813	4,698,128	4,642,201	4,721,225	4,484,762	3,619,797
Vacant Land	63,789,381	73,750,197	72,475,273	75,024,042	71,345,463	65,109,045	49,323,706	36,481,201	34,935,069	31,321,458
SBE Non-Unitary	863,043	863,043	842,761	842,761	842,761	842,761	842,761	842,761	842,761	800
Unsecured	40,690,119	38,000,781	34,479,690	38,641,463	38,435,738	29,790,351	29,827,806	27,176,839	28,026,497	27,232,504
Exempt	(4,632,331)	(4,320,437)	(4,173,918)	(4,314,950)	(4,173,979)	(4,178,993)	(1,069,989)	(984,427)	(988,262)	(1,108,762)
Unknown	-	-	-	-	543,791	662,290	544,550	533,877	394,287	394,763
TOTALS	1,458,515,387	1,488,428,876	1,452,356,482	1,493,279,239	1,439,679,862	1,372,187,740	1,196,521,832	1,039,258,766	950,834,838	849,563,512
Total Direct Rate	0.68945%	0.69386%	0.68764%	0.69471%	0.68679%	0.67270%	0.62767%	0.57120%	0.51486%	0.45724%

NOTES:
Exempt values are not included in Total

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only 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
Last Ten Fiscal Years (RATE PER \$100 OF TAXABLE VALUE)

10 Year Detail of Rates producing Revenue for City of Ridgecrest					
City General Fund Direct Rates				RDA Incremental Rate ²	Total Direct Rate ⁵
Year	City Share of 1% Levy per Prop. 13	Debt Rate(s)	Total City Rates		
2012-2013	0.05468%	0.00000%	0.05468%		0.68945%
2011-2012	0.05469%	0.00000%	0.05469%	1.00000%	0.69386%
2010-2011	0.05469%	0.00000%	0.05469%	1.00000%	0.68764%
2009-2010	0.05196%	0.00000%	0.05196%	1.00000%	0.69471%
2008-2009	0.05196%	0.00000%	0.05196%	1.00000%	0.68295%
2007-2008	0.05175%	0.00000%	0.05175%	1.00000%	0.67271%
2006-2007	0.05068%	0.00000%	0.05068%	1.00000%	0.62767%
2005-2006	0.05190%	0.00000%	0.05190%	1.00000%	0.57120%
2004-2005	0.05191%	0.00000%	0.05191%	1.00000%	0.51486%
2003-2004	0.05191%	0.00000%	0.05191%	1.00000%	0.45724%

10 Year Detail Breakdown of the Property Tax Dollar											
Agency	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	
City of Ridgecrest¹	0.05468	0.05469	0.05469	0.05196	0.05196	0.05175	0.05068	0.05190	0.05191	0.05191	
Sierra Sands Child Dev	0.00000	0.00509	0.00509	0.00509	0.00509	0.00000	0.00000	0.00509	0.00509	0.00509	
County Advertising	0.00069	0.00070	0.00070	0.00070	0.00070	0.00070	0.00070	0.00070	0.00069	0.00069	
East Kern Res Con	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	
Education	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	
Education Revenue Augmentation Fund	0.12712	0.12210	0.12211	0.12490	0.12490	0.12900	0.12989	0.12504	0.12504	0.12504	
Fire	0.10580	0.10580	0.10580	0.10580	0.10580	0.10560	0.10577	0.10577	0.10577	0.10577	
Kern Community College	0.06770	0.06770	0.06770	0.06770	0.06789	0.06770	0.06770	0.06770	0.06770	0.06770	
Kern County	0.14140	0.14130	0.14130	0.14130	0.14130	0.14263	0.14263	0.14117	0.14117	0.14117	
Kern County Water Agency	0.00718	0.00719	0.00718	0.00718	0.00719	0.00719	0.00719	0.00719	0.00719	0.00719	
Sierra Unified School	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	
TOTAL PROP. 13 RATE⁴	1.00000										
Kern Community College	0.00850	0.00906	0.01012	0.00940	0.00905	0.00804	0.00528	0.00963	0.00918	0.01180	
Sierra Sand Unified School District	0.05698	0.05833	0.05688	0.05113	0.04077	0.04231	0.04209	0.00000	0.00000	0.00000	
Total Voter Approved Rate³	0.06548	0.06739	0.06700	0.06053	0.04982	0.05035	0.04737	0.00963	0.00918	0.01180	
TOTAL TAX RATE	1.06548	1.06739	1.06700	1.06053	1.04982	1.05035	1.04737	1.00963	1.00918	1.01180	

NOTES:

- 1) City share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- 2) Redevelopment rate is based on the largest RDA tax rate area and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/2013 and years thereafter.
- 3) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- 4) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- 5) Because basic and debt rates vary by tax rate area individual rates cannot be summed. Total Direct Rate is the weighted average of all individual direct rates applied by the City of Ridgecrest.

Source: HdL Coren & Cone

City of Ridgecrest
Schedule 8
Top Ten Principal Property Taxpayers
Fiscal Year 2013 and Ten Years Prior

<u>Taxpayer</u>	<u>2012-2013</u>			<u>2003-2004</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	\$ 22,921,933	1.57%			
Ridgecrest Regional Hospital	2	16,889,509	1.16%			
HD Development Maryland Inc.	3	10,107,367	0.69%			
Walmart Stores, Inc.	4	9,575,244	0.66%	2	6,878,073	0.81%
SA Challenger Inc	5	8,206,000	0.56%			
Alta One Federal Credit Union	6	7,277,407	0.50%	7	4,992,337	0.59%
Randall Benderson 1993 1 Trust	7	6,757,855	0.46%			
China Lake & Ridgecrest LLC	8	6,310,708	0.43%			
Bobby E. & Judith A Tharp Trust	9	5,468,083	0.37%			
Ridgecrest Capital LLC	10	5,236,847	0.36%	8	4,632,441	0.54%
Carriage Inns				1	7,600,000	0.89%
Drummond Medical Group				3	6,762,139	0.80%
Ridgecrest Heritage Inn				4	6,687,363	0.79%
Albertsons, Inc.				5	5,860,696	0.69%
William G. Ayyad Trust				6	5,289,254	0.62%
Mervyns				9	4,492,793	0.53%
First Berkshire Business Trust				10	4,350,000	0.51%
Top Ten Totals		\$ 98,750,953	6.77%		\$ 57,545,096	6.77%
CITY TOTALS		1,458,515,387			850,565,269	

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		Collections in Subsequent Years ²	Total Collections to Date	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2013	480,951 ¹	408,417	84.92%	31,039	439,456	91.37%
2012	10,336,490	10,192,452	98.61%	69,477	10,261,929	99.28%
2011	10,148,466	9,799,545	96.56%	94,130	9,893,675	97.49%
2010	10,226,667	9,993,536	97.72%	122,080	10,115,616	98.91%
2009	10,276,431	9,719,401	94.58%	119,557	9,838,958	95.74%
2008	9,911,568	8,996,236	90.77%	55,685	9,051,922	91.33%
2007	8,489,827	7,316,939	86.18%	29,394	7,346,332	86.53%
2006	6,374,975	5,798,725	90.96%	21,064	5,819,789	91.29%
2005	5,377,887	4,916,518	91.42%	14,382	4,930,900	91.69%
2004	4,149,193	3,894,951	93.87%	33,530	3,928,481	94.68%

NOTES:

1) The amounts presented include City property taxes and Redevelopment Agency tax increment for all fiscal years except FY 2013

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

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

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

Fiscal Year	GOVERNMENTAL ACTIVITIES					Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Redevelopment Bonds ^b	Special Assessment Bonds	Loans Payable	Capital Lease			
2013	7,275,000	-	-	-	219,790	7,494,790	0.93%	\$ 264
2012	7,685,000	-	-	-	343,981	8,028,981	1.02%	\$ 286
2011	8,080,000	34,280,000	-	-	483,399	42,843,399	5.49%	\$ 1,543
2010	8,460,000	7,290,000	-	400,000	615,249	16,765,249	2.25%	\$ 591
2009	8,830,000	7,905,000	-	600,000	739,943	18,074,943	2.45%	\$ 647
2008	9,190,000	8,490,000	115,000	800,000	860,688	19,455,688	2.62%	\$ 694
2007	9,535,000	9,050,000	220,000	1,000,000	1,031,380	20,836,380	2.89%	\$ 746
2006	9,870,000	9,590,000	315,000	1,200,000	1,225,614	22,200,614	4.49%	\$ 837
2005	-	19,355,000	405,000	1,400,000	1,167,060	22,327,060	4.74%	\$ 843
2004	-	20,070,000	485,000	1,600,000	1,135,552	23,290,552	5.35%	\$ 901

NOTES:

- a) See Schedule 15 Demographic and Economic Statistics for personal income and population data
- b) As of February 1, 2012 all redevelopment agencies in California ceased to exist per AB X1 26. The Ridgecrest Redevelopment Agencies's obligations were transferred to the Successor Agency.

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

Fiscal Year	GOVERNMENTAL ACTIVITIES			Total	Percentage of Taxable Assessed Property Values ^a	Per Capita ^b
	General Obligation Bonds	Redevelopment Bonds ^c	Special Assessment Bonds			
2013	7,275,000	-	-	7,275,000	0.50%	\$ 257
2012	7,685,000	-	-	7,685,000	0.52%	\$ 274
2011	8,080,000	34,280,000	-	42,360,000	2.92%	\$ 1,525
2010	8,460,000	7,290,000	-	15,750,000	1.05%	\$ 555
2009	8,830,000	7,905,000	-	16,735,000	1.16%	\$ 599
2008	9,190,000	8,490,000	115,000	17,795,000	1.30%	\$ 635
2007	9,535,000	9,050,000	220,000	18,805,000	1.57%	\$ 673
2006	9,870,000	9,590,000	315,000	19,775,000	1.90%	\$ 746
2005	-	19,355,000	405,000	19,760,000	2.08%	\$ 746
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
- c) As of February 1, 2012 all redevelopment agencies in California ceased to exist per AB X1 26. The Ridgecrest Redevelopment Agencies's obligations were transferred to the Successor Agency.

City of Ridgecrest
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Debt Outstanding <u>6/30/2013</u>	% <u>Applicable</u> ¹	City's Share of <u>Debt as of 6/30/13</u>
Kern Community College District Safety, Repair & Improvement District	\$ 99,267,372	1.878%	\$ 1,864,241
Sierra Sands Joint Unified School District	<u>23,034,874</u>	75.523%	<u>17,396,628</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 19,260,869
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</u>			
Kern County Certificates of Participation	121,865,000	1.645%	2,004,679
Kern County Pension Obligations	369,325,506	1.645%	6,075,405
Kern County Board of Education Certificates of Participation	41,920,000	1.645%	689,584
Kern County Community College District Certificates of Participation	84,530,000	1.687%	1,426,021
Kern County Community College District Benefit Obligations	82,985,000	1.687%	1,399,957
Sierra Sands Joint Unified School District General Fund Obligations	20,075,000	75.523%	15,161,242
City of Ridgecrest Certificates of Participation	7,275,000	100.000%	7,275,000
City of Ridgecrest Capital Lease obligation	<u>219,790</u>	100.000%	<u>219,790</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 34,251,678
 TOTAL DIRECT DEBT			 \$ 7,494,790
TOTAL OVERLAPPING DEBT			\$ 46,017,757
 COMBINED TOTAL DEBT			 <u><u>\$ 53,512,548</u></u>

NOTES:

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

Source: California Municipal Statistics, Inc.

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

	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>
Legal Debt Margin Calculation					
Assessed value	\$ 1,458,515,387	\$ 1,488,428,876	\$ 1,452,356,482	\$ 1,493,279,239	\$ 1,439,679,862
Debt limit (15% of assessed value)	218,777,308	223,264,331	217,853,472	223,991,886	215,951,979
Debt applicable to limit:					
General obligation bonds	7,275,000	7,685,000	42,360,000	15,750,000	16,735,000
Less: Amount set aside for repayment of general obligation debt	751,356	751,356	4,247,727	1,807,736	1,808,337
Total net debt applicable to limit	6,523,644	6,933,644	38,112,273	13,942,264	14,926,663
Legal Debt Margin	212,253,664	216,330,687	179,741,199	210,049,622	201,025,316
Total debt applicable to the limit as a percentage of debt limit	2.98%	3.11%	17.49%	6.22%	6.91%

NOTES:

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

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

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

	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2004</u>
Legal Debt Margin Calculation					
Assessed value	\$ 1,372,187,740	\$ 1,196,521,832	\$ 1,039,258,766	\$ 950,834,838	\$ 849,563,512
Debt limit (15% of assessed value)	205,828,161	179,478,275	155,888,815	142,625,226	127,434,527
Debt applicable to limit:					
General obligation bonds	17,795,000	18,805,000	19,775,000	19,760,000	20,555,000
Less: Amount set aside for repayment of general obligation debt	1,814,042	2,640,512	2,265,223	1,865,888	1,859,194
Total net debt applicable to limit	15,980,958	16,164,488	17,509,777	17,894,112	18,695,806
Legal Debt Margin	189,847,203	163,313,787	138,379,038	124,731,113	108,738,721
Total debt applicable to the limit as a percentage of debt limit	7.76%	9.01%	11.23%	12.55%	14.67%

NOTES:

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

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

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

SPECIAL ASSESSMENT BONDS

Fiscal Year	Special Assessment Collections	Current Account Balance	Debt Service		Coverage
			Principal	Interest	
2013	-	24,659	-	-	-
2012	-	24,659	-	-	-
2011	-	24,659	-	-	-
2010	-	24,659	-	-	-
2009	-	125,700	115,000	4,773	1.05
2008	116,927	125,700	105,000	13,903	2.04
2007	115,531	125,700	95,000	22,179	2.06
2006	113,633	125,700	90,000	29,810	2.00
2005	109,046	125,700	80,000	36,803	2.01
2004	105,976	125,700	75,000	43,158	1.96

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Personal Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment**</u>	<u>Unemployment Rate</u>
2013	28,348	808,463,982	28,519	33.8	5,358	7.60%
2012	28,089	789,556,510	28,109	36.1	5,378	7.90%
2011	27,768	780,176,392	28,096	33.8	5,511	8.30%
2010	28,362	745,268,274	26,277	30.9	5,652	8.30%
2009	27,951	737,095,821	26,371	31.8	5,690	5.50%
2008	28,038	743,680,000	26,524	n/a	5,727	4.60%
2007	27,944	720,647,816	25,789	30.0	5,929	4.20%
2006	26,515	494,133,540	18,636	29.8	5,972	3.40%
2005	26,493	470,595,159	17,763	30.1	5,889	4.60%
2004	25,842	435,308,490	16,845	30.5	5,813	5.60%

NOTES:

Population projections are provided by California Department of Finance

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

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

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

** School Enrollment 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 2013 and Ten Years Prior

<u>Employer</u>	<u>2012-2013</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	6242	1	36.72%	4093	1	31.24%
Searles Valley Minerals	638	2	3.75%	625	2	4.77%
Ridgecrest Regional Hospital	565	3	3.32%	340	4	2.60%
Sierra Sands Unified School District	546	4	3.21%	620	3	4.73%
Jacobs Technology	270	5	1.59%	184	6	1.40%
Wal-Mart	219	6	1.29%			
Cerro Coso Community College	145	7	0.85%	175	7	1.34%
Albertson's	132	8	0.78%			
Alta One Federal Credit Union	129	9	0.76%	161	8	1.23%
City of Ridgecrest	126	10	0.74%	134	10	1.02%
L-3 Communications, Government Services				150	9	1.15%
Advanced Information Engineering Services				280	5	2.14%
			53.01%			51.62%
	Total City Employment**		17,000			13,100

NOTES:

** 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 Ten Fiscal Years (As of June 30)

FUNCTION/PROGRAM	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government										
City Council	5	5	5	5	5	5	5	5	5	5
City Manager	1	1	3	3	4.5	4	4	3.75	2.5	2
City Clerk	1	1	1	1.25	1	1.5	2.75	1	1	1
Finance & Technology	7	8	9	9.5	9.5	12	9.75	9.75	8.5	11
Human Resources	1	0	1.5	1.5	1.5	1.5	2.5	1	1	1
Community Development	5	6	8	8	8	8	7	7	5	12
Planning Commissioners	5	5	5	5	5	5	5	5	5	5
Public Safety										
Police Officers-Sworn	31	31	34	35	33	37	38	35	30	30.5
Other Full Time Employees	14.5	16	16	15.75	16	16.25	16	15.5	26	25.46
PACT Volunteers	45	50	9	9	9	9	9	10	10	10
Public Works										
Engineering	3	4	4	4	3	4	5	3	4	2
Maintenance	6	7	8	8	9	8	9	9	7	8
Transit Services	8	7	7	7	7	7.5	8	8	8.5	8.5
Wastewater/Sewer	4	4	6	7	6	5	5	5	5	5
Culture & Recreation	23	39	32.5	22.5	29	31.97	23.44	22.4	23.86	23.54
Grant Funded Programs										
Work Investment Act	0	0	23.5	43	25	3.48	3.98	2.98	3.48	3.48

NOTES:

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 Ten Fiscal Years (As of June 30)

FUNCTION/PROGRAM	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police										
Physical Arrests	2346	2417	2416	2605	2667	2213	2,448	2,519	2,078	1,935
Parking Violations	293	188	97	237	278	294	161	134	216	252
Traffic Violations	1540	937	1150	2054	2034	1439	2,001	2,338	2,844	2,887
Community Development										
Building Permits Issued	705	302	423	439	144	212	585	768	465	473
Building Permits Valuation (in millions)	5	19	13	18	12	22	20	35	23	16
Building Inspections Performed	1603	4299	2510	2759	5086	3861	5,455	5,850	2,557	2,039
Planning Permits Issued	137	113	69	77	161	137	135	197	113	86
Public Services										
Street Resurfacing (miles)	2	2.5	2.5	1	3	0.5	1.75	1	2.0	0.5
Street Light Replacement ^a	n/a									
Potholes Filled	3,600	2,783	2,565	540	600	3,500	1,500	2,011	2,000	1,500
Waste Water Average Daily Treatment (millions of gallons)	2.31	2.52	2.621	2.674	2.57	2.65	2.6	2.6	2.5	2.4
Transit Route (Service) Miles	76,849	64,438	92,925	61,092	86,965	91,178	82,277	91,998	112,052	110,947
Transit Passenger Count	13,516	17,131	27,223	12,977	27,478	35,595	38,529	33,967	40,374	38,775
Parks & Recreation										
Sports Field Participation	70,917	85,409	89,293	89,735	91,359	88078	88,140	87,536	87,564	87,518
Community Center/Gym/Pool Participation	95,785	90,655	68,325	68,645	73,499	67421	101,242	99,638	94,933	74,996
Other Participation	45,312	45,816	35,370	35,370	35,370	35730	35,730	35,730	36,738	37,170

NOTES:

a) Street light replacement is done by Southern California Edison
Source: Various City Departments

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

FUNCTION/PROGRAM	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	17	10	13	13	18	16	12	10	13	11
Motorcycle unit	7	3	6	6	2	1	1	1	1	0
K-9 unit	1	1	1	2	1	1	2	1	1	0
Streets										
Streets (miles)	132	131	130	130	130	130	131.5	130.5	130	130
Streetlights ³	1520	1523	1524	1515	1492	1467	1472	1463	1450	1441
Traffic Signals ¹	9	9	9	8	7	7	7	7	7	7
Culture & Recreation										
Total Park Acreage	46.88	46.88	46.88	21.88	25.88	25.88	25.88	25.88	25.88	25.88
Parks ²	5	5	5	5	6	6	6	6	6	6
Baseball Fields	4	4	4	4	4	4	4	4	4	4
Softball Fields	3	3	3	3	3	3	3	3	3	3
Soccer Fields	4	4	4	4	4	4	4	4	4	4
Football Fields	1	1	1	1	1	1	1	1	1	1
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Community Centers	2	2	2	2	2	2	2	2	2	2
Waste Water										
Sanitary Sewers (miles)	142*	170	170	165	265	265	224	223.5	220	220
Storm Sewers (miles)	5	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	3.6
Transit Services										
Minibuses										
Fixed Route	6	0	0	0	0	0	0	0	0	0
Dial A Ride	3	5	5	6	7	7	5	5	5	5
Bus Shelters	5	5	5	5	5	5	5	5	5	5

NOTE:

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

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

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

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

Source: Various City Departments