



City of Ridgecrest



Comprehensive Annual Financial
Report for the Fiscal Year Ended
June 30, 2015



City of Ridgecrest, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2015

Prepared by the Finance Department

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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CITY OF RIDGECREST

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December 31, 2015

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, 2015. These financial statements are presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

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

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

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

PROFILE OF THE CITY OF RIDGECREST

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook

After experiencing the worst economic decline in recent history, the City's financial position has begun to stabilize with modest improvements. Transient Occupancy Tax (TOT) and sales tax revenues are more sensitive to the economic swings. These two sources represent 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 has maintained job levels and the City's unemployment rate down from 7.6% to 5.9%. California's unemployment rate is 5.7%.

Retail sales are rebounding at a slow pace from the doldrums after the burst of the housing bubble in 2008. Consumers continue to remain cautiously optimistic as the economy begins to stabilize. As a result of the June 5, 2012 election, the City successfully passed a local option sales tax called Measure L. This measure adds .75% to the sales tax making it a total of 8%. It became effective on October 1, 2012 and will sunset after five years. The City received \$2.6 million in Measure L funds for fiscal year 2015. Future Measure L revenue is anticipated to average \$2.6 million annually.

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

Year	Permits	Inspections	Valuation
2008	212	3,861	22.0 M
2009	144	5,086	12.1 M
2010	439	2,759	18.0 M
2011	423	2,510	13.0 M
2012	302	4,299	19.0 M
2013	705	1,603	5.0 M
2014	1020	1,925	9.0 M
2015	615	2,688	5.7M

Economic Development

Economic Development has a positive outlook for 2015.

- ❖ The Super Walmart Center has started construction with an estimated completion date scheduled for the last quarter of 2016.
- ❖ The RRSA has successfully received final approval from the Department of Finance for its Long Range Property Management Plan and has sold several lots within the Ridgecrest Business Park.
- ❖ The City has entered into Economic Development assistance grants with 3 firms utilizing Tax Allocation Bonds which are creating many new jobs within the city with future expansion expected in the coming year.
- ❖ The City will continue to expand its retail sector with plans to add several restaurants, retail stores and hotels in the upcoming year.
- ❖ The RRSA will begin the projects and improvement within the 2010 Tax Allocation Bond Issuance of eighteen point nine million (\$18.9M), less six million (\$6M) for the RRSA anticipated payback. The City is currently in litigation for three million (\$3M) and will be initiating legislation on an additional three million (\$3M), with hopes the City will prevail.
- ❖ The City is expecting to see an increase in its retail sector due to expansion of its major employer NAWS by four hundred jobs and a federal employee salary increase of 15% this year.

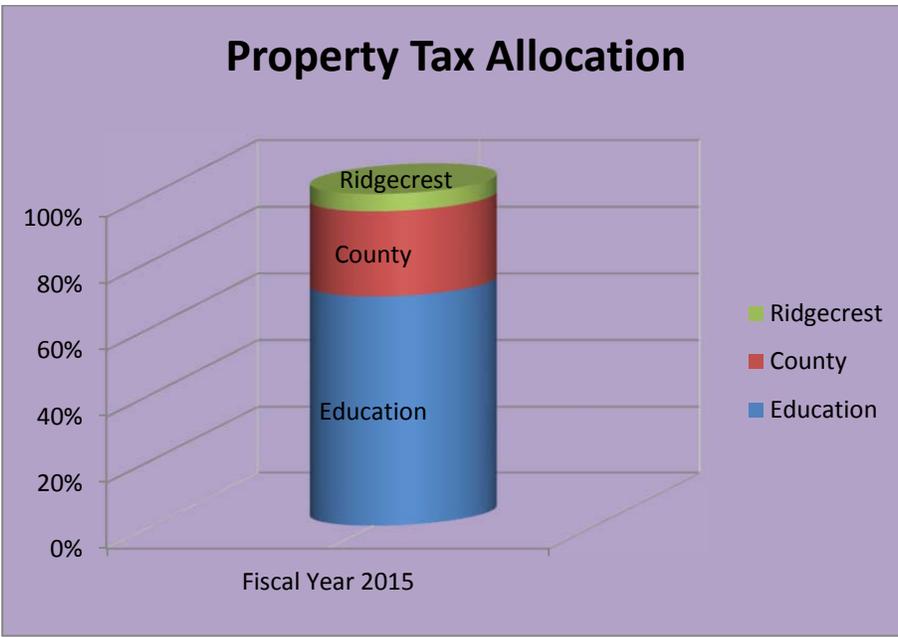
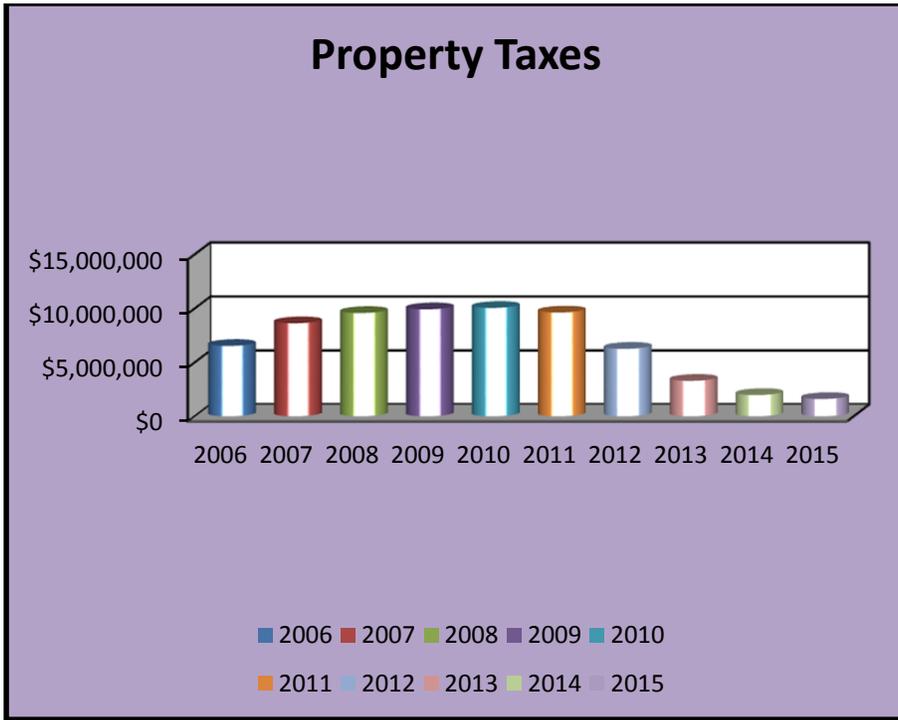
The ever expanding budget crisis of the State of California remains a huge concern for the City as the leadership in Sacramento continues to shift local revenues to help finance the state's budget deficits. The dissolution of the redevelopment agencies that became effective in February 1, 2012 is severely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

The City is witnessing a leveling off of the recession along with mild growth. Meanwhile, the City is projecting revenues conservatively, while reducing expenditures to maintain core services. The City is cautiously optimistic and is budgeting conservatively for the next year. A reduction of any size could mean reductions in services to the community, and the City is prepared to do it without compromising the basic and critical services to its residents.

Property Tax

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

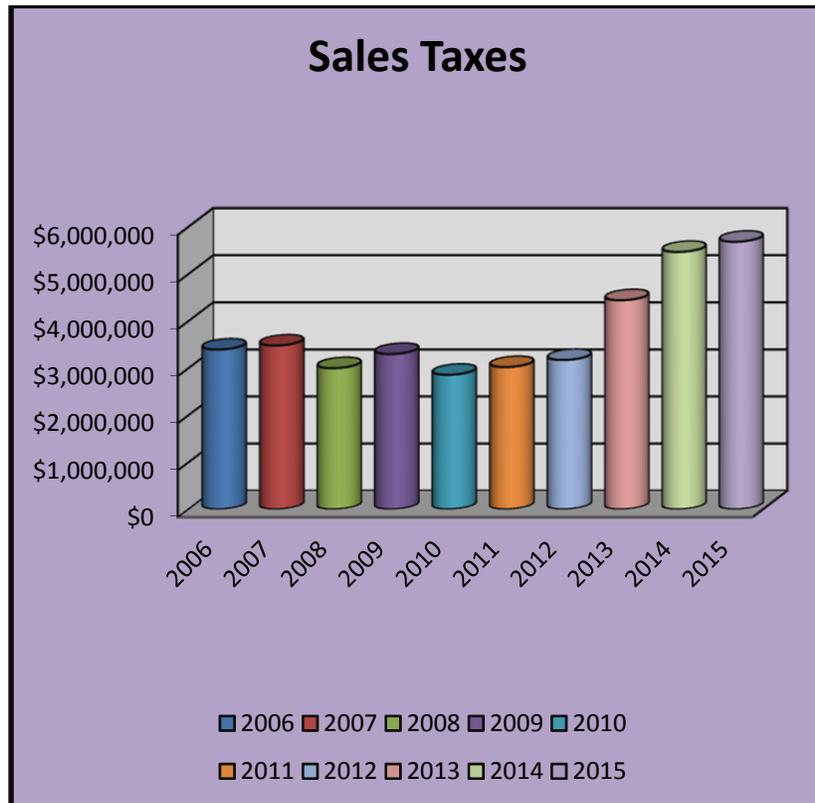
In fiscal years 2000 to 2001, the property tax revenue had negative growth due to dwindling home valuations. In FY 2002, property tax revenue started to move in upward direction, where it peaked up by 16.6% in FY 2004 and another 30% increase in FY 2005 over the previous year's receipts. This was a well-received indication of rising local property values, as well as, new development activity. In FY 2006, the State started to split the payment of motor vehicle license fees (MVLFF) into two components. These components are the statutory rate and the "*property tax in lieu of MVLFF*" to *Property Tax*. The shifting of MVLFF to property tax has added an average of \$2M annually to the City's property tax revenue, resulting in an increase of 46% in FY 2006. With the dissolution of the RDA, property tax has been drastically reduced, with a 35% reduction in 2012 from 2011, and in 2013 a further decrease of 47% from 2012. FY 2013 property tax revenue suffered a 66% loss from 2012. The 2014 Property Tax is 40% lower, due to a one-time payment in 2013, along with a repayment of \$0.29 million for previous year's RDA pass-thru. Additionally, FY 2015 property tax was reduced by 18.6% due to the continued \$0.29 million repayment. 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. Sales tax increased by 4% in FY 2014 from prior year, due to moderate growth in overall sales tax receipts. In the last ten years, the City’s sales tax revenue has continuously climbed at an average rate of 8%, with 2013, by far, the largest increase due to Measure L. Measure L has been crucial in maintaining Public Safety and Road Maintenance; however, this local sales tax option will expire in five years from its effective date. The City intends to return to voters to continue this local sales tax option to sustain and eventually increase services.

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

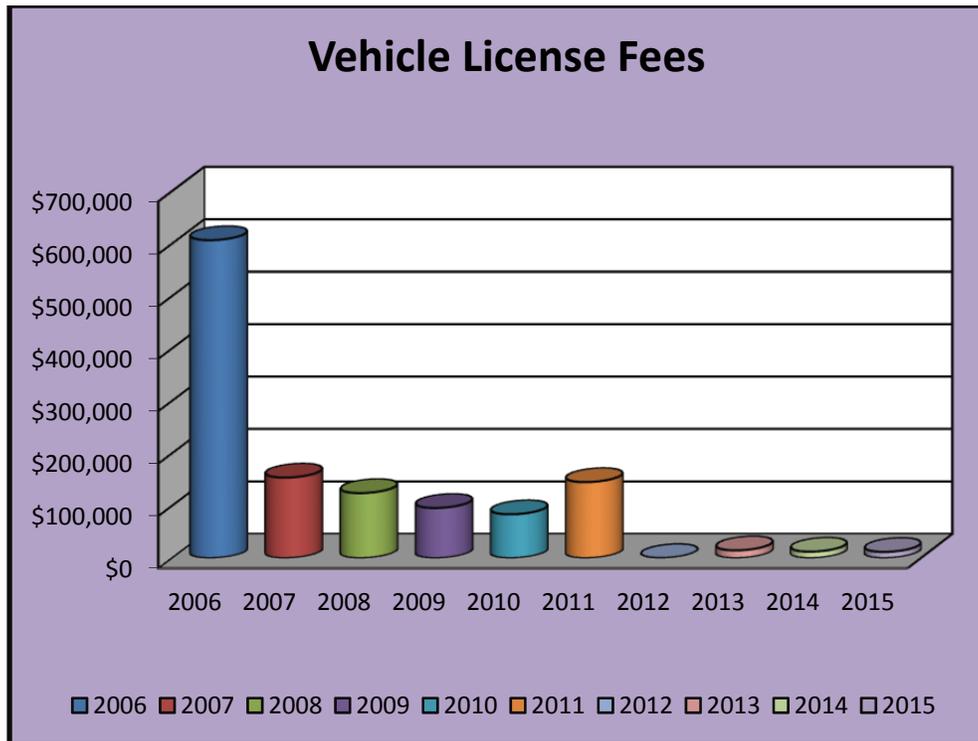


Vehicle License Fees

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

It should be noted that VLF funds now, like sales tax, have been split by the State into two pieces. These two pieces are the statutory rate and the “property tax in lieu of VLF”. In FY 2011, the statutory component (the rate by State law was reduced from 2.0% to 0.65%) brought to the Ridgecrest Treasury \$144,761, a 74% increase over prior fiscal year. However, for FY 2012, the City did not receive any VLF monies. The chart below indicates the trend of VLF revenue. The City received \$11,772 in FY 2015, \$415 less than the City received in FY 2014.

The State started the split in FY 2006. The property-tax in lieu of VLF component remained stable in FY 2015 in the amount of \$1,510,451, a slight increase of \$104 from FY 2014. 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.



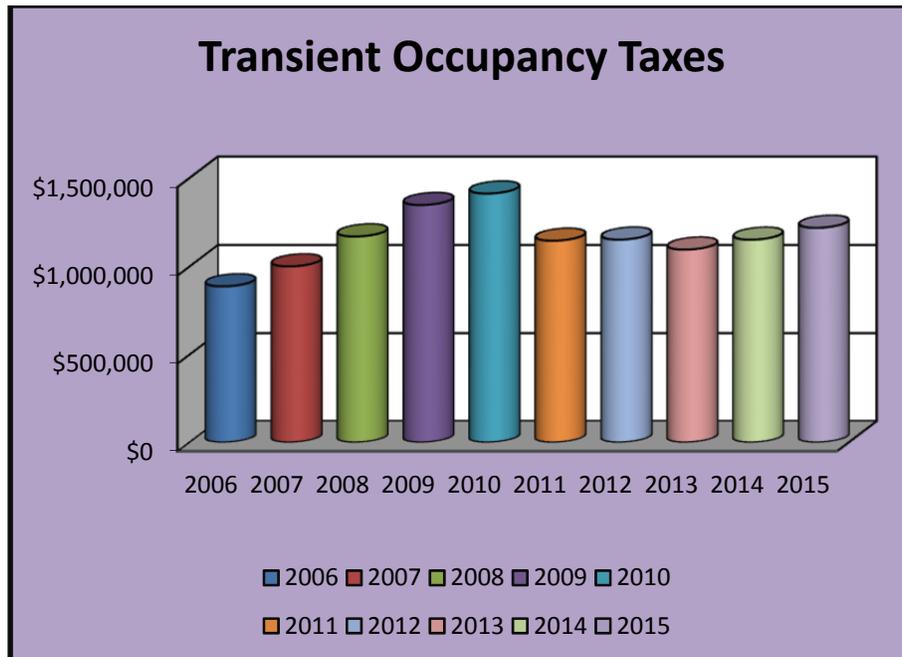
Transient Occupancy Tax

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

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

TOT has averaged a 3.9% growth rate for the last ten fiscal years. FY 2011 saw a significant decline in TOT revenue by 19%. This decrease is directly attributable to the relocation of the Empire Challenge which filled hotels to occupancy limits with participants in August; as well as, the reduction of federal defense employee travel. In FY 2012, TOT went up by a very modest .55% from prior year, while FY 2013 went down almost 5% due to sequestration. FY 2014 TOT increased 5.1% due to the end of sequestration along with increased employment on the Navy Base. With continued economic development, the City realized an 5.8% increase in TOT revenue which is expected to continue to rise.

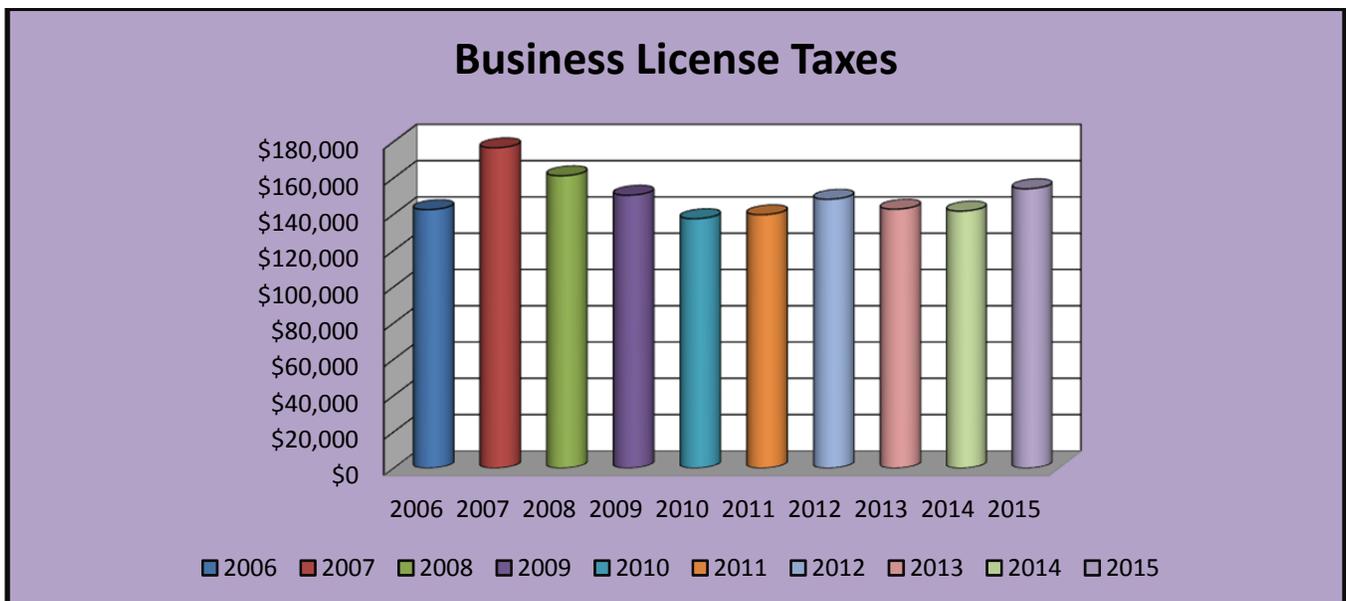
Effective October 1, 2012, lodging operators were required to assess their guests an additional 2%, making the total hotel tax 12%. The additional assessment is a pass through to the RACVB minus collections costs. This will expire five years from its effective date.



Business License Taxes

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

In FY 2007, the City conducted a business license audit targeting certain business groups that the City had overlooked in enforcement of this ordinance. This brought in extra revenue of \$37,328 causing a spike in revenue in that fiscal year at a 24% increase compared to FY 2006. FY 2013 saw business license revenue decrease by 3.7% from FY 2012 likely due to business closures, with the NAWS sequestration markedly reduced spending within the community. FY 2015 saw a increase of business licenses, with an increase of 8.6%. With the mild improvement in the economy, the City expects to see a small increase over the next few years. Over the last ten years, the City's business license tax revenue is continuously climbing an average of 1.5% annually.



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, 2015 are disclosed in the notes to the financial statements. Appropriations for FY 2015 will provide authority to complete those transactions.

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

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

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

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, 2014. This was the tenth consecutive years that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

LOOKING TO THE FUTURE

Many factors from previous years continue to impact the next fiscal year, both positively and negatively. On the positive side, business licenses have increased. The City continues to sponsor the annual Petroglyph festival, which brings in thousands of tourists. TAB funds were released in December 2013 of \$24.9 million to be used for economic development and construction projects in FY 2015-16; Measure L continues to bring in an additional \$2.6 million annually, which will come back to voters in 2016 for renewal. FY 2015-16 sales tax is trending higher than previous year due to the triple-flip wind down. Transient Occupancy Tax (TOT) is expected to make marginal gains.

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

Overall, the economy has stabilized and is expected to make modest gains. Fiscal year 2016 budget assumed conservative revenue estimates along with controlled appropriations to ensure increased fund balance annually. The City is continually reviewing increased revenue opportunities in new grants and fees, along with reviewing efficiencies in order to cut cost. The City Council receives periodic reports on projected year-end balance to ensure the City's financial position continues to strengthen. Strategies are being implemented in fiscal year 2015 to improve fund balance in order to bolster reserves in the general fund. New hires after December 31, 2012 who are not currently in the public pension system will be enrolled in substantially lower pension benefit and will be required to pay at least 50% of the pension cost. This reform may have a minimal savings in the current budget but there will be substantial savings in the long term.

Economic Development/Redevelopment

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

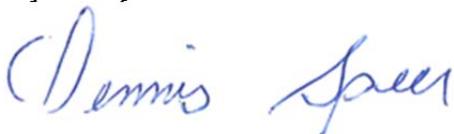
Despite its challenges, Ridgecrest is a city filled with opportunities, where people, commodities, retail, manufacturing, medical resources, innovation, research and development, and the China Lake NAWS converge to create an Eastern Sierra High Desert regional center. Tourism and hospitality services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

ACKNOWLEDGMENTS

While the 2015 CAFR reflects the improvement that Ridgecrest has made to its finances, it also reflects the depth of the impacts that recession and accompanying budget cuts have made on the organization. But, numbers cannot portray the level of commitment that has been and continues to be displayed by City employees. Simply put, the organization would not have survived its budgetary challenges and display the progress shown in this CAFR without the creativity and perseverance of its staff. The citizens of Ridgecrest should be proud to have such dedicated public servants protecting their homes, maintaining their streets, and providing many other services that make life manageable.

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

Respectfully submitted,



Dennis Speer
City Manager/RRSA Executive Director



W. Tyrell Staheli
Finance Director



Government Finance Officers Association

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

Presented to

**City of Ridgecrest
California**

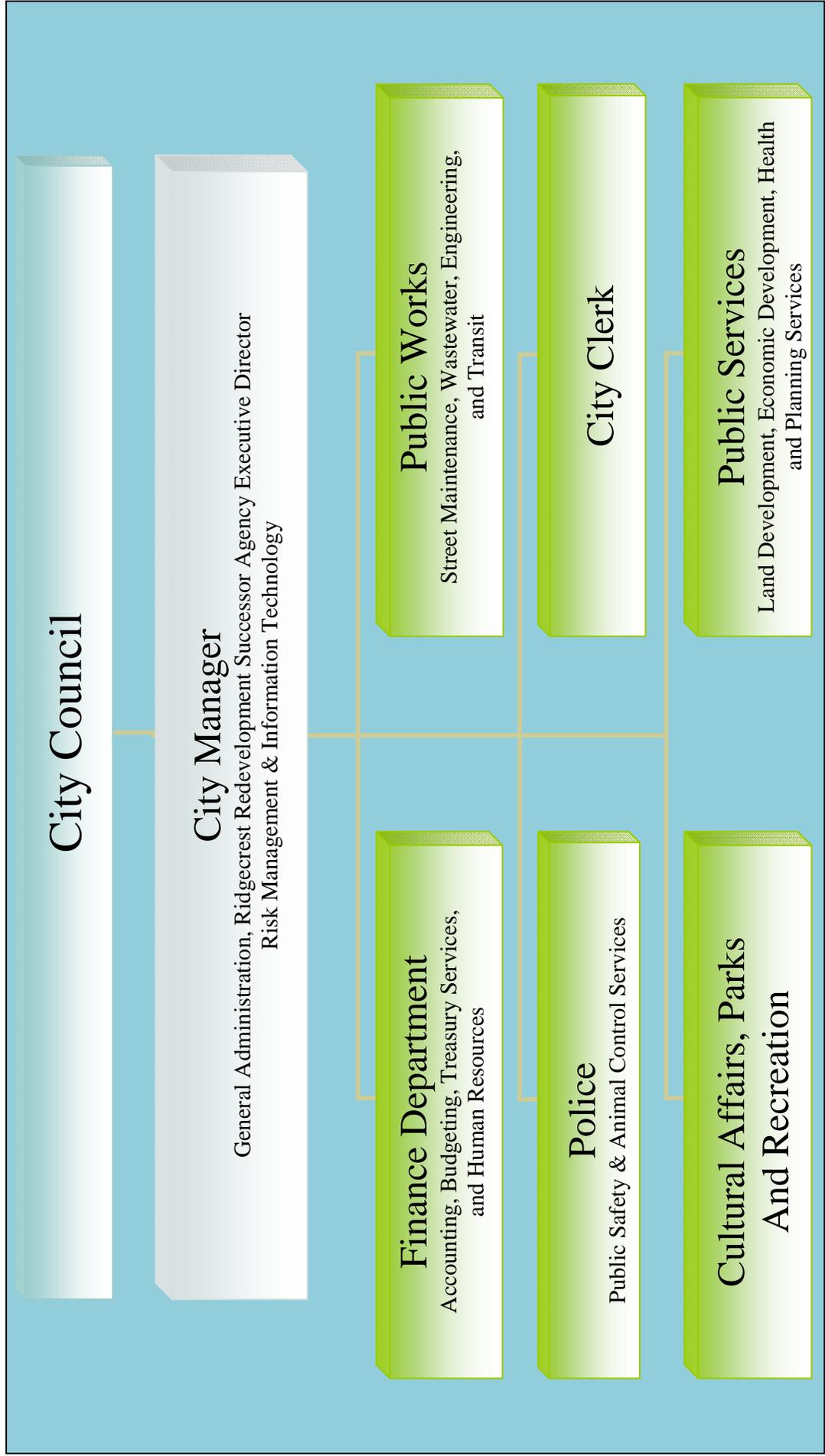
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF RIDGECREST

Comprehensive Annual Financial Report
For The Year Ended June 30, 2015





City of Ridgecrest

Comprehensive Annual Financial Report

Principal Officials as of June 30, 2015

Peggy Breeden, Mayor
James Sanders, Mayor Pro-Tempore
Lori Acton, Vice Mayor
Michael Mower, Council Member
Eddie Thomas, Council Member

City Staff as of June 30, 2015

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

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For the Year Ended June 30, 2015

Financial Section



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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ridgecrest, California (the "City"), as of and for the year ended June 30, 2015, 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, 2015, 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.

Emphasis of Matter

Implementation of GASB Statements Nos. 68 and 71

As discussed in Note 10 to the basic financial statements, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The adoption of these standards required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2014 as described in Note 15 to the basic financial statements. In addition, aggregate net pension liability is reported in the amount of \$12,550,469 as of the measurement date, of which, \$12,335,165 is reported in the Government-Wide Statement of Net Position and \$195,104 is reported in the Statement of Fiduciary Net Position. Aggregate net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2013 which was then rolled-forward by the actuaries to June 30, 2014, the measurement date for California Public Employee Retirement System (“CalPERS”). Our opinion is not modified with respect to this matter.

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 Schedules, Schedules of the Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Contributions – Pension Plans, and Schedule of Funding Progress - OPEB on pages 7 through 18 and 96 through 107 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.

To the Honorable Mayor and Members of City Council
of the City of Ridgecrest
Ridgecrest, California
Page 3

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 18, 2015, 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.

A handwritten signature in black ink that reads "Paul J. McGeedy LLP". The signature is written in a cursive, slightly slanted style.

San Diego, California
December 18, 2015

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ridgecrest, California (the "City"), as of and for the year ended June 30, 2015, 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 18, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

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

San Diego, California
December 18, 2015

**City of Ridgecrest
Management's Discussion and Analysis
For the Year Ended June 30, 2015**

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, 2015. 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, 2015 by \$69.48 million, this compared to \$73.95 million at fiscal year end June 30, 2014. This is an overall decrease of \$4.47 million or a decrease of 6% of prior year's net position. Net position for governmental activities exceeded liabilities by \$35.9 million and this compares to \$40.3 million at June 30, 2014 a decrease of 12%. This reflects the GASB Statement No. 68 and 71 requirements related to the recognition of pension liability. Assets for business-type activities exceeded liabilities by \$33.54 million compared to \$33.64 million at June 30, 2013, an increase of .3%, an example of the stabilization of the economy.

Changes in Net Position – The City's net position increased \$9.74 million in FY 2014-2015; this compared to a \$.74 million decrease in FY 2013-2014. Net position of governmental activities increased \$8.3 million compared to a decrease of \$1.95 million in 2012-2013. Net position of business-type activities increased by \$1.4 million compared to a \$1.2 increase in FY 2013-2014. This reflects the leveling of the RDA Successor wind-down, Measure L sales tax option, along with the growth of the economy.

♦ *Fund Highlights*

Governmental Funds – At the close of FY 2014-2015 the City's total governmental funds reported a fund balance of \$8.69 million, an \$.5 million increase from the FY 2013-2014 balance of 8.19 million, an 6% increase, reflective of debt service fund reduction of \$0.43 million, realized every year, and increases in fund balance in both the General Fund and in the capital improvements fund.

General Fund – The fund balance of the general fund on June 30, 2015 was (\$1.00 million), an increase of \$1.3 million from the June 30, 2014 balance of (\$2.32 million). This increase was due to reduction in expenses along with modest growth in revenues.

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

OVERVIEW OF FINANCIAL STATEMENTS

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

City of Ridgecrest
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenses and changes in fund balance with the government-wide financial statements can be found on pages 35 and 39.

City of Ridgecrest
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Fund Financial Statements (Continued)

The City has twenty (20) governmental funds, of which 5 are considered major funds for presentation purposes. Each major fund is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenses and changes in fund balances. The City's five (5) major funds are: General Fund, State Gas Tax Fund, Grant Operations Special Revenue Fund, City Debt Service Fund, and Capital Improvements Capital Projects Fund. Data from the non-major governmental funds (e.g., Park Development Impact Fund, TDA Street Fund, etc.) are combined into a single, aggregated presentation. The governmental fund financial statements can be found on pages 32-37. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 112-119.

- ♦ *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 proprietary funds financial statements can be found on pages 45-49.

- ♦ *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 basic financial statements can be found on pages 58-93.

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 96-107.

City of Ridgecrest
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

City of Ridgecrest's Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Current & Other Assets	\$ 6,135,010	\$ 11,469,673	\$17,777,700	\$19,391,066	\$23,912,710	\$ 30,860,739
Capital Assets	54,595,600	41,343,959	17,573,960	15,581,116	72,169,560	56,925,075
Total Assets	60,730,610	52,813,632	35,351,660	34,972,182	96,082,270	87,785,814
Deferred Outflows	1,271,969	-	134,430	-	1,406,399	-
Current Liabilities	4,754,836	3,704,055	296,157	1,330,301	5,050,993	5,034,356
Long-term Liabilities	18,617,279	8,806,275	1,295,419	-	19,912,698	8,806,275
Total Liabilities	23,372,115	12,510,330	1,591,576	1,330,301	24,963,691	13,840,631
Deferred Inflows	2,693,747	-	351,437	-	3,045,184	-
Net Investment						
in Capital Assets	42,325,287	34,386,270	15,069,345	15,581,116	57,394,632	49,967,386
Restricted	9,961,497	10,718,146	-	-	9,961,497	10,718,146
Unrestricted	(16,350,067)	(4,801,114)	18,473,732	18,060,765	2,123,665	13,259,651
Total Net Position	\$ 35,936,717	\$ 40,303,302	\$33,543,077	\$33,641,881	\$69,479,794	\$73,945,183

Net Position

The chart above reflects the City's combined net position (governmental and business-type activities) which totals \$69.4 million at the close of fiscal year ending June 30, 2015.

82.6% of the City's total net position reflects its investment in capital assets (e.g., land, streets, sewers, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

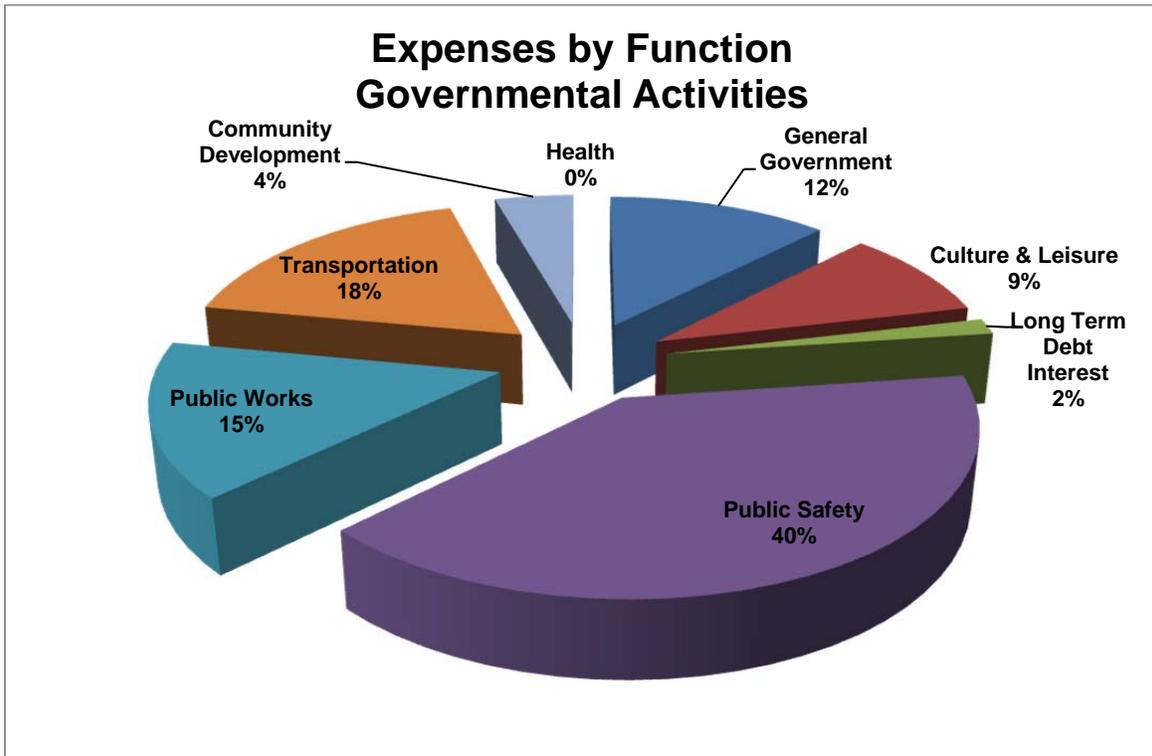
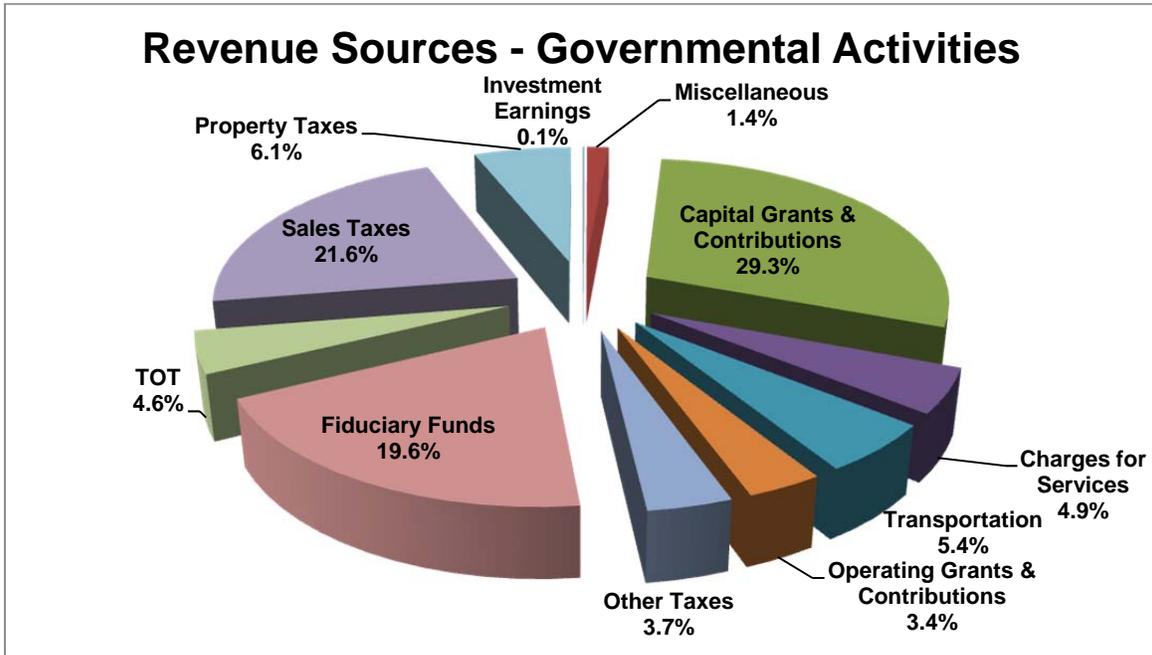
The remaining City net position (17.4%) represents resources that are subject to external restrictions (e.g., capital projects, community development, debt services and special projects) and resources that are unrestricted to meet the City's ongoing obligations to citizens and creditors.

At the end of the FY 2014-15, the City is able to report positive balances in all three categories of net position, both for the government as a whole; as well as, for its separate governmental and business-type activities. The City's net position was decreased by \$4.46 million during the fiscal year, a 6.04% decrease. This decrease can be attributed to the recognition long-term pension liability.

**City of Ridgecrest
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015**

Governmental Activities

Governmental activities decreased the City's net position by \$4.4 million. The decrease in the net position for governmental activities is attributed to recognition of pension liabilities. The charts that follow show the program revenues, general revenues and expenses by function for all Governmental activities.



City of Ridgecrest
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Governmental Activities (Continued)

Statement of Activities
For the Year Ended June 30, 2015

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,296,391	\$ 1,043,372	\$4,145,779	\$ 2,923,996	\$ 5,442,170	\$ 3,967,368
Operating grants and contributions	2,315,476	1,982,127	92,834	259,868	2,408,310	2,241,995
Capital grants and contributions	7,728,784	384,661	-	-	7,728,784	384,661
Total program revenues	11,340,651	3,410,160	4,238,613	3,183,864	15,579,264	6,594,024
General revenues:						
Property taxes	1,600,406	1,967,098	-	-	1,600,406	1,967,098
Sales taxes	5,681,776	5,314,304	-	-	5,681,776	5,314,304
Other taxes	2,203,958	1,919,733	577,392	614,050	2,781,350	2,533,783
Investment earnings	18,355	20,619	48,259	41,852	66,614	62,471
Other revenues	5,511,245	2,674,089	18,870	9,969	5,530,115	2,684,058
Total general revenues	15,015,740	11,895,843	644,521	665,871	15,660,261	12,561,714
Total revenues	26,356,391	15,306,003	4,883,134	3,849,735	31,239,525	19,155,738
Expenses:						
General government	2,298,464	2,392,555	-	-	2,298,464	2,392,555
Public safety	7,436,539	7,739,455	-	-	7,436,539	7,739,455
Public works	2,848,720	2,413,076	-	-	2,848,720	2,413,076
Transportation	3,284,356	2,013,025	-	-	3,284,356	2,013,025
Community Development	817,626	703,682	-	-	817,626	703,682
Health	-	(7,998)	-	-	-	(7,998)
Culture & Leisure	1,679,152	1,747,368	-	-	1,679,152	1,747,368
Interest on long-term debt	292,989	319,028	-	-	292,989	319,028
Transit	-	-	757,646	868,224	757,646	868,224
Waste Water	-	-	2,082,287	1,519,731	2,082,287	1,519,731
Solid Waste Collection	-	-	-	-	-	-
Total expenses	18,657,846	17,320,191	2,839,933	2,387,955	21,497,779	19,708,146
Increase (decrease) in net position before transfers	7,698,545	(2,014,188)	2,043,201	1,461,780	9,741,746	(552,408)
Transfers & extraordinary Items	615,822	60,307	(615,822)	(263,539)	-	(203,232)
Change in net position	8,314,367	(1,953,881)	1,427,379	1,198,241	9,741,746	(755,640)
Net position, beginning of year (as restated)	27,622,350	42,257,183	32,115,698	32,443,640	59,738,048	74,700,823
Net position, end of year	\$ 35,936,717	\$ 40,303,302	\$ 33,543,077	\$ 33,641,881	\$ 69,479,794	\$ 75,945,182

City of Ridgecrest
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Governmental Activities (Continued)

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

Business Type Activities

The City operates three business-type activities. These are the City's Transit System and its Wastewater System. These business-type activities increased the City's net position by \$1.4 million over the prior year compared to an increase of \$1.2 million from FY 2013-2014.

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

INTERNAL SERVICE FUNDS

The City has three (3) internal service funds: Human Resources/Risk Management, Self-Insurance Workers' Compensation, and Fleet Maintenance. These funds are used to account for interdepartmental operations where the costs of services provided to the departments are financed or recovered by charging the user department.

Human Resources/Risk Management

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

City of Ridgecrest
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

INTERNAL SERVICE FUNDS (Continued)

Self- Insurance Workers' Compensation

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

Fleet Maintenance

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

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

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

Governmental Funds

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

- ♦ *Governmental Funds* – The following schedule is a summary of governmental fund revenues for fiscal year ended June 30, 2015, 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 12-13 Amount</u>	<u>Percent of Total</u>	<u>FY 13-14 Amount</u>	<u>Percent of Total</u>	<u>FY 14-15 Amount</u>	<u>Percent of Total</u>
Taxes	\$ 11,295,144	67.2%	\$ 9,880,106	63.9%	\$ 10,030,177	38.0%
Intergovernmental	2,699,957	16.1%	1,906,762	12.3%	9,384,909	35.6%
Licenses, Permits & Fees	361,759	2.2%	256,780	1.7%	549,406	2.1%
Fines and Forfeitures	115,390	0.7%	84,493	0.5%	72,806	0.3%
Use of Money & Property	135,907	0.8%	245,182	1.6%	253,342	1.0%
Charges for Services	492,815	2.9%	389,830	2.5%	553,864	2.1%
Assessment Revenues	4,393	0.0%	10,526	0.1%	10,526	0.0%
Transfers form Fiduciary Fund	706,518	4.2%	2,278,026	14.7%	5,154,181	19.5%
Other Revenues	990,033	5.9%	403,262	2.6%	358,840	1.4%
Total	\$ 6,801,916	100.0%	\$ 15,454,967	100.0%	\$ 26,368,051	100.0%

City of Ridgecrest
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Governmental Funds (Continued)

As of the end of the current year, the City of Ridgecrest's governmental funds reported combined ending fund balances of \$8.69 million, a decrease of \$.5 million in comparison FY 2013-2014 ending funding balance. Of this ending balance the unassigned fund balance is (\$2.5 million). The majority of the fund balance, \$6.3 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 \$3.22 million of restricted fund balance, \$247,365 of this belongs to the General Fund, \$751,356 to the City Debt Service Fund and \$2,198,753 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 \$555,508; \$16,508 is committed for Park Development and \$539,000 is committed for Sub-Standard Street projects.

Assigned Fund Balance includes amounts that are intended by the City to be used for specific purposes but are neither restricted nor limited. Of the combined ending fund balance of \$8,693,270, 19% or \$1,647,805 is classified as Assigned Fund Balance, set aside for Capital Improvements and Measure L funded street maintenance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the main operating fund of the City. The primary sources of its revenues are taxes; primarily sales taxes including a collection of Measure L local option sales tax. Final budgeted revenues received were within acceptable budget variance. Reduction in revenue in the final budget is due to a reallocation of overhead costs. Increases in the final budget expenditures are a result of carry-over obligations and commitments from the previous fiscal year. The General fund received an excess \$1.3 million in resources over charges to appropriations. This increased the General Fund balance to \$ -1 million. The City has made considerable strides to wipe out the negative fund balance; with continued budget reduction, capital outlay deferrals, closely monitoring fiscal position and conservative revenue estimates, the City plans to have a positive fund balance within the next 3-5 years.

City of Ridgecrest
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

	For the Fiscal Year Ended June 30, 2015				For the Fiscal Year Ended June 30, 2014			
	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final			Original	Final		
Fund balance, July 1			\$ (2,318,911)				\$ (2,189,604)	
Resources (inflows):								
Taxes	9,938,031	9,938,031	9,356,253	(581,778)	8,808,127	9,408,127	9,404,971	(3,156)
Intergovernmental revenue	368,187	807,217	840,383	33,166	447,113	718,049	568,216	(149,833)
Licenses, fees, and permits	168,300	168,300	279,334	111,034	163,400	163,400	200,393	36,993
Fines and forfeitures	66,300	66,300	72,806	6,506	59,300	59,300	70,523	11,223
Use of money and property	203,030	203,030	239,605	36,575	112,884	112,884	229,804	116,920
Current service charges	514,381	514,381	553,864	39,483	496,865	525,670	389,830	(135,840)
Other revenues	247,900	247,900	338,491	90,591	268,900	268,900	376,897	107,997
Transfers from other funds	2,726,326	2,116,543	2,446,315	329,772	1,335,444	1,519,714	1,226,707	(293,007)
Amount available for appropriation	14,232,455	14,061,702	14,127,051	65,349	11,692,033	12,776,044	12,467,341	(308,703)
Charges to appropriations (outflows):								
General government	2,015,064	1,997,229	2,506,451	(509,222)	1,945,729	2,150,940	2,171,951	(21,011)
Public safety	6,639,894	7,174,358	7,098,082	76,276	6,026,144	6,695,608	7,264,984	(569,376)
Public works	455,041	365,109	283,672	81,437	269,984	413,708	298,633	115,075
Community development	647,351	658,313	688,464	(30,151)	730,448	872,943	611,480	
Health	50,000	68,140	-	68,140	67,000	70,155	-	70,155
Culture and leisure	1,205,947	1,240,277	1,435,334	(195,057)	1,331,909	1,471,439	1,250,608	220,831
Capital Outlay	551,492	992,275	-	992,275	257,123	343,060	-	343,060
Non-departmental:								
Transfers to other funds	1,287,060	1,405,194	797,168	608,026	882,388	1,637,925	998,990	638,935
Total charges to appropriations	12,851,849	13,900,895	12,809,171	1,091,724	11,510,725	13,655,778	12,596,646	1,059,132
Excess of resources over (under) charges to appropriations	1,380,606	160,807	1,317,880	1,157,073	181,308	(879,734)	(129,305)	750,429
Fund balance, June 30			\$ (1,001,031)				\$ (2,318,909)	

Capital Asset and Debt Administration

The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2015, amounts to \$63.79 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 saw increases, with an increase of \$6.86 million from prior year. New assets total \$7.5 million for governmental activities, primarily due to new construction on street improvement. With the release of the Tax Allocation Bonds (TAB), new construction will continue to ramp up in 2015-16. The schedule below shows the summary of the City's capital assets by class and by type of activity. The assets are reported at historical cost, net of accumulated depreciation when applicable. These amounts do not represent the market value or replacement cost of the City's assets, which would be substantially more.

City of Ridgecrest
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Capital Asset and Debt Administration (Continued)

	Government	Business-Type	
	Activities	Activities	Total
<i>Non-Depreciable Assets:</i>			
Land	\$ 2,415,580	\$ 1,614,217	\$ 4,029,797
Construction in process	11,118,070	-	11,118,070
Total non-depreciable assets, net	13,533,650	1,614,217	15,147,867
<i>Depreciable Assets:</i>			
Buildings and improvements	6,155,284	3,305,880	9,461,164
Machinery and equipment	6,928,734	3,690,976	10,619,710
Infrastructure	107,924,076	18,877,601	126,801,677
	121,008,094	25,874,457	146,882,551
Less accumulated depreciation	(85,821,457)	(12,419,329)	(98,240,786)
Total depreciable assets, net	35,186,637	13,455,128	48,641,765
Total capital assets	\$ 48,720,287	\$ 15,069,345	\$ 63,789,632

Additional information on the capital assets can be found in Note 7 on pages 75-77 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 \$8.6 million, a net decrease of \$0.4 million compared from prior year due to decrease of principle and an increase in compensated absences. The outstanding debt of \$8.6 million consists of \$6.39 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.

Long Term Debt from Fiduciary Funds has a balance of \$28.4 million from the 2010 Tax Allocation Refunding Bond to provide funds to refund the 1999 Tax Allocation Bonds.

	Balance			Balance	Due within	Due in more
	June 30, 2014	Additions	Deletions	June 30, 2015	one year	than one year
Governmental Activities						
2005 Refunding Certificates of Participation	6,845,000	-	(450,000)	6,395,000	470,000	5,925,000
Capital Lease Obligations	112,689		(112,689)	-	-	-
Compensated Absences	2,094,969	927,167	(819,698)	2,202,438	882,530	1,319,908
Total Government Activities	9,052,658	927,167	(1,382,387)	8,597,438	1,352,530	7,244,908
Fiduciary Funds						
Tax Allocation Bonds	30,060,000	-	(1,070,000)	28,990,000	1,055,000	27,935,000
Less: Bond discount	(591,147)	-	26,870	(564,277)		(564,277)
	29,468,853	-	(1,043,130)	28,425,723	1,055,000	27,370,723
Total	\$ 38,521,511	\$ 927,167	\$ (2,425,517)	\$ 37,023,161	\$ 2,407,530	\$ 34,615,631

City of Ridgecrest
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Capital Asset and Debt Administration (Continued)

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 77-79 of this report.

Economic Factors and Next Year's Budget

Many factors from previous years continue to impact the next fiscal year, both positively and negatively. On the positive side, three new businesses (Marshalls, Joanne's and Famous Footwear) opened the beginning of FY 2014. The new Super WalMart project broke ground in October of 2015. The City continues to hold the annual Petroglyph festival in November, which brought in thousands of tourists. Sales tax has been steadily increasing. TAB funds were released in December 2013 of \$24.9 million to be used for economic development and construction projects in FY 2014-15 and continuing into FY2015-16; Measure L continues to bring in an additional \$2.6 million annually, which will come back to voters in 2016 for renewal.

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

Overall, the economy has stabilized and is expected to make modest gains. Fiscal year 2016 budget assumed conservative revenue estimates along with controlled appropriations to ensure increased fund balance annually. The City is continually reviewing increased revenue opportunities in new grants and fees, along with reviewing efficiencies in order to cut cost. The City Council receives periodic reports on projected year-end balance to ensure the City's financial position continues to strengthen. Strategies are being implemented in fiscal year 2016 to improve fund balance in order to bolster reserves in the general fund. New hires after December 31, 2012 who are not currently in the public pension system will be enrolled in substantially lower pension benefit and will be required to pay at least 50% of the pension cost. This reform may have a minimal savings in the current budget but there will be substantial savings in the long term.

The State of California has legally taken away the redevelopment assets and revenue from every city in the State, has significantly changed the revenue sources, and has required the City to look for other revenue options with a significant focus on economic development. The passage of Measure L has significantly mitigated the effects on Police and Streets, but if the ¾ sales tax is not renewed in 2016, the City may once again have to look at cutting the services for the City of Ridgecrest.

REQUESTS FOR INFORMATION

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

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Basic Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Government-Wide Financial Statements



City of Ridgecrest
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 6,174,102	\$ 13,845,536	\$ 20,019,638
Cash and investments with fiscal agent	751,356	-	751,356
Receivables:			
Accounts	1,777,545	72,229	1,849,774
Taxes	1,188,056	-	1,188,056
Interest	13,525	6,894	20,419
Deposits	10,241	-	10,241
Due from fiduciary fund	56,345	-	56,345
Internal balances	(3,853,041)	3,853,041	-
Inventories	16,881	-	16,881
Total current assets	<u>6,135,010</u>	<u>17,777,700</u>	<u>23,912,710</u>
Noncurrent assets:			
Advances to Fiduciary Fund	5,584,159	2,504,615	8,088,774
Loans receivable	254,810	-	254,810
Capital assets:			
Nondepreciable	13,533,650	1,614,217	15,147,867
Depreciable, net	35,186,637	13,455,128	48,641,765
Total capital assets, net	48,720,287	15,069,345	63,789,632
Net OPEB asset	36,344	-	36,344
Total noncurrent assets	<u>54,595,600</u>	<u>17,573,960</u>	<u>72,169,560</u>
Total assets	<u>60,730,610</u>	<u>35,351,660</u>	<u>96,082,270</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions made after measurement date	1,254,402	130,213	1,384,615
Positive difference between City's contribution and proportionate share of contribution	17,567	4,217	21,784
Total deferred outflows of resources	<u>1,271,969</u>	<u>134,430</u>	<u>1,406,399</u>

City of Ridgecrest
Statement of Net Position (Continued)
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	782,996	72,258	855,254
Interest payable	93,012	-	93,012
Salaries payable	171,108	21,985	193,093
Other payroll deductions payable	197,617	-	197,617
Deposits payable	86,815	-	86,815
Unearned revenue	1,122,916	201,914	1,324,830
Claims payable - due within one year	947,842	-	947,842
Compensated absences - due within one year	882,530	-	882,530
Long-term debt - due within one year	470,000	-	470,000
Total current liabilities	<u>4,754,836</u>	<u>296,157</u>	<u>5,050,993</u>
Long-term liabilities:			
Claims payable	312,625	-	312,625
Aggregate net pension liability - due in more than one year	11,059,746	1,295,419	12,355,165
Compensated absences - due in more than one year	1,319,908	-	1,319,908
Long-term debt - due in more than one year	5,925,000	-	5,925,000
Total long-term liabilities	<u>18,617,279</u>	<u>1,295,419</u>	<u>19,912,698</u>
Total liabilities	<u>23,372,115</u>	<u>1,591,576</u>	<u>24,963,691</u>
DEFERRED INFLOWS OF RESOURCES			
Negative differences between City's contribution and proportionate share of contribution	87,548	-	87,548
Difference between projected and actual earnings on pension plan investments	2,606,199	351,437	2,957,636
Total deferred inflows of resources	<u>2,693,747</u>	<u>351,437</u>	<u>3,045,184</u>
NET POSTION			
Net investment in capital assets	42,325,287	15,069,345	57,394,632
Restricted for:			
Special projects	187,977	-	187,977
Debt service	6,335,515	-	6,335,515
Capital projects	3,190,640	-	3,190,640
Other purpose	247,365	-	247,365
Total restricted	<u>9,961,497</u>	<u>-</u>	<u>9,961,497</u>
Unrestricted (deficit)	<u>(16,350,067)</u>	<u>18,473,732</u>	<u>2,123,665</u>
Total net position	<u>\$ 35,936,717</u>	<u>\$ 33,543,077</u>	<u>\$ 69,479,794</u>

City of Ridgecrest
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 2,298,464	\$ 270,810	\$ 76,287	\$ -	\$ 347,097
Public safety	7,436,539	392,093	802,314	34,827	1,229,234
Public works	2,848,720	-	-	7,675,345	7,675,345
Transportation	3,284,356	-	1,429,161	-	1,429,161
Community development	817,626	287,611	7,714	-	295,325
Culture and leisure	1,679,152	345,877	-	18,612	364,489
Interest on long-term debt	292,989	-	-	-	-
Total governmental activities	18,657,846	1,296,391	2,315,476	7,728,784	11,340,651
Business-Type activities:					
TDA transit	757,646	252,359	41,394	-	293,753
Wastewater improvement	2,082,287	3,893,420	51,440	-	3,944,860
Total business-type activities	2,839,933	4,145,779	92,834	-	4,238,613
Total primary government	\$ 21,497,779	\$ 5,442,170	\$ 2,408,310	\$ 7,728,784	\$ 15,579,264

City of Ridgecrest
Statement of Activities (Continued)
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (1,951,367)	\$ -	\$ (1,951,367)
Public safety	(6,207,305)	-	(6,207,305)
Public works	4,826,625	-	4,826,625
Transportation	(1,855,195)	-	(1,855,195)
Community development	(522,301)	-	(522,301)
Culture and leisure	(1,314,663)	-	(1,314,663)
Interest on long-term debt	(292,989)	-	(292,989)
Total governmental activities	(7,317,195)	-	(7,317,195)
Business-Type activities:			
TDA transit	-	(463,893)	(463,893)
Wastewater improvement	-	1,862,573	1,862,573
Total business-type activities	-	1,398,680	1,398,680
Total primary government	(7,317,195)	1,398,680	(5,918,515)
General revenues:			
Taxes:			
Property taxes	1,600,406	-	1,600,406
Sales taxes	5,681,776	-	5,681,776
Transient occupancy tax	1,218,081	-	1,218,081
Franchise tax	691,617	-	691,617
Special assessments	282,488	-	282,488
Vehicle in lieu tax	11,772	577,392	589,164
Total taxes	9,486,140	577,392	10,063,532
Investment earnings	18,355	48,259	66,614
Miscellaneous	357,064	18,870	375,934
Revenues from Fiduciary Fund	5,154,181	-	5,154,181
Transfers	615,822	(615,822)	-
Total general revenues and transfers	15,631,562	28,699	15,660,261
Change in net position	8,314,367	1,427,379	9,741,746
Net position - beginning of year, as restated (Note 15)	27,622,350	32,115,698	59,738,048
Net position - end of year	\$ 35,936,717	\$ 33,543,077	\$ 69,479,794

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Fund Financial Statements

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



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Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
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Governmental Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Funds of the City are outlined below:

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

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

Grant Operations Special Revenue Fund - This fund is used to account for the City's restricted resources from federal, state, and other grants.

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 Capital Projects 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.

**City of Ridgecrest
Balance Sheet
Governmental Funds
June 30, 2015**

	Major Funds				
	General Fund	State Gas Tax Special Revenue Fund	Grant Operations Special Revenue Fund	City Debt Service Fund	Capital Improvements Capital Projects Fund
ASSETS					
Cash and investments	\$ 1,633,970	\$ 126,978	\$ 1,102,092	\$ -	\$ 560
Cash and investments with fiscal agent	-	-	-	751,356	-
Receivables:					
Accounts	371,480	73,131	-	-	1,135,850
Taxes	1,188,056	-	-	-	-
Interest	11,301	74	823	-	-
Loans	-	-	-	-	-
Due from other funds	270,704	-	-	-	-
Due from fiduciary funds	56,345	-	-	-	-
Deposits	-	-	-	-	-
Inventories	525	-	-	-	-
Advances to Fiduciary Fund	-	-	-	5,584,159	-
Total assets	\$ 3,532,381	\$ 200,183	\$ 1,102,915	\$ 6,335,515	\$ 1,136,410
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 228,455	\$ 205,970	\$ -	\$ -	\$ 294,956
Salaries payable	157,082	9,390	-	-	-
Other payroll deductions payable	197,617	-	-	-	-
Due to other funds	-	-	-	-	270,704
Deposits payable	55,788	-	-	-	31,027
Unearned revenue	41,429	-	1,074,447	-	7,040
Advances from other funds	3,853,041	-	-	-	-
Total liabilities	4,533,412	215,360	1,074,447	-	603,727
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	525	-	-	5,584,159	-
Restricted	247,365	-	28,468	751,356	-
Committed	-	-	-	-	-
Assigned	1,051,917	-	-	-	532,683
Unassigned (deficit)	(2,300,838)	(15,177)	-	-	-
Total fund balances	(1,001,031)	(15,177)	28,468	6,335,515	532,683
Total liabilities, deferred inflows of resources and fund balances	\$ 3,532,381	\$ 200,183	\$ 1,102,915	\$ 6,335,515	\$ 1,136,410

**City of Ridgecrest
Balance Sheet (Continued)
Governmental Funds
June 30, 2015**

	Other Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 2,625,583	\$ 5,489,183
Cash and investments with fiscal agent	-	751,356
Receivables:		
Accounts	180,261	1,760,722
Taxes	-	1,188,056
Interest	1,327	13,525
Loans	254,810	254,810
Due from other funds	-	270,704
Due from fiduciary funds	-	56,345
Deposits	10,241	10,241
Inventories	-	525
Advances to Fiduciary Fund	-	5,584,159
Total assets	\$ 3,072,222	\$ 15,379,626
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 4,654	\$ 734,035
Salaries payable	-	166,472
Other payroll deductions payable	-	197,617
Due to other funds	-	270,704
Deposits payable	-	86,815
Unearned revenue	-	1,122,916
Advances from other funds	-	3,853,041
Total liabilities	4,654	6,431,600
 Deferred Inflows of Resources:		
Unavailable revenue	254,756	254,756
Total deferred inflows of resources	254,756	254,756
 Fund Balances:		
Nonspendable	-	5,584,684
Restricted	2,198,753	3,225,942
Committed	555,508	555,508
Assigned	63,205	1,647,805
Unassigned (deficit)	(4,654)	(2,320,669)
Total fund balances	2,812,812	8,693,270
Total liabilities, deferred inflows of resources and fund balances	\$ 3,072,222	\$ 15,379,626

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds	<u>\$ 8,693,270</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	48,720,287
Net OPEB asset resulting from making OPEB contributions in excess of annual OPEB cost.	<u>36,344</u>
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Compensated absences - due within one year	(882,530)
Compensated absences - due in more than one year	(1,319,908)
Long-term debt - due within one year	(470,000)
Long-term debt - due in more than one year	<u>(5,925,000)</u>
	<u>(8,597,438)</u>
Net pension liability is not due and payable in the current period and therefore is not required to be reported in the governmental funds.	<u>(11,059,746)</u>
Pension contributions made during the year after the measurement date are reported as expenditures in governmental funds and as deferred outflow of resources in the government-wide financial statements.	<u>1,254,402</u>
Differences between City's contribution and proportionate share of contribution	
Positive differences	17,567
Negative differences	<u>(87,548)</u>
Difference between projected and actual earnings on pension plan investments are reported in the government-wide statements.	
Projected earnings under actual earnings	<u>(2,606,199)</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	<u>(93,012)</u>
Unavailable revenues recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available were recognized as revenues in the Government-Wide Financial Statements.	<u>254,756</u>
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were reported with governmental activities.	<u>(595,966)</u>
Net Position of Governmental Activities	<u><u>\$ 35,936,717</u></u>

City of Ridgecrest
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds				
	General Fund	State Gas Tax Special Revenue Fund	Grant Operations Special Revenue Fund	City Debt Service Fund	Capital Improvements Capital Projects Fund
REVENUES:					
Taxes	\$ 9,356,253	\$ -	\$ -	\$ -	\$ -
Intergovernmental	840,383	755,236	145,468	-	7,537,592
License and permits	279,334	-	-	-	-
Fines and forfeitures	72,806	-	-	-	-
Assessment levied	-	-	-	-	-
Use of money and property	239,605	231	95	-	392
Charges for services	553,864	-	-	-	-
Other revenues	338,491	350	-	-	4,411
Total revenues	11,680,736	755,817	145,563	-	7,542,395
EXPENDITURES:					
Current:					
General government	2,506,451	-	2,621	-	27,000
Public safety	7,098,082	217,090	-	-	-
Public works	283,672	-	23,071	2,700	128,595
Transportation	-	3,485,537	-	-	-
Community development	688,464	-	-	-	-
Culture and leisure	1,435,334	-	-	-	14,320
Capital outlay	-	-	-	-	9,244,943
Debt service:					
Principal	-	-	-	562,689	-
Interest	-	-	-	301,407	-
Total expenditures	12,012,003	3,702,627	25,692	866,796	9,414,858
REVENUES OVER (UNDER) EXPENDITURES	(331,267)	(2,946,810)	119,871	(866,796)	(1,872,463)
OTHER FINANCING SOURCES (USES):					
Transfers In	1,747,694	1,399,936	-	117,060	158,398
Transfers Out	(797,168)	(897,623)	(114,561)	-	-
Transfers from Successor Agency	698,621	2,058,882	-	299,736	2,096,942
Total other financing sources (uses)	1,649,147	2,561,195	(114,561)	416,796	2,255,340
Net changes in fund balances	1,317,880	(385,615)	5,310	(450,000)	382,877
FUND BALANCES:					
Beginning of year	(2,318,911)	370,438	23,158	6,785,515	149,806
End of year	<u>\$ (1,001,031)</u>	<u>\$ (15,177)</u>	<u>\$ 28,468</u>	<u>\$ 6,335,515</u>	<u>\$ 532,683</u>

City of Ridgecrest
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2015

	Other Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ 673,924	\$ 10,030,177
Intergovernmental	106,230	9,384,909
License and permits	270,072	549,406
Fines and forfeitures	-	72,806
Assessment levied	10,526	10,526
Use of money and property	13,019	253,342
Charges for services	-	553,864
Other revenues	15,588	358,840
Total revenues	1,089,359	21,213,870
EXPENDITURES:		
Current:		
General government	3,990	2,540,062
Public safety	198	7,315,370
Public works	-	438,038
Transportation	320,000	3,805,537
Community development	36,728	725,192
Culture and leisure	-	1,449,654
Capital outlay	-	9,244,943
Debt service:		
Principal	-	562,689
Interest	-	301,407
Total expenditures	360,916	26,382,892
REVENUES OVER (UNDER) EXPENDITURES	728,443	(5,169,022)
OTHER FINANCING SOURCES (USES):		
Transfers In	1,683	3,424,771
Transfers Out	(1,093,327)	(2,902,679)
Transfers from Successor Agency	-	5,154,181
Total other financing sources (uses)	(1,091,644)	5,676,273
Net changes in fund balances	(363,201)	507,251
FUND BALANCES:		
Beginning of year	3,176,013	8,186,019
End of year	\$ 2,812,812	\$ 8,693,270

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$	507,251
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.		10,624,806
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds (Net of \$19,556 reported in Internal Service Funds).		(3,112,942)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, transfers, and disposals) decreased Net Position.		(115,979)
The net effect of OPEB contributions in excess of annual OPEB cost was to increase net position.		188
Changes in the net pension liability reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		199,427
Changes in compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in governmental funds.		(107,469)
The repayment of debt principal consumes the current financial resources of governmental funds; however, it has no effect on net position.		562,689
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it 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.		8,418
Revenues in the Statement of Activities that did not provide current financial resources were not reported as revenues in the governmental funds.		(13,151)
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.		(238,871)
Change in Net Position of Governmental Activities	\$	<u>8,314,367</u>

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Proprietary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

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For the Year Ended June 30, 2015

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City of Ridgecrest
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 672,530	\$ 13,173,006	\$ 13,845,536	\$ 684,919
Receivables:				
Accounts	-	72,229	72,229	16,823
Interest	93	6,801	6,894	-
Inventories	-	-	-	16,356
Total current assets	<u>672,623</u>	<u>13,252,036</u>	<u>13,924,659</u>	<u>718,098</u>
Noncurrent assets:				
Advances to other funds	-	3,853,041	3,853,041	-
Advances to Fiduciary Fund	-	2,504,615	2,504,615	-
Capital assets:				
Non-depreciable	-	1,614,217	1,614,217	-
Depreciable	1,089,616	24,784,840	25,874,456	412,893
Less: accumulated depreciation	(712,840)	(11,706,488)	(12,419,328)	(412,893)
Total capital assets	<u>376,776</u>	<u>14,692,569</u>	<u>15,069,345</u>	<u>-</u>
Total noncurrent assets	<u>376,776</u>	<u>21,050,225</u>	<u>21,427,001</u>	<u>-</u>
Total assets	<u>1,049,399</u>	<u>34,302,261</u>	<u>35,351,660</u>	<u>718,098</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions made after the measurement date	66,539	63,674	130,213	-
Positive differences between City's contribution and proportionate share of contribution	2,155	2,062	4,217	-
Total deferred outflows of resources	<u>68,694</u>	<u>65,736</u>	<u>134,430</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,848	70,410	72,258	48,961
Salaries payable	10,723	11,262	21,985	4,636
Unearned revenue	201,914	-	201,914	-
Claims payable - due within one year	-	-	-	947,842
Total current liabilities	<u>214,485</u>	<u>81,672</u>	<u>296,157</u>	<u>1,001,439</u>
Noncurrent liabilities:				
Net pension liability - due in more than one year	661,962	633,457	1,295,419	-
Claims payable - due in more than one year	-	-	-	312,625
Total noncurrent liabilities	<u>661,962</u>	<u>633,457</u>	<u>1,295,419</u>	<u>312,625</u>
Total liabilities	<u>876,447</u>	<u>715,129</u>	<u>1,591,576</u>	<u>1,314,064</u>
DEFERRED INFLOWS OF RESOURCES				
Difference between projected and actual earnings on pension plan	179,585	171,852	351,437	-
Total deferred inflows of resources	<u>179,585</u>	<u>171,852</u>	<u>351,437</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	376,776	14,692,569	15,069,345	-
Unrestricted (deficit)	(314,715)	18,788,447	18,473,732	(595,966)
Total net position	<u>\$ 62,061</u>	<u>\$ 33,481,016</u>	<u>\$ 33,543,077</u>	<u>\$ (595,966)</u>

See accompanying Notes to the Basic Financial Statements.

City of Ridgecrest
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
OPERATING REVENUES:				
Charges for services	\$ 252,359	\$ 3,893,420	\$ 4,145,779	\$ 809,351
Other revenue	-	18,870	18,870	750,644
Total operating revenues	<u>252,359</u>	<u>3,912,290</u>	<u>4,164,649</u>	<u>1,559,995</u>
OPERATING EXPENSES:				
Transportation	657,528	-	657,528	-
Health	-	1,629,945	1,629,945	-
Administration	-	-	-	1,874,532
Depreciation	100,118	452,342	552,460	19,556
Total operating expenses	<u>757,646</u>	<u>2,082,287</u>	<u>2,839,933</u>	<u>1,894,088</u>
OPERATING INCOME (LOSS)	<u>(505,287)</u>	<u>1,830,003</u>	<u>1,324,716</u>	<u>(334,093)</u>
NONOPERATING REVENUES:				
Taxes	577,392	-	577,392	-
Intergovernmental	41,394	51,440	92,834	-
Use of money and property	1,139	47,120	48,259	1,492
Total nonoperating revenues	<u>619,925</u>	<u>98,560</u>	<u>718,485</u>	<u>1,492</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>114,638</u>	<u>1,928,563</u>	<u>2,043,201</u>	<u>(332,601)</u>
TRANSFERS:				
Transfers in	-	-	-	1,160,832
Transfers out	(181,482)	(434,340)	(615,822)	(1,067,102)
Total transfers	<u>(181,482)</u>	<u>(434,340)</u>	<u>(615,822)</u>	<u>93,730</u>
Changes in net position	(66,844)	1,494,223	1,427,379	(238,871)
NET POSITION:				
Beginning of year, as restated (Note 15)	128,905	31,986,793	32,115,698	(357,095)
End of year	<u>\$ 62,061</u>	<u>\$ 33,481,016</u>	<u>\$ 33,543,077</u>	<u>\$ (595,966)</u>

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ (55,405)	\$ 3,963,772	\$ 3,908,367	\$ 792,528
Cash received from other funds	-	-	-	-
Payments to suppliers or employees for goods and services	(668,040)	(1,639,297)	(2,307,337)	(1,155,936)
Insurance premiums and settlements or insurance recovery	-	-	-	(965,370)
Others	-	18,870	18,870	750,644
Net cash provided by (used in) operating activities	(723,445)	2,343,345	1,619,900	(578,134)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Taxes	577,392	-	577,392	-
Intergovernmental	41,394	51,440	92,834	-
Transfers in	-	-	-	1,160,832
Transfers out	(181,482)	(434,340)	(615,822)	(1,067,102)
Net cash provided by (used in) noncapital financing activities	437,304	(382,900)	54,404	93,730
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	(110,938)	(110,938)	-
Transfer of capital assets	70,249	-	70,249	-
Cash received from repayment of advances	-	332,980	332,980	-
Net cash provided by capital and related financing activities	70,249	222,042	292,291	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	1,526	46,106	47,632	2,119
Net cash provided by investing activities	1,526	46,106	47,632	2,119
Net increase (decrease) in cash and cash equivalents	(214,366)	2,228,593	2,014,227	(482,285)
CASH AND CASH EQUIVALENTS:				
Beginning of year	886,896	10,944,413	11,831,309	1,167,204
End of year	<u>\$ 672,530</u>	<u>\$ 13,173,006</u>	<u>\$ 13,845,536</u>	<u>\$ 684,919</u>

City of Ridgecrest
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds		Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (505,287)	\$ 1,830,003	\$ 1,324,716	\$ (334,093)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	100,118	452,342	552,460	19,556
Changes in current assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable	720,273	70,352	790,625	(16,823)
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Inventories	-	-	-	4,348
Pension contributions made after the measurement date	4,161	3,981	8,142	-
Positive differences between City's contribution and proportionate share of contribution	(2,155)	(2,062)	(4,217)	-
Accounts payable	(2,953)	(2,140)	(5,093)	(16,665)
Salaries payable	(529)	(485)	(1,014)	2,764
Due to other funds	-	-	-	-
Claims payable	-	-	-	(237,221)
Unearned revenue	(1,028,037)	-	(1,028,037)	-
Net pension liability	(188,621)	(180,498)	(369,119)	-
Difference between projected and actual earnings on pension plan	179,585	171,852	351,437	-
Total adjustments	(218,158)	513,342	295,184	(244,041)
Net cash provided by (used in) operating activities	\$ (723,445)	\$ 2,343,345	\$ 1,619,900	\$ (578,134)

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Comprehensive Annual Financial Report
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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Fiduciary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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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, 2015

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments	\$ 8,790,782	\$ 450,923
Cash and investments with fiscal agents	9,041,168	-
Loans receivable	3,050,978	
Interest receivable	125,474	319
Capital assets:		
Non-depreciable	2,202,440	-
Depreciable, net	2,134,349	-
Total assets	<u>25,345,191</u>	<u>\$ 451,242</u>
LIABILITIES		
Due to City of Ridgecrest	-	\$ 56,345
Due to bondholders	-	394,897
Accounts payable	8,361	-
Deposits payable	2,000	-
Advances from City of Ridgecrest	8,088,774	-
Pension-related liability	328,368	-
Bonds payable	28,398,853	-
Total liabilities	<u>36,826,356</u>	<u>\$ 451,242</u>
NET POSITION		
Net Position (Deficit):		
Held in trust for Successor Agency to Ridgecrest Redevelopment Agency	(11,483,196)	
Held in trust for Donation	2,031	
Total net position (deficit)	<u>\$ (11,481,165)</u>	

City of Ridgecrest
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Taxes	\$ 3,910,650
Intergovernmental	-
Revenue from use of money and property	93,490
Other revenue	1,934
Total additions	<u>4,006,074</u>
DEDUCTIONS:	
Community development	2,165,375
Depreciation expense	271,968
Interest expense	1,779,733
Transfers to City of Ridgecrest (Note 6)	5,154,181
Total deductions	<u>9,371,257</u>
Change in fiduciary net position	(5,365,183)
NET POSITION:	
Beginning of year, as restated (Note 15)	<u>(6,115,982)</u>
End of year	<u><u>\$ (11,481,165)</u></u>

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Notes to the Basic Financial Statements



City of Ridgecrest
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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City of Ridgecrest
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

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

B. Basis of Accounting and Measurement Focus

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

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

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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 fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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

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

Governmental funds of the City are outlined below:

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

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

Grant Operations Special Revenue Fund – This fund is used to account for the City's restricted resources derived from grants received from federal and state agencies and other organizations.

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

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

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

Proprietary Fund Financial Statements

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

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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

Proprietary funds of the City are outlined below:

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

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

Internal Service Funds – The City has three internal service funds. Human Resources and Risk Management Fund is used to account for the costs of the City’s risk management and self-insurance programs and its personnel management costs. The Self Insurance Workers Comp Fund is used to account for the actual payments made to the third party administrator for all workers comp claims filed against the City. Lastly, the Fleet Maintenance Fund is used to account for the cost of maintenance of the motor vehicles, heavy and light equipment and equipment replacements.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. The City has two types of fiduciary funds. They are the private purpose trust funds and agency funds.

The private purpose trust funds account for 1) donations received and held by the City as an agent for individuals, developers, private organizations and other governmental agencies and 2) activities of the Successor Agency to the Ridgecrest Redevelopment Agency (the “Successor Agency”). The specific purposes for these donations are for parks and recreation and senior citizens related programs.

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

C. Cash, Cash Equivalents and Investment

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investment (Continued)

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

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

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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Long-Term Debt

Government-Wide Financial Statements

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

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

Fund Financial Statements

The fund financial statements do not present long-term debt but rather show it 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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Pensions (Continued)

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

I. Property Taxes

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

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

I. Net 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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned for those purposes, it may be necessary to report negative unassigned fund balance in that particular fund.

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Use of Estimates

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

L. Accounting Changes

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement became effective for periods beginning after June 15, 2014. See Note 15 for prior period adjustment as a result of implementation.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the City's financial statements for year ended June 30, 2015.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement became effective for periods beginning after June 15, 2014. See Note 15 for prior period adjustment as a result of implementation.

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2015:

	Primary Government			Fiduciary	
	Governmental Activities	Business-type Activities	Total	Funds	Total
Cash and investments	\$ 6,174,102	\$ 13,845,536	\$ 20,019,638	\$ 9,241,705	\$ 29,261,343
Cash and investments with fiscal agent	751,356	-	751,356	9,041,168	9,792,524
Total	\$ 6,925,458	\$ 13,845,536	\$ 20,770,994	\$ 18,282,873	\$ 39,053,867

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

Cash, cash equivalents, and investments, excluding investments with fiscal agents, consisted of the following at June 30, 2015:

Cash and cash equivalents:	
Petty cash	\$ 1,620
Demand deposits	2,535,795
Investments:	
Local Agency Investment Fund	26,723,928
Money market funds	2,873,737
Municipal bonds	6,167,431
U.S. Agencies	751,356
Total	<u><u>\$ 39,053,867</u></u>

A. Cash Deposits

The carrying amounts of the City’s demand deposits were \$2,535,795 at June 30, 2015. Bank balances were \$2,599,587 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City’s name is discussed below.

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

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City’s total cash deposits. The City may waive collateral requirements for cash deposits; however, the City has not waived the collateralization requirements.

B. Investments

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

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

C. External Investment Pool

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2015 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, 2015, the City had \$26,723,928 invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

D. Risk Disclosures

Disclosures Relating to Interest Rate Risk

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

	Amount	Maturities	
		1 year or less	1 - 5 years
Cash and cash equivalent:			
Petty cash	\$ 1,620	\$ 1,620	\$ -
Demand deposits	2,535,795	2,535,795	-
Investments:			
Local Agency Investment Fund	26,723,928	26,723,928	-
Money market funds	2,873,737	2,873,737	-
Municipal bonds	6,167,431	2,083,593	4,083,838
U.S. Agencies	751,356	751,356	-
Total	\$ 39,053,867	\$ 34,970,029	\$ 4,083,838

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Disclosures Relating to Credit Risk

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

	<u>Amount</u>	<u>Credit Quality Ratings</u>	
		<u>Moody's</u>	<u>Standard & Poor's</u>
Investments:			
Local Agency Investment Fund	\$ 26,723,928	Not Rated	Not Rated
Money market funds	2,873,737	Not Rated	Not Rated
Municipal bonds	6,167,431	AA - AAA	AA - AAA
U.S. Agencies	751,356	Not Rated	Not Rated
Total	<u><u>\$ 36,516,452</u></u>		

Disclosures Relating to Custodial Credit Risk

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

Note 3 – Loan Program

A. Governmental Activities

At June 30, 2015, the outstanding balance of the City loan program is as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Loans receivables:				
Women's shelter	\$ 2,357	\$ -	\$ (2,357)	\$ -
High Desert loans	265,551	-	(10,741)	254,810
Total	<u><u>\$ 267,908</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (13,098)</u></u>	<u><u>\$ 254,810</u></u>

Women's Shelter

In 2005 the former Ridgecrest Redevelopment Agency sold a tract of land to the Women's Center High Desert Inc. for \$15,000 to build their new transitional housing facility. The payment term is for ten years at 5% interest per annum. As of June 30, 2015 the loan balance was paid in full.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Loan Program (Continued)

A. Governmental Activities (Continued)

High Desert Loans

The City entered into a loan agreement with High Desert Haven in the amount of \$375,000 on October 5, 2001. The purpose of the loan was for the construction and operation of twenty-six unit senior assisted housing. The loan is to be paid over thirty years and bears interest of the 3% compounded annually. As of June 30, 2015, the loan balance is \$254,810.

B. Fiduciary Fund Financial Statements

At June 30, 2015, the outstanding balance of the Fiduciary Activities loans receivable is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Loans receivables:				
AMG Ridgecrest Pacific				
Associates	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Globe Project	50,978	-	-	50,978
Total	<u>\$ 3,050,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,050,978</u>

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 4 – Interfund Transactions

A. Due To and From Other Funds

At June 30, 2015, 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	\$ 270,704	\$ 270,704
	Agency Funds	56,345	56,345
	Total	\$ 327,049	\$ 327,049

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

B. Advances To and From Other Funds

In 2013, the General Fund entered into loan agreement with Wastewater Improvement Enterprise Fund in the amount of \$4,250,000. The loan is to be repaid over 30 years at 0.5% interest rate per year. This loan is for paying back the franchise fees the Wastewater Fund had paid General Fund from fiscal years ended June 30, 2006 through 2012. At June 30, 2015, the outstanding balance of the agreement was \$3,853,041.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 133,645	\$ 19,265	\$ 152,910
2017	134,313	18,597	152,910
2018	134,985	17,925	152,910
2019	135,660	17,250	152,910
2020	136,338	16,572	152,910
2021-2025	691,985	72,565	764,550
2026-2030	709,458	55,092	764,550
2031-2035	727,373	37,177	764,550
2036-2040	745,740	18,810	764,550
2041-2042	303,544	2,278	305,822
Total	\$ 3,853,041	\$ 275,531	\$ 4,128,572

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 4 – Interfund Transactions (Continued)

C. Transfers

At June 30, 2015, the City had the following transfers:

		Transfers Out							
		State Gas	Grant			TDA	Wastewater		
		Tax	Operations	Non-major	Transit	Enterprise	Improvement	Internal	
		General	Special Revenue	Special Revenue	Governmental	Enterprise	Enterprise	Service Funds	Total
		Fund	Fund	Fund	Funds	Fund	Funds	Service Funds	
Transfers In	General Fund	\$ -	\$ 800,661	\$ -	\$ 106,367	\$ 161,992	\$ 384,525	\$ 294,149	\$ 1,747,694
	State Gas Tax Fund	430,896	-	-	969,040	-	-	-	1,399,936
	City Debt Service Fund	117,060	-	-	-	-	-	-	117,060
	Capital Improvements	-	-	114,561	16,837	-	-	27,000	158,398
	Non-major								
	Governmental Funds	600	-	-	1,083	-	-	-	1,683
	Internal Service Funds	248,612	96,962	-	-	19,490	49,815	745,953	1,160,832
	Total	\$ 797,168	\$ 897,623	\$ 114,561	\$ 1,093,327	\$ 181,482	\$ 434,340	\$ 1,067,102	\$ 4,585,603

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

Additional details regarding transfers in and out are as follows:

The transfers from General Fund to other funds and their purposes are as follows: 1) \$430,896 to Gas Tax Fund for Measure L funding of streets maintenance; 2) \$117,060 to City Debt Service Fund for final payment of the loans that financed the City Hall re-roofing and HVAC replacement; 3) \$600 to Special Projects Fund for the housing element project; 4) \$248,612 to Internal Service Funds for insurance allocation.

The transfer from the State Gas Tax special revenue fund to the General Fund for \$800,661 is for overhead allocations and the transfer to the Internal Service Funds for \$96,962 is for insurance allocation.

The transfer from the Grant Operations fund to the Capital Improvements Fund of \$114,561 was from PTMISEA (Prop 1B) funding of the construction of the vehicle maintenance facility.

The transfers from Non-major governmental funds to the other funds and their purposes are as follows: 1) \$106,367 to General Fund was for AB 3229 transfer for public safety; 2) \$969,040 to State Gas Tax fund for TDA Article 4 funding of street maintenance; 3) \$16,837 to Capital Improvements Fund for two street construction projects with the funding coming from the Traffic Impact Fee Fund; and 4) \$1,083 to Special Projects Fund with funding coming from housing set aside funds to pay for the housing element project.

Transit Enterprise Fund transfers to the General Fund for a total of \$161,992 are for administrative overhead allocation and the transfer to Internal Service Funds for \$19,490 is for insurance allocation.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 4 – Interfund Transactions (Continued)

C. Transfers (Continued)

Wastewater Improvement Enterprise Fund transfers to the General Fund for a total of \$384,525 are for administrative overhead allocation and the transfer to Internal Service Funds for \$49,815 was for insurance allocation.

Internal Service Funds transfers to General Fund for \$294,149 are for administrative overhead allocation. While the transfer of \$745,953 consists of \$735,109 to Self Insurance Workers Compensation Fund for payments of claims and settlements for the year and the balance was for the Fleet Maintenance Internal Service Fund insurance allocation. The transfer of \$27,000 to Capital Improvements Fund was to settle a legal dispute with a contractor of one of the City's construction projects.

Note 5 – Advances to Fiduciary Fund

At June 30, 2015, the City had advanced the Fiduciary Fund \$8,088,774.

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, 2015, the outstanding balance of the agreement was \$5,584,159. 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. On February 28, 2015, the final payment of the outstanding balance of \$200,000 was made as approved by Department of Finance on ROPS 14-15B. At June 30, 2015, the outstanding balance was paid off.

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, 2015, the outstanding balance of the agreement was \$2,504,615. The City submitted approval requests for the payment of this loan and has yet to be received from the Department of Finance.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 5 – Advances to Fiduciary Fund (Continued)

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 2,504,615	\$ 31,386	\$ 2,536,001
Total	\$ 2,504,615	\$ 31,386	\$ 2,536,001

Note 6 – Transfers from Fiduciary Fund

During the year ended June 30, 2015, the Successor Agency made the following transfers: 1) \$250,000 to the City’s General Fund for the administrative allowance for the Redevelopment Agency dissolution and \$448,621 for the 2010 Tax Allocation Bond funding of the Boydston property acquisition; 2) \$299,736 to the City’s Debt Service Fund to cover the preparation cost of the 2005 COP arbitrage analysis and its fiscal agent fees and the lease payment to cover the interest payment to the 2005 Certificate of Participation Bonds; 3) \$2,096,942 to the Capital Projects Fund for the 2010 TAB funding of several street construction projects; and 4) \$2,058,882 to the State Gas Tax Fund for the 2010 TAB funding of streets micro-paving projects. The total transferred was \$5,154,181 and was reviewed and approved by the California Department of Finance through ROPS.

Note 7 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for governmental activities for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Reclassifications	Transfer from Business-Type Activities	Balance June 30, 2015
Nondepreciable assets:						
Land	\$ 1,897,870	\$ 517,710	\$ -	\$ -	\$ -	\$ 2,415,580
Construction in progress	3,833,203	9,337,345	(7,719)	(2,115,008)	70,249	11,118,070
Total nondepreciable assets	5,731,073	9,855,055	(7,719)	(2,115,008)	70,249	13,533,650
Depreciable assets						
Building and improvements	5,878,334	276,950	-	-	-	6,155,284
Machinery and equipment	6,435,933	492,801	-	-	-	6,928,734
Infrastructure	105,987,577	-	(178,509)	2,115,008	-	107,924,076
Subtotal	118,301,844	769,751	(178,509)	2,115,008	-	121,008,094
Less accumulated depreciation						
Building and improvements	(1,988,383)	(227,114)	-	-	-	(2,215,497)
Machinery and equipment	(5,508,871)	(342,926)	-	-	-	(5,851,797)
Infrastructure	(75,191,705)	(2,562,458)	-	-	-	(77,754,163)
Subtotal	(82,688,959)	(3,132,498)	-	-	-	(85,821,457)
Total depreciable assets, net	35,612,885	(2,362,747)	(178,509)	2,115,008	-	35,186,637
Total	\$ 41,343,958	\$ 7,492,308	\$ (186,228)	\$ -	\$ 70,249	\$ 48,720,287

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Capital Assets (Continued)

A. Governmental Activities (Continued)

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2015 are as follows:

General government	\$ 183,321
Public safety	224,589
Public works	2,299,484
Community development	101,774
Culture and leisure	303,774
Internal service fund	19,556
Total depreciation expense	<u><u>\$ 3,132,498</u></u>

B. Business-Type Activities

Summary of changes in capital assets for business-type activities for the year ended June 30, 2015 is as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Transfer to</u> <u>Governmental</u> <u>Activities</u>	<u>Balance</u> <u>June 30, 2015</u>
Nondepreciable assets:						
Land	\$ 1,614,217	\$ -	\$ -	\$ -	\$ -	\$ 1,614,217
Construction in progress	70,249	-	-	-	(70,249)	-
Total nondepreciable assets	<u>1,684,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,249)</u>	<u>1,614,217</u>
Depreciable assets						
Building and improvements	3,305,880	-	-	-	-	3,305,880
Machinery and equipment	3,580,038	110,938	-	-	-	3,690,976
Infrastructure	18,877,601	-	-	-	-	18,877,601
Subtotal	<u>25,763,519</u>	<u>110,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,874,457</u>
Less accumulated depreciation						
Building and improvements	(1,235,421)	(102,329)	-	-	-	(1,337,750)
Machinery and equipment	(2,757,633)	(181,719)	-	-	-	(2,939,352)
Infrastructure	(7,873,815)	(268,412)	-	-	-	(8,142,227)
Subtotal	<u>(11,866,869)</u>	<u>(552,460)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,419,329)</u>
Total depreciable assets, net	<u>13,896,650</u>	<u>(441,522)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,455,128</u>
Total	<u><u>\$ 15,581,116</u></u>	<u><u>\$ (441,522)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (70,249)</u></u>	<u><u>\$ 15,069,345</u></u>

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2015 are as follows:

T.D.A. Transit	\$ 100,118
Wastewater Improvement	452,342
Total depreciation expense	<u><u>\$ 552,460</u></u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Capital Assets (Continued)

C. Fiduciary Funds

Summary of changes in capital assets for fiduciary activities for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Nondepreciable assets:				
Land	\$ 2,202,440	\$ -	\$ -	\$ 2,202,440
Total nondepreciable assets	2,202,440	-	-	2,202,440
Depreciable assets				
Building and improvements	12,092,609	-	-	12,092,609
Subtotal	12,092,609	-	-	12,092,609
Less accumulated depreciation				
Building and improvements	(9,686,291)	(271,969)	-	(9,958,260)
Subtotal	(9,686,291)	(271,969)	-	(9,958,260)
Total depreciable assets, net	2,406,318	(271,969)	-	2,134,349
Total	\$ 4,608,758	\$ (271,969)	\$ -	\$ 4,336,789

Note 8 – Long-term Obligations

A. Governmental Activities

Summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Classification	
					Due within One Year	Due in more than One Year
Governmental Activities:						
2005 Refunding Certificates of Participation	\$ 6,845,000	\$ -	\$ (450,000)	\$ 6,395,000	\$ 470,000	\$ 5,925,000
Capital lease	112,689	-	(112,689)	-	-	-
Compensated absences	2,094,969	927,167	(819,698)	2,202,438	882,530	1,319,908
Total governmental activities	\$ 9,052,658	\$ 927,167	\$ (1,382,387)	\$ 8,597,438	\$ 1,352,530	\$ 7,244,908

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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Long-term Obligations

A. Governmental Activities

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:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 470,000	\$ 279,036	\$ 749,036
2017	485,000	260,236	745,236
2018	510,000	240,351	750,351
2019	525,000	218,931	743,931
2020	555,000	184,216	739,216
2021-2025	3,140,000	514,212	3,654,212
2026	710,000	31,950	741,950
TOTAL	<u>\$ 6,395,000</u>	<u>\$ 1,728,933</u>	<u>\$ 8,123,933</u>

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. At June 30, 2015, the capital lease obligations have been paid in full.

Compensated Absences

Compensated absences at June 30, 2015, amounted to \$2,202,438. 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Long-term Obligations (Continued)

B. Fiduciary Funds

Summary of changes in long-term liabilities for the fiduciary funds for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Classification	
					Due within One Year	Due in more than One Year
Fiduciary Funds:						
Tax Allocation Bonds	\$ 30,060,000	\$ -	\$ (1,070,000)	\$ 28,990,000	\$ 1,055,000	\$ 27,935,000
Less: Bond discount	(618,017)	-	26,870	(591,147)	-	(591,147)
Total fiduciary activities	\$ 29,441,983	\$ -	\$ (1,043,130)	\$ 28,398,853	\$ 1,055,000	\$ 27,343,853

2010 Tax Allocation Refunding Bonds

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

The 2010 Tax Allocation Refunding bonds are comprised of \$11,680,000 serial bonds and three term bonds total to \$22,700,000. Principal on serial bonds mature in amounts from \$1,005,000 to 1,215,000 through June 30, 2021. Interest on the bonds is payable semi-annually at rates ranging from 3% to 5.5%. The three term bonds maturing on June 30, 2024 (bearing interest at 5.375%) and June 30, 2037 (bearing interest at 6.125% and 6.25%), are subject to mandatory redemption on each June 30, commencing on June 30, 2022, and June 30, 2025, respectively, at a redemption price equal to the principal amount with accrued interest to the redemption date, without premium, ranging from \$420,000 to \$1,035,000. Bonds and related deferred cost of issuance and bond discount outstanding at January 31, 2012 were \$33,375,000, \$247,999 and \$683,042, respectively, and were transferred to the Successor Agency on February 1, 2012 due to the dissolution of the Agency. Total principal and interest remaining on the bond is \$59,898,635 at June 30, 2013 payable through 2037.

The annual requirements to amortize the bonds outstanding at June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,055,000	1,711,268	\$ 2,873,011
2017	1,055,000	1,658,518	2,821,393
2018	1,050,000	1,605,768	2,766,268
2019	1,050,000	1,550,643	2,713,518
2020	1,040,000	1,492,893	2,713,518
2021-2025	5,135,000	6,629,699	12,681,608
2026-2030	7,090,000	4,956,756	11,615,869
2031-2035	8,110,000	2,577,831	11,808,106
2036-2037	3,405,000	317,338	9,905,344
TOTAL	\$ 28,990,000	\$ 22,500,714	\$ 59,898,635

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – Risk Management

The City is a member of California State Association of Counties - Excess Insurance Authority (CSAC-EIA). The Authority is comprised of 55 California counties and currently consists of 262 public agencies, which includes municipalities, school districts, special districts and other Joint Powers Authorities (JPA). CSAC-EIA was formed as a Joint Powers Authority in 1979, pursuant to the California Government Code. The purpose of the Authority is to arrange, provide and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

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

General Liability Insurance

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

Workers' Compensation

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

The workers' compensation and general liability claims payable of \$1,260,467 reported at June 30, 2015. Of the total claims payable, \$947,842 is due within the next fiscal year. During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year.

Changes in the claims liability amounts were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2012-2013	\$ 824,865	\$ 1,368,882	\$ (650,471)	\$ 1,543,277
2013-2014	1,543,277	541,754	(587,343)	1,497,688
2014-2015	1,497,688	710,621	(947,842)	1,260,467

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – Risk Management (Continued)

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2014, is as follows:

Total assets	\$ 592,584,275
Total liabilities	\$ 479,255,274
Total equities	\$ 113,329,001
Total revenues	\$ 591,748,376
Total expenses	\$ 585,525,053
Expenses over revenues	\$ 6,223,323

Note 10 – Public Employees’ Retirement System

Summary

Net Pension Liability

Net pension liability is reported in the accompanying Statements of Net Position as follows:

	Governmental Activities	Business-Type Activities Enterprise Funds		Fiduciary Funds Successor Agency to the Ridgecrest Community Redevelopment Agency	Total
		TDA Transit Fund	Wastewater Fund		
CalPERS Miscellaneous Classic Plan - 655	\$ 4,844,046	\$ 661,962	\$ 633,457	\$ 328,368	\$ 6,467,833
CalPERS Miscellaneous Safety Plan - 656	6,215,614	-	-	-	6,215,614
CalPERS Miscellaneous Safety PEPRA	86	-	-	-	86
Total	\$ 11,059,746	\$ 661,962	\$ 633,457	\$ 328,368	\$ 12,683,533

Deferred Outflows of Resources

Deferred outflows of resources are reported in the accompanying Statements of Net Position as follows:

Pension Contributions Made after the Measurement Date

	Governmental Activities	Business-Type Activities Enterprise Funds		Total
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Classic Plan - 655	\$ 506,527	\$ 66,539	\$ 63,674	\$ 636,740
CalPERS Miscellaneous Safety Plan - 656	715,378	-	-	715,378
CalPERS Miscellaneous Safety PEPRA	32,497	-	-	32,497
Total	\$ 1,254,402	\$ 66,539	\$ 63,674	\$ 1,384,615

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Public Employees’ Retirement System (Continued)

Summary (Continued)

Positive Differences between City’s Contribution and Proportionate Share of Contribution

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Classic Plan - 655	\$ 16,402	\$ 2,155	\$ 2,062	\$ 20,619
CalPERS Miscellaneous Safety PEPRAs	1,165	-	-	1,165
Total	\$ 17,567	\$ 2,155	\$ 2,062	\$ 21,784

Deferred Inflows of Resources

Deferred inflows of resources are reported in the accompanying Statements of Net Position as follows:

Difference between Projected and Actual Earnings on Pension Plan Investments

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Classic Plan - 655	\$ 1,367,082	\$ 179,585	\$ 171,852	\$ 1,718,519
CalPERS Miscellaneous Safety Plan - 656	1,239,091	-	-	1,239,091
CalPERS Miscellaneous Safety PEPRAs	26	-	-	26
Total	\$ 2,606,199	\$ 179,585	\$ 171,852	\$ 2,957,636

Negative Differences between City’s Contribution and Proportionate Share of Contribution

	Governmental Activities
CalPERS Miscellaneous Safety Plan - 656	\$ 87,548
Total	\$ 87,548

Pension Expense/(Income)

Pension expense/(income) is included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position as follows:

	Governmental Activities	Business-Type Activities	
		Enterprise Funds	
		TDA Transit Fund	Wastewater Fund
CalPERS Miscellaneous Classic Plan - 655	\$ 453,018	\$ 59,510	\$ 56,948
CalPERS Miscellaneous Safety Plan - 656	461,201	-	-
CalPERS Miscellaneous Safety PEPRAs	(884)	-	-
Total	\$ 913,335	\$ 59,510	\$ 56,948

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Public Employees’ Retirement System (Continued)

Plan Description

The City contributes to the California Public Employees’ Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. 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. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Benefits Provided

The *Miscellaneous Plan* provides employees hired before January 1, 2013 with a Tier 1 benefit equal to 2.7% at 55 years of age, calculated based on the single highest year of qualifying compensation. In addition, PEPRA legislation created another benefit formula for new hires who are either new to CalPERS or who have had a break in CalPERS service of at least six months. In the case of the City, this will constitute the "Tier 2 Miscellaneous Plan" which provides a retirement benefit formula of 2.0% at 62 years of age calculated based on the average of the highest 36 consecutive months of qualifying compensation. For the 2015 calendar year, there is a cap of \$117,020 on the pensionable compensation for Tier 2 miscellaneous employees. Retirees under both tiers are eligible to receive a maximum annual 2% cost of living adjustment increase.

The *Safety Plan* provides employees hired before January 1, 2013 with a Tier 1 benefit equal to 3.0% at 55 years of age, calculated based on the single highest year of qualifying compensation. In addition, PEPRA legislation created another benefit formula for new hires who are either new to CalPERS or who have had a break in CalPERS service of at least six months. In the case of the City, this will constitute a "Tier 2 Safety Plan" which provides a retirement benefit formula of 2.7% at 57 years of age calculated based on the average of the highest 36 consecutive months of qualifying compensation. For the 2015 calendar year, there is a cap of \$117,020 on the pensionable compensation for Tier 2 safety employees. Retirees under both tiers are eligible to receive a maximum annual 2% cost of living adjustment increase.

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms for each plan:

	<u>Miscellaneous Classic</u>	<u>Safety Classic</u>	<u>Safety PEPRA</u>
Active employees	58	24	7
Inactive employees or beneficiaries currently receiving benefits	97	46	0
Inactive employees entitled to, but not yet receiving benefits	32	15	0
Total	<u>187</u>	<u>85</u>	<u>7</u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Public Employees’ Retirement System (Continued)

Contributions

For fiscal year ended June 30, 2015, Safety and Miscellaneous plan participants were required to contribute 9% and 8% of their covered salary respectively. However due to multiyear bargaining agreement, the City paid for the required employee contribution for employees belonging to Local 8 bargaining unit for full fiscal year and for employees belonging to Police Employee Association of Ridgecrest (PEAR) bargaining from July 1, 2012 to August 14, 2012. On August 15, 2012 an amendment to PEAR labor agreement took effect whereby their members will pay the full amount of the required employee contribution in exchange to salary increase of 4.3% for sworn members and 6.8% for non-sworn members. On August 31, 2012 the California Legislature passed AB 340, the Public Employees’ Pension Reform Act of 2013 (PEPRA). As part of this reform, “new members” hired starting January 1, 2013 will have to pay their required employee contribution. Since their benefit level is much lower than the ‘classic members’ their contribution rate is also lower. PEPRA defines “new member” as an employee hired on or after January 1, 2013 who falls into one of the following:

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

The City paid \$85,863 for the required employee contributions for all the “classic” members of the Local 8 bargaining unit as required by their bargaining agreement for fiscal year 2015. All other employees belonging to other groups paid for their own employee required contribution.

The following table details the contribution rate for the City and its employees by bargaining unit as of June 30, 2015:

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

Additionally, the City is required to contribute at an actuarially determined rate applied to covered payroll. The rate for “classic members” for fiscal year 2015 is 19.703% for miscellaneous employees and 33.115% for safety employees. However, for employees hired on or after January 1, 2013 and classified as CalPERS “new members”, the rate is 6.25% for miscellaneous employees and 11.50% for safety employees. These rates are effective until June 30, 2015.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Public Employees’ Retirement System (Continued)

Contributions (Continued)

For the measurement date year ended June 30, 2014, the plan’s contribution and the proportionate share of aggregate employer contributions of the cost-sharing plan made for each plan was as follows:

	Miscellaneous Classic	Safety Classic	Safety PEPRA	Total
Contributions - employer	\$ 623,008	\$ 754,506	\$ 13,990	\$ 1,391,504

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate share for each plan as follows:

	Miscellaneous Classic	Safety Classic	Safety PEPRA	Total
Proportionate share of net pension liability	\$ 6,334,569	\$ 6,215,614	\$ 86	\$ 12,550,269

The City’s net pension liability for each plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2013). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (fiscal year 2014).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Public Employees’ Retirement System (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The City’s proportionate share of the net pension liability for each plan as of June 30, 2014 was as follows:

	Miscellaneous Classic	Safety Classic	Safety PEPRA
Proportion June 30, 2014	0.10180%	0.09989%	0.00000%

For the measurement year ended June 30, 2014, the City recognized pension expense of \$1,029,793. At June 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Classic		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 636,740	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(1,718,519)
Adjustments due to difference in proportions	20,619	-
Total	\$ 657,359	\$ (1,718,519)

Safety Classic		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 715,378	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(1,239,091)
Adjustments due to difference in proportions	-	(87,548)
Total	\$ 715,378	\$ (1,326,639)

Safety PEPRA		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 32,497	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(26)
Adjustments due to difference in proportions	1,165	-
Total	\$ 33,662	\$ (26)

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Public Employees’ Retirement System (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The \$1,384,615 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous Classic	Resources Safety Classic	Resources Safety PEPR
	2015	\$ 214,474	\$ 374,338
2016	(422,266)	(341,040)	409
2017	(423,739)	(334,787)	326
2018	(429,629)	(309,772)	(5)
2019	-	-	-
Thereafter	-	-	-

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014, the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11 + ²
Global equity	47.00%	5.25%	5.71%
Global fixed income	19.00%	0.99%	2.43%
Inflation sensitive	6.00%	0.45%	3.36%
Private equity	12.00%	6.83%	6.95%
Real estate	11.00%	4.50%	5.13%
Infrastructure and forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

¹ An expected inflation of 2.5% was used for this period.

² An expected inflation of 3.0% was used for this period.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website under “Forms and Publications.”

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent, which is net of administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Public Employees’ Retirement System (Continued)

Discount Rate (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11 +²
Global equity	47.00%	5.25%	5.71%
Global fixed income	19.00%	0.99%	2.43%
Inflation sensitive	6.00%	0.45%	3.36%
Private equity	12.00%	6.83%	6.95%
Real estate	11.00%	4.50%	5.13%
Infrastructure and forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

¹ An expected inflation of 2.5% was used for this period.

² An expected inflation of 3.0% was used for this period.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Public Employees’ Retirement System (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability for each Fire Plan, calculated using the discount rate for each plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.50%)	Rate (7.50%)	(8.50%)
Misc. Classic	\$ 10,494,020	\$ 6,334,569	\$ 2,882,623
Safety Classic	9,456,829	6,215,614	3,544,992
Safety PEPRA	149	86	(28)

Pension Plan Fiduciary Net Position

Detailed information about the Plans’ fiduciary net position is available in the separately issued CalPERS financial report.

Note 11 – Other Postemployment Benefits

Plan Description

The City provides \$122 per month subject to the minimum required employer contribution (plus any administration fees) under the CalPERS Health Plan for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. An employee is eligible for this employer contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 60 days of retirement with the City. The surviving spouse of an eligible retiree who elected spouse coverage under the CalPERS Health Plan is eligible for the employer contribution upon the death of the retiree. For calendar year 2016, the required employer contributions under the CalPERS Health plan will be \$125 per month. CalPERS adjusts this amount annually based on an inflation index.

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

Funding Policy

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 11 – Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (Asset)

For fiscal year ended June 30, 2015, the City’s annual OPEB cost was \$82,018. The City’s annual required contribution (ARC) was \$82,206 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, 2015, the amount actually contributed to the plan, and changes in the City’s Net OPEB obligation (asset):

Annual Required Contribution (ARC)	\$	82,206
Interest on Net OPEB Obligation (Assets) @ 7.75%		(2,751)
Adjustment to ARC		2,563
Annual OPEB Cost		82,018
Contribution Made (ARC Inclusive of Benefit Payments)		(82,206)
(Increase) in Net OPEB Obligation (Assets)		(188)
Net OPEB Obligation (Assets) - Beginning of year		(36,156)
Net OPEB Obligation (Assets) - End of year	\$	(36,344)

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

	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage Contribution</u>	<u>Change in Net OPEB Obligation (Asset)</u>	<u>Net OPEB Obligation (Asset) at June 30</u>
2012-2013	\$ 80,767	\$ 81,120	100.4%	\$ (353)	\$ (35,969)
2013-2014	77,761	77,948	100.2%	(187)	(36,156)
2014-2015	82,018	82,206	100.2%	(188)	(36,344)

Actuarial Methods and Assumptions

The ARC was determined as part of the June 30, 2013, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.61% investment rate of return (net of administrative expenses), (b) 7.61% discount rate, (c) projected annual salary increases range of 3.0%, (d) inflation rate of 2.8%, (e) CalPERS Assumption Model was used in determining the factor for pre-retirement turnover, pre-retirement mortality, post-retirement mortality and retirement age. Employee currently retired who have elected CalPERS medical coverage are assumed to continue coverage for their lifetime and the lifetime of their spouse if covered. 50% of future non-PEAR active employees are assumed to elect retiree health coverage at retirement. 100% of future PEAR retirees are assumed to elect retiree health coverage at retirement with 50% electing the \$250 reimbursement benefit over the CalPERS benefit. Of those electing coverage approximately 20% are assumed to elect coverage for their spouse. A female spouse is assumed to be 3 years younger than a male spouse. The City’s \$100 monthly benefit is not assumed to increase in future years. On the other hand, the CalPERS minimum required employer contribution is assumed to increase by 4% each year. The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level percentage-of-pay method on a closed-basis. The remaining amortization period at June 30, 2015 is assumed to be 23 years. The 2013 actuarial study did not include an assumption on the health care trend.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 11 – Other Postemployment Benefits (Continued)

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was 47% funded. The actuarial accrued liability for benefits was \$961,858, and the actuarial value of assets was \$449,520, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$512,338. The covered payroll (annual payroll for active employees covered by the plan) was \$5,189,000, and the ratio of the UAAL to the covered payroll was 9.87%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend rate (estimated annually at between 5% and 7%). 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.

Note 12 – Other Required Disclosures

A. Deficit Net Position/Fund Balances

At June 30, 2015, the Governmental Activities on the Statement of Net Position had an unrestricted net position deficit of (\$16,350,067).

At June 30, 2015, 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	\$ (1,001,031)
State Gas Tax Fund	Special Revenue Fund	(15,177)
Special Projects Fund	Special Revenue Fund	(4,654)
Human Resource and Risk Management	Internal Service Fund	(792,601)
RDA Retirement Obligation	Fiduciary Fund	(11,483,196)

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 13 – Classification of Fund Balances

	Major Funds					Other Governmental Funds	Total
	General Fund	State Gas Tax Fund	Grant Operations Fund	City Debt Service Fund	Capital Improvements		
Nonspendable:							
Inventory	\$ 525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525
Advances to Fiduciary Fund	-	-	-	5,584,159	-	-	5,584,159
Total nonspendable	525	-	-	5,584,159	-	-	5,584,684
Restricted:							
Asset seizure	46,472	-	-	-	-	-	46,472
Asset Seizure - drug/gang	12,233	-	-	-	-	-	12,233
DARE/CHAMPS car donations	2,951	-	-	-	-	-	2,951
Proposition 172	109,724	-	-	-	-	-	109,724
Spay & neuter donations	74,555	-	-	-	-	-	74,555
Freedom park donation	1,430	-	-	-	-	-	1,430
Housing	-	-	-	-	-	59,829	59,829
Debt service	-	-	-	751,356	-	-	751,356
Grant operations	-	-	28,468	-	-	-	28,468
TCRF capital projects	-	-	-	-	-	74,302	74,302
Capital projects	-	-	-	-	-	2,064,484	2,064,484
Community partnership	-	-	-	-	-	138	138
Total restricted	247,365	-	28,468	751,356	-	2,198,753	3,225,942
Committed:							
Park development	-	-	-	-	-	16,508	16,508
Substandard street improvement	-	-	-	-	-	539,000	539,000
Total committed	-	-	-	-	-	555,508	555,508
Assigned:							
Capital improvements	-	-	-	-	532,683	-	532,683
Measure L	1,051,917	-	-	-	-	-	1,051,917
Landscaping & lighting district	-	-	-	-	-	25,378	25,378
Business park capital projects	-	-	-	-	-	37,827	37,827
Total assigned	1,051,917	-	-	-	532,683	63,205	1,647,805
Unassigned	(2,300,838)	(15,177)	-	-	-	(4,654)	(2,320,669)
Total Fund Balances	\$ (1,001,031)	\$ (15,177)	\$ 28,468	\$ 6,335,515	\$ 532,683	\$ 2,812,812	\$ 8,693,270

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 14 – Commitments and Contingencies

A. Litigation

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

B. Grants

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

Note 15 – Prior Period Adjustments

The beginning net position was restated as follows:

	Governmental Activities	Business-Type Activities	Enterprise Funds		Fiduciary Funds
			TDA Transit Fund	Wastewater Fund	Successor Agency to the Ridgecrest Community Redevelopment Agency
Net Position at July 1, 2014	\$ 40,303,302	\$ 33,641,881	\$ 908,788	\$ 32,733,093	\$ (5,787,613)
(1) CalPERS Miscellaneous Classic Plan:					
Net Pension Liabilities (Note 10)	(6,279,909)	(1,664,538)	(850,583)	(813,955)	(328,369)
Deferred outflows of resources	538,200	138,355	70,700	67,655	-
(2) CalPERS Safety Classic Plan:					
Net Pension Liabilities (Note 10)	(7,448,233)	-	-	-	-
Deferred outflows of resources	509,093	-	-	-	-
(3) CalPERS Safety PEPRA Plan:					
Net Pension Liabilities (Note 10)	(114)	-	-	-	-
Deferred outflows of resources	11	-	-	-	-
Subtotal	(12,680,952)	(1,526,183)	(779,883)	(746,300)	(328,369)
Net Position at July 1, 2014, as Restated	\$ 27,622,350	\$ 32,115,698	\$ 128,905	\$ 31,986,793	\$ (6,115,982)

The City implemented GASB Statements No. 68 and No. 71 during the year ended June 30, 2015. The restatement to the beginning net position is to report the net pension liabilities for the City's CalPERS plans in accordance with GASB Statements No. 68 and No. 71 based on the measurement date of June 20, 2014.

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Required Supplementary Information (Unaudited)



City of Ridgecrest
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2015

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, 2015 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2015 will provide authority to complete those transactions.

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

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

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

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 1 – Budgetary Information (Continued)

Budgetary 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	\$ 9,938,031	\$ 9,938,031	\$ 9,356,253	\$ (581,778)
Intergovernmental	368,187	807,217	840,383	33,166
License and permits	168,300	168,300	279,334	111,034
Fines and forfeitures	66,300	66,300	72,806	6,506
Use of property and money	203,030	203,030	239,605	36,575
Charges for services	514,381	514,381	553,864	39,483
Other revenues	247,900	247,900	338,491	90,591
Total revenues	<u>11,506,129</u>	<u>11,945,159</u>	<u>11,680,736</u>	<u>(264,423)</u>
EXPENDITURES:				
Current:				
General government	2,015,064	1,997,229	2,506,451	(509,222)
Public safety	6,639,894	7,174,358	7,098,082	76,276
Public works	455,041	365,109	283,672	81,437
Community development	647,351	658,313	688,464	(30,151)
Health	50,000	68,140	-	68,140
Culture and leisure	1,205,947	1,240,277	1,435,334	(195,057)
Capital outlay	551,492	992,275	-	992,275
Total expenditures	<u>11,564,789</u>	<u>12,495,701</u>	<u>12,012,003</u>	<u>483,698</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(58,660)</u>	<u>(550,542)</u>	<u>(331,267)</u>	<u>219,275</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	2,226,326	1,167,370	1,747,694	580,324
Transfers Out	(1,287,060)	(1,405,194)	(797,168)	608,026
Transfers from Successor Agency	500,000	949,173	698,621	(250,552)
Total other financing sources (uses)	<u>1,439,266</u>	<u>711,349</u>	<u>1,649,147</u>	<u>937,798</u>
Net change in fund balances	<u>\$ 1,380,606</u>	<u>\$ 160,807</u>	<u>1,317,880</u>	<u>\$ 1,157,073</u>
FUND BALANCES:				
Beginning of year			<u>(2,318,911)</u>	
End of year			<u>\$ (1,001,031)</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 1 – Budgetary Information (Continued)

Budgetary Comparison Schedule – State Gas Tax Special Revenue Fund

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ -	\$ 595,000	\$ 755,236	\$ 160,236
Use of property and money	-	-	231	231
Other revenues	-	-	350	350
Total revenues	<u>-</u>	<u>595,000</u>	<u>755,817</u>	<u>160,817</u>
EXPENDITURES:				
Current:				
Public safety	240,000	237,000	217,090	19,910
Transportation	4,503,538	4,011,492	3,485,537	525,955
Total expenditures	<u>4,743,538</u>	<u>4,248,492</u>	<u>3,702,627</u>	<u>545,865</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,743,538)</u>	<u>(3,653,492)</u>	<u>(2,946,810)</u>	<u>706,682</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	575,000	3,737,184	1,399,936	(2,337,248)
Transfers Out	(300,000)	(300,000)	(897,623)	(597,623)
Transfers from Successor Agency	-	-	2,058,882	2,058,882
Total other financing sources (uses)	<u>275,000</u>	<u>3,437,184</u>	<u>2,561,195</u>	<u>(875,989)</u>
Net change in fund balances	<u>\$ (4,468,538)</u>	<u>\$ (216,308)</u>	<u>(385,615)</u>	<u>\$ (169,307)</u>
FUND BALANCE:				
Beginning of year			<u>370,438</u>	
End of year			<u>\$ (15,177)</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 1 – Budgetary Information (Continued)

Budgetary Comparison Schedule – Grant Operations Special Revenue Fund

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 3,220	\$ 3,220	\$ 145,468	\$ 142,248
Use of property and money	-	-	95	95
Total revenues	<u>3,220</u>	<u>3,220</u>	<u>145,563</u>	<u>142,343</u>
EXPENDITURES:				
Current:				
General government	-	-	2,621	(2,621)
Public works	-	3,000	23,071	(20,071)
Total expenditures	<u>-</u>	<u>3,000</u>	<u>25,692</u>	<u>(22,692)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 3,220</u>	<u>\$ 220</u>	119,871	<u>\$ 119,651</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	-	(114,561)	(114,561)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(114,561)</u>	<u>(114,561)</u>
Net change in fund balances	<u>\$ 3,220</u>	<u>\$ 220</u>	5,310	<u>\$ 5,090</u>
FUND BALANCE:				
Beginning of year			<u>23,158</u>	
End of year			<u>\$ 28,468</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 2 – Schedules of the City’s Proportionate Share of the Net Pension Liability and Related Ratios

Miscellaneous Classic Plan - 655

	6/30/2014¹
Plan's proportion of the net pension liability	0.10180%
Plan's proportionate share of the net pension liability	\$ 6,334,571
Plan's covered-employee payroll ²	\$ 3,379,925
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	187.42%
Plan's fiduciary net position	\$ 25,018,992
Plan's fiduciary net position as a percentage of the total pension liability	79.80%
Plan's proportionate share of aggregate employer contributions ^{3,4}	\$ 676,555

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base miscellaneous employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees.

* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

³ The plan’s proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan’s proportionate share of aggregate contributions is based on the plan’s proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the

⁴ This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Plan’s pension expense.

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 2 – Schedules of the City’s Proportionate Share of the Net Pension Liability and Related Ratios (Continued)

Safety Classic Plan – 656

	6/30/2014¹
Plan's proportion of the net pension liability	0.00999%
Plan's proportionate share of the net pension liability	\$ 6,215,614
Plan's covered-employee payroll ²	\$ 2,283,887
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	272.15%
Plan's fiduciary net position	\$ 17,982,036
Plan's fiduciary net position as a percentage of the total pension liability	74.31%
Plan's proportionate share of aggregate employer contributions ^{3,4}	\$ 509,093

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base miscellaneous employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees.

* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

³ The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the

⁴ This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Plan's pension expense.

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 2 – Schedules of the City’s Proportionate Share of the Net Pension Liability and Related Ratios (Continued)

Safety PEPRA Plan – 25708

	6/30/2014¹
Plan's proportion of the net pension liability	0.00000%
Plan's proportionate share of the net pension liability	\$ 86
Plan's covered-employee payroll ²	\$ 51,217
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	0.17%
Plan's fiduciary net position	\$ 378
Plan's fiduciary net position as a percentage of the total pension liability	81.47%
Plan's proportionate share of aggregate employer contributions ^{3,4}	\$ 246

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base miscellaneous employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees.

* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

³ The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the

⁴ This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but it is being shown here because it is used in the calculation of the Plan's pension expense.

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 3 – Schedules of Contributions

Miscellaneous Classic Plan – 655

	2014-15¹	2013-14¹
Contractually determined contribution (actuarially determined)	\$ 506,527	\$ 623,008
Contributions in relation to the actuarially determined contributions ²	(506,527)	(623,008)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ^{3,4}		\$ 3,379,925
Contributions as a percentage of covered-employee payroll ³		18.43%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year (\$4,278,018) was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Valuation date: 6/30/2013

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2011 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 3 – Schedules of Contributions (Continued)

Safety Classic Plan – 656

	2014-15 ¹	2013-14 ¹
Contractually determined contribution (actuarially determined)	\$ 715,378	\$ 754,506
Contributions in relation to the actuarially determined contributions ²	(715,378)	(754,506)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ^{3,4}		\$ 2,283,887
Contributions as a percentage of covered-employee payroll ³		33.04%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year (\$62,282) was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Valuation date: 6/30/2013

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2011 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 3 – Schedules of Contributions (Continued)

Safety PEPR Plan – 25708

	2014-15 ¹	2013-14 ¹
Contractually determined contribution (actuarially determined)	\$ 32,497	\$ 13,990
Contributions in relation to the actuarially determined contributions ²	(32,497)	(13,990)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ^{3,4}		\$ 51,217
Contributions as a percentage of covered-employee payroll ³		27.32%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year (\$201,225) was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Valuation date: 6/30/2013

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2011 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 4 – Schedule of Funding Progress – Other Postemployment Benefits Plan

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

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Supplementary Information



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Non-Major Governmental Funds



City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	Special Revenue Funds			
	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement
ASSETS				
Cash and investments	\$ 16,499	\$ -	\$ 37,807	\$ -
Receivables:				
Accounts	-	180,261	-	-
Interest	9	-	20	-
Loans	-	-	-	-
Deposits	-	-	-	-
Total assets	<u>\$ 16,508</u>	<u>\$ 180,261</u>	<u>\$ 37,827</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	-	180,261	-	-
Committed	16,508	-	-	-
Assigned	-	-	37,827	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>16,508</u>	<u>180,261</u>	<u>37,827</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,508</u>	<u>\$ 180,261</u>	<u>\$ 37,827</u>	<u>\$ -</u>

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2015

	Special Revenue Funds			
	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee
ASSETS				
Cash and investments	\$ 74,263	\$ -	\$ 176,959	\$ 400,616
Receivables:				
Accounts	-	-	-	-
Interest	39	-	91	207
Loans	-	-	-	-
Deposits	-	-	-	-
Total assets	<u>\$ 74,302</u>	<u>\$ -</u>	<u>\$ 177,050</u>	<u>\$ 400,823</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 4,654	\$ -	\$ -
Total liabilities	<u>-</u>	<u>4,654</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	74,302	-	177,050	400,823
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	(4,654)	-	-
Total fund balances	<u>74,302</u>	<u>(4,654)</u>	<u>177,050</u>	<u>400,823</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 74,302</u>	<u>\$ -</u>	<u>\$ 177,050</u>	<u>\$ 400,823</u>

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2015

	Special Revenue Funds			
	Park Development Impact Fee	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant
ASSETS				
Cash and investments	\$ 247,289	\$ 117,525	\$ 940,861	\$ 138
Receivables:				
Accounts	-	-	-	-
Interest	128	61	486	-
Loans	-	-	-	-
Deposits	-	-	-	-
Total assets	<u>\$ 247,417</u>	<u>\$ 117,586</u>	<u>\$ 941,347</u>	<u>\$ 138</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	247,417	117,586	941,347	138
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>247,417</u>	<u>117,586</u>	<u>941,347</u>	<u>138</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 247,417</u>	<u>\$ 117,586</u>	<u>\$ 941,347</u>	<u>\$ 138</u>

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2015

	Special Revenue Funds		Capital Projects Funds	Total Other Governmental Funds
	Housing Authority	Landscaping and Lighting	Sub-Standard Streets Improvements	
ASSETS				
Cash and investments	\$ 59,775	\$ 25,365	\$ 528,486	\$ 2,625,583
Receivables:				
Accounts	-	-	-	180,261
Interest	-	13	273	1,327
Loans	254,810	-	-	254,810
Deposits	-	-	10,241	10,241
Total assets	\$ 314,585	\$ 25,378	\$ 539,000	\$ 3,072,222
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,654
Total liabilities	-	-	-	4,654
Deferred Inflows of Resources:				
Unavailable revenue	254,756	-	-	254,756
Total deferred inflows of resources	254,756	-	-	254,756
Fund Balances:				
Restricted	59,829	-	-	2,198,753
Committed	-	-	539,000	555,508
Assigned	-	25,378	-	63,205
Unassigned (deficit)	-	-	-	(4,654)
Total fund balances	59,829	25,378	539,000	2,812,812
Total liabilities, deferred inflows of resources and fund balances	\$ 314,585	\$ 25,378	\$ 539,000	\$ 3,072,222

(Concluded)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			
	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement
REVENUES:				
Taxes	\$ -	\$ 673,924	\$ -	\$ -
Intergovernmental	-	-	-	106,230
License and permits	-	-	-	-
Assessment levied	-	-	-	-
Use of money and property	32	241	74	84
Other revenues	-	-	-	-
Total revenues	<u>32</u>	<u>674,165</u>	<u>74</u>	<u>106,314</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>32</u>	<u>674,165</u>	<u>74</u>	<u>106,314</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	-	(969,039)	-	(106,367)
Total other financing sources (uses)	<u>-</u>	<u>(969,039)</u>	<u>-</u>	<u>(106,367)</u>
Net changes in fund balances	32	(294,874)	74	(53)
FUND BALANCES:				
Beginning of year	16,476	475,135	37,753	53
End of year	<u>\$ 16,508</u>	<u>\$ 180,261</u>	<u>\$ 37,827</u>	<u>\$ -</u>

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			
	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
License and permits	-	-	5,512	22,588
Assessment levied	-	-	-	-
Use of money and property	148	25	342	786
Other revenues	-	-	-	-
Total revenues	<u>148</u>	<u>25</u>	<u>5,854</u>	<u>23,374</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Community development	-	36,728	-	-
Total expenditures	<u>-</u>	<u>36,728</u>	<u>-</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>148</u>	<u>(36,703)</u>	<u>5,854</u>	<u>23,374</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	1,683	-	-
Transfers Out	(560)	-	-	(16,278)
Total other financing sources (uses)	<u>(560)</u>	<u>1,683</u>	<u>-</u>	<u>(16,278)</u>
Net changes in fund balances	(412)	(35,020)	5,854	7,096
FUND BALANCES:				
Beginning of year	<u>74,714</u>	<u>30,366</u>	<u>171,196</u>	<u>393,727</u>
End of year	<u>\$ 74,302</u>	<u>\$ (4,654)</u>	<u>\$ 177,050</u>	<u>\$ 400,823</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, 2015

	Special Revenue Funds			
	Park Development Impact Fee	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
License and permits	6,056	9,192	226,724	-
Assessment levied	-	-	-	-
Use of money and property	481	222	1,832	-
Other revenues	-	-	-	-
Total revenues	<u>6,537</u>	<u>9,414</u>	<u>228,556</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	320,000	-
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>320,000</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>6,537</u>	<u>9,414</u>	<u>(91,444)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	6,537	9,414	(91,444)	-
FUND BALANCES:				
Beginning of year	<u>240,880</u>	<u>108,172</u>	<u>1,032,791</u>	<u>138</u>
End of year	<u>\$ 247,417</u>	<u>\$ 117,586</u>	<u>\$ 941,347</u>	<u>\$ 138</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, 2015

	Special Revenue Funds		Capital Projects Funds	Total Other Governmental Funds
	Housing Authority	Landscaping And Lighting	Sub-Standard Streets Improvements	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 673,924
Intergovernmental	-	-	-	106,230
License and permits	-	-	-	270,072
Assessment levied	-	10,526	-	10,526
Use of money and property	7,618	99	1,035	13,019
Other revenues	13,788	-	1,800	15,588
Total revenues	<u>21,406</u>	<u>10,625</u>	<u>2,835</u>	<u>1,089,359</u>
EXPENDITURES:				
Current:				
General government	-	3,990	-	3,990
Public safety	-	198	-	198
Transportation	-	-	-	320,000
Community development	-	-	-	36,728
Total expenditures	<u>-</u>	<u>4,188</u>	<u>-</u>	<u>360,916</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>21,406</u>	<u>6,437</u>	<u>2,835</u>	<u>728,443</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	1,683
Transfers Out	(1,083)	-	-	(1,093,327)
Total other financing sources (uses)	<u>(1,083)</u>	<u>-</u>	<u>-</u>	<u>(1,091,644)</u>
Net changes in fund balances	20,323	6,437	2,835	(363,201)
FUND BALANCES:				
Beginning of year	<u>39,506</u>	<u>18,941</u>	<u>536,165</u>	<u>3,176,013</u>
End of year	<u>\$ 59,829</u>	<u>\$ 25,378</u>	<u>\$ 539,000</u>	<u>\$ 2,812,812</u>

(Concluded)

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Park Development Fee - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 32	\$ 32
Total revenues	<u>-</u>	<u>-</u>	<u>32</u>	<u>32</u>
EXPENDITURES:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>32</u>	<u>\$ 32</u>
FUND BALANCE:				
Beginning of year			<u>16,476</u>	
End of year			<u>\$ 16,508</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
TDA Street Fund - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 673,924	\$ 673,924
Use of money and property	-	-	241	241
Total revenues	<u>-</u>	<u>-</u>	<u>674,165</u>	<u>674,165</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(575,000)	(969,039)	(394,039)
Total other financing sources (uses)	<u>-</u>	<u>(575,000)</u>	<u>(969,039)</u>	<u>(394,039)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (575,000)</u>	<u>(294,874)</u>	<u>\$ 280,126</u>
FUND BALANCE:				
Beginning of year			<u>475,135</u>	
End of year			<u>\$ 180,261</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Business Park - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 74	\$ 74
Total revenues	<u>-</u>	<u>-</u>	<u>74</u>	<u>74</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>74</u>	<u>\$ 74</u>
FUND BALANCE:				
Beginning of year			<u>37,753</u>	
End of year			<u>\$ 37,827</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Supplemental Law Enforcement - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 106,230	\$ 106,230
Use of property and money	-	-	84	84
Total revenues	<u>-</u>	<u>-</u>	<u>106,314</u>	<u>106,314</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(106,367)	(106,367)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(106,367)</u>	<u>(106,367)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(53)</u>	<u>\$ (53)</u>
FUND BALANCE:				
Beginning of year			<u>53</u>	
End of year			<u>\$ -</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Traffic Congestion Relief - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 148	\$ 148
Total revenues	<u>-</u>	<u>-</u>	<u>148</u>	<u>148</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(412)	<u>\$ (412)</u>
FUND BALANCE:				
Beginning of year			<u>74,714</u>	
End of year			<u>\$ 74,302</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Special Projects - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Use of property and money	-	-	25	25
Total revenues	<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>
EXPENDITURES:				
Current:				
Community development	-	106,679	36,728	69,951
Total expenditures	<u>-</u>	<u>106,679</u>	<u>36,728</u>	<u>69,951</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(106,679)</u>	<u>(36,703)</u>	<u>69,976</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	27,700	1,683	(26,017)
Total other financing sources (uses)	<u>-</u>	<u>27,700</u>	<u>1,683</u>	<u>(26,017)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (78,979)</u>	<u>(35,020)</u>	<u>\$ 43,959</u>
FUND BALANCE:				
Beginning of year			<u>30,366</u>	
End of year			<u>\$ (4,654)</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Fire Facilities Improvements - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 5,512	\$ 5,512
Use of property and money	-	-	342	342
Total revenues	<u>-</u>	<u>-</u>	<u>5,854</u>	<u>5,854</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,854</u>	<u>\$ 5,854</u>
FUND BALANCE:				
Beginning of year			<u>171,196</u>	
End of year			<u>\$ 177,050</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Traffic Impact Fee - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 22,588	\$ 22,588
Use of property and money	-	-	786	786
Total revenues	<u>-</u>	<u>-</u>	<u>23,374</u>	<u>23,374</u>
EXPENDITURES:				
Current:				
Transportation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>23,374</u>	<u>23,374</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(16,277)	(16,278)	(1)
Total other financing sources (uses)	<u>-</u>	<u>(16,277)</u>	<u>(16,278)</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (16,277)</u>	7,096	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>393,727</u>	
End of year			<u>\$ 400,823</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Park Development Impact Fee - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 6,056	\$ 6,056
Use of property and money	-	-	481	481
Total revenues	<u>-</u>	<u>-</u>	<u>6,537</u>	<u>6,537</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>6,537</u>	<u>\$ 6,537</u>
FUND BALANCE:				
Beginning of year			<u>240,880</u>	
End of year			<u>\$ 247,417</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Law Enforcement Improvement Fee - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 9,192	\$ 9,192
Use of property and money	-	-	222	222
Total revenues	<u>-</u>	<u>-</u>	<u>9,414</u>	<u>9,414</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	9,414	<u>\$ 9,414</u>
FUND BALANCE:				
Beginning of year			<u>108,172</u>	
End of year			<u>\$ 117,586</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Storm Drainage Facilities - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 226,724	\$ 226,724
Use of property and money	-	-	1,832	1,832
Total revenues	<u>-</u>	<u>-</u>	<u>228,556</u>	<u>228,556</u>
EXPENDITURES:				
Current:				
Transportation		320,000	320,000	-
Total expenditures	<u>-</u>	<u>320,000</u>	<u>320,000</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES				
	<u>-</u>	<u>(320,000)</u>	<u>(91,444)</u>	<u>228,556</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(91,444)</u>	<u>\$ 228,556</u>
FUND BALANCE:				
Beginning of year			<u>1,032,791</u>	
End of year			<u>\$ 941,347</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Community Partnership Grant - Special Revenue Fund
For the Year Ended June 30, 2015

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

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Housing Authority - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 7,618	\$ 7,618
Other revenues	-	-	13,788	13,788
Total revenues	-	-	21,406	21,406
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
REVENUE OVER (UNDER) EXPENDITURES	-	-	21,406	21,406
OTHER FINANCING SOURCES:				
Transfers out	-	-	(1,083)	(1,083)
Total other financing sources	-	-	(1,083)	(1,083)
Net change in fund balance	\$ -	\$ -	20,323	\$ 20,323
FUND BALANCE:				
Beginning of year			39,506	
End of year			\$ 59,829	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Landscaping and Lighting - Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ 5,200	\$ 10,526	\$ 5,326
Other revenues	-	-	99	99
Total revenues	<u>-</u>	<u>5,200</u>	<u>10,625</u>	<u>5,425</u>
EXPENDITURES:				
Current:				
General government	-	5,090	3,990	1,100
Public safety	-	-	198	198
Total expenditures	<u>-</u>	<u>5,090</u>	<u>4,188</u>	<u>1,298</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>110</u>	<u>6,437</u>	<u>6,723</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 110</u>	<u>6,437</u>	<u>\$ 6,723</u>
FUND BALANCE:				
Beginning of year			<u>18,941</u>	
End of year			<u>\$ 25,378</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Sub-Standard Streets Improvements - Capital Projects Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 1,035	\$ 1,035
Other revenues	20,000	20,000	1,800	(18,200)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>2,835</u>	<u>(17,165)</u>
Net change in fund balance	<u>\$ 20,000</u>	<u>\$ 20,000</u>	2,835	<u>\$ (17,165)</u>
FUND BALANCE:				
Beginning of year			<u>536,165</u>	
End of year			<u>\$ 539,000</u>	

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Internal Service Funds



INTERNAL SERVICE FUND FINANCIAL STATEMENTS

Internal Service Funds of the City are outlined below:

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

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

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

City of Ridgecrest
Combining Statement of Net Position
All Internal Service Funds
June 30, 2015

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
ASSETS				
Current assets:				
Cash and investments	\$ 454,020	\$ 31,995	\$ 198,904	\$ 684,919
Accounts receivable	16,720	-	103	16,823
Inventories	-	-	16,356	16,356
Total current assets	470,740	31,995	215,363	718,098
Noncurrent assets:				
Capital assets:				
Depreciable	-	-	412,893	412,893
Less: accumulated depreciation	-	-	(412,893)	(412,893)
Total capital assets	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	470,740	31,995	215,363	718,098
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ -	\$ 31,995	\$ 16,966	48,961
Salaries payable	2,874	-	1,762	4,636
Claims payable - due within one year	947,842	-	-	947,842
Total current liabilities	950,716	31,995	18,728	1,001,439
Noncurrent liabilities:				
Claims payable - due in more than one year	312,625	-	-	312,625
Total noncurrent liabilities	312,625	-	-	312,625
Total liabilities	1,263,341	31,995	18,728	1,314,064
NET POSITION				
Net investment in capital assets	-	-	-	-
Unrestricted (deficit)	(792,601)	-	196,635	(595,966)
Total net position	\$ (792,601)	\$ -	\$ 196,635	\$ (595,966)

City of Ridgecrest
Combining Statements of Revenues, Expenses and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2015

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
OPERATING REVENUES:				
Charges for services	\$ 327,146	\$ -	\$ 482,205	\$ 809,351
Other revenue	750,644	-	-	750,644
Total operating revenues	<u>1,077,790</u>	<u>-</u>	<u>482,205</u>	<u>1,559,995</u>
OPERATING EXPENSES:				
Administration	773,609	735,109	365,814	1,874,532
Depreciation	-	-	19,556	19,556
Total operating expenses	<u>773,609</u>	<u>735,109</u>	<u>385,370</u>	<u>1,894,088</u>
OPERATING INCOME (LOSS)	<u>304,181</u>	<u>(735,109)</u>	<u>96,835</u>	<u>(334,093)</u>
NONOPERATING REVENUES:				
Use of money and property	1,172	-	320	1,492
Total nonoperating revenues	<u>1,172</u>	<u>-</u>	<u>320</u>	<u>1,492</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>305,353</u>	<u>(735,109)</u>	<u>97,155</u>	<u>(332,601)</u>
TRANSFERS:				
Transfers in	425,723	735,109	-	1,160,832
Transfers out	(970,267)	-	(96,835)	(1,067,102)
Total transfers	<u>(544,544)</u>	<u>735,109</u>	<u>(96,835)</u>	<u>93,730</u>
Changes in net position	(239,191)	-	320	(238,871)
NET POSITION:				
Beginning of year	(553,410)	-	196,315	(357,095)
End of year	<u>\$ (792,601)</u>	<u>\$ -</u>	<u>\$ 196,635</u>	<u>\$ (595,966)</u>

City of Ridgecrest
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2015

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user departments	\$ 310,426	\$ -	\$ 482,102	\$ 792,528
Payments to suppliers or employees for goods and services	(44,074)	(751,763)	(360,099)	(1,155,936)
Insurance premiums and settlements and insurance recovery	(965,370)	-	-	(965,370)
Others	750,644	-	-	750,644
Net cash provided by (used in) operating activities	51,626	(751,763)	122,003	(578,134)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	425,723	735,109	-	1,160,832
Transfers out	(970,267)	-	(96,835)	(1,067,102)
Net cash provided by (used in) noncapital financing activities	(544,544)	735,109	(96,835)	93,730
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	1,745	-	374	2,119
Net cash provided by investing activities	1,745	-	374	2,119
Net change in cash and cash equivalents	(491,173)	(16,654)	25,542	(482,285)
CASH AND CASH EQUIVALENTS				
Beginning of year	945,193	48,649	173,362	1,167,204
End of year	\$ 454,020	\$ 31,995	\$ 198,904	\$ 684,919
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 304,181	\$ (735,109)	\$ 96,835	\$ (334,093)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	19,556	19,556
Changes in current assets and liabilities:				
Accounts receivable	(16,720)	-	(103)	(16,823)
Inventories	-	-	4,348	4,348
Accounts payable	(1,430)	(16,654)	1,419	(16,665)
Salaries payable	2,816	-	(52)	2,764
Claims payable	(237,221)	-	-	(237,221)
Total adjustments	(252,555)	(16,654)	25,168	(244,041)
Net cash provided by (used in) operating activities	\$ 51,626	\$ (751,763)	\$ 122,003	\$ (578,134)

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

Fiduciary Funds



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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City of Ridgecrest
Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2015

	Private Purpose Trust Funds		
	Donations	RDA Obligation Retirement	Total
ASSETS			
Cash and investments	\$ 2,031	\$ 8,788,751	\$ 8,790,782
Investments with fiscal agents	-	9,041,168	9,041,168
Accounts receivable	-	-	-
Interest receivable	-	125,474	125,474
Loans receivable	-	3,050,978	3,050,978
Capital assets:			
Non-depreciable	-	2,202,440	2,202,440
Depreciable, net	-	2,134,349	2,134,349
Total assets	2,031	25,343,160	25,345,191
LIABILITIES			
Accounts payable	-	8,361	8,361
Deposits payable	-	2,000	2,000
Advances from City of Ridgecrest	-	8,088,774	8,088,774
Pension-related liability	-	328,368	328,368
Long-term debt	-	28,398,853	28,398,853
Total liabilities	-	36,826,356	36,826,356
NET POSITION			
Held in trust	2,031	(11,483,196)	(11,481,165)
Total net position	\$ 2,031	\$ (11,483,196)	\$ (11,481,165)

City of Ridgecrest
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the Year Ended June 30, 2015

	Private Purpose Trust Funds		
	Donations	RDA Obligation Retirement	Total
ADDITIONS:			
Taxes	\$ -	\$ 3,910,650	\$ 3,910,650
Revenue from use of money and property	-	93,490	93,490
Other revenue	1,934	-	1,934
Total additions	<u>1,934</u>	<u>4,004,140</u>	<u>4,006,074</u>
DEDUCTIONS:			
Community development	-	2,165,375	2,165,375
Depreciation expense	-	271,968	271,968
Interest expense	-	1,779,733	1,779,733
Transfers to City of Ridgecrest (Note 6)	-	5,154,181	5,154,181
Total deductions	<u>-</u>	<u>9,371,257</u>	<u>9,371,257</u>
Changes in net position	1,934	(5,367,117)	(5,365,183)
NET POSITION:			
Beginning of year, as restated (Note 15)	97	(6,116,079)	(6,115,982)
End of year	<u>\$ 2,031</u>	<u>\$ (11,483,196)</u>	<u>\$ (11,481,165)</u>

City of Ridgecrest
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 448,716	\$ 2,207	\$ -	\$ 450,923
Interest receivable	272	319	(272)	319
Total assets	\$ 448,988	\$ 2,526	\$ (272)	\$ 451,242
Liabilities:				
Due to City of Ridgecrest	\$ 56,345	\$ -	\$ -	\$ 56,345
Due to bondholders - special assessment district	392,643	2,254	-	394,897
Total liabilities	\$ 448,988	\$ 2,254	\$ -	\$ 451,242

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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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				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 42,325,287	\$ 34,386,270	\$ 35,668,108	\$ 35,805,602	\$ 8,428,496
Restricted	9,961,497	10,718,146	2,614,715	2,730,315	36,879,459
Unrestricted	(16,350,067)	(4,801,114)	3,974,360	2,126,223	11,269,841
Total governmental activities net position	<u>35,936,717</u>	<u>40,303,302</u>	<u>42,257,183</u>	<u>40,662,140</u>	<u>56,577,796</u>
Business type activities					
Invested in capital assets, net of related debt	15,069,345	15,581,116	16,054,395	16,378,348	16,045,080
Restricted	-	-	-	-	-
Unrestricted	18,473,732	18,060,765	16,389,245	15,849,625	9,755,416
Total business type activities net position	<u>33,543,077</u>	<u>33,641,881</u>	<u>32,443,640</u>	<u>32,227,973</u>	<u>25,800,496</u>
Primary government					
Invested in capital assets, net of related debt	57,394,632	49,967,386	51,722,503	52,183,950	24,473,576
Restricted	9,961,497	10,718,146	2,614,715	2,730,315	36,879,459
Unrestricted	2,123,665	13,259,651	20,363,605	17,975,848	21,025,257
Total primary government net position	<u>\$ 69,479,794</u>	<u>\$ 73,945,183</u>	<u>\$ 74,700,823</u>	<u>\$ 72,890,113</u>	<u>\$ 82,378,292</u>

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

	Fiscal Years				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 31,515,820	\$ 32,676,918	\$ 34,321,803	\$ 36,151,924	\$ 36,723,055
Restricted	25,130,907	23,615,054	18,483,103	12,758,127	9,423,134
Unrestricted	(220,511)	798,741	2,858,388	2,914,754	3,210,134
Total governmental activities net position	<u>56,426,216</u>	<u>57,090,713</u>	<u>55,663,294</u>	<u>51,824,805</u>	<u>49,356,323</u>
Business type activities					
Invested in capital assets, net of related debt	16,522,152	16,979,238	17,259,625	17,439,700	16,761,833
Restricted	-	-	-	-	-
Unrestricted	11,109,512	11,807,479	11,511,303	13,002,769	12,279,782
Total business type activities net position	<u>27,631,664</u>	<u>28,786,717</u>	<u>28,770,928</u>	<u>30,442,469</u>	<u>29,041,615</u>
Primary government					
Invested in capital assets, net of related debt	48,037,972	49,656,156	51,581,428	53,591,624	53,484,888
Restricted	25,130,907	23,615,054	18,483,103	12,758,127	9,423,134
Unrestricted	10,889,001	12,606,220	14,369,691	15,917,523	15,489,916
Total primary government net position	<u>\$ 84,057,880</u>	<u>\$ 85,877,430</u>	<u>\$ 84,434,222</u>	<u>\$ 82,267,274</u>	<u>\$ 78,397,938</u>

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

	Fiscal Years				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Governmental activities:					
General government	\$ 2,298,464	\$ 2,393,838	\$ 1,818,304	\$ 1,876,073	\$ 110,641
Public safety	7,436,539	7,833,984	7,161,993	6,683,638	7,990,857
Public works	2,848,720	2,413,076	2,787,797	2,758,511	3,041,354
Transportation	3,284,356	2,097,999	753,762	1,005,682	1,677,918
Community development	817,626	703,912	1,178,359	4,963,100	3,394,765
Health	-	5,270	76,939	-	63,565
Culture and leisure	1,679,152	1,756,316	1,745,953	1,648,072	2,088,659
Interest and fiscal agent fees	292,989	319,028	345,295	1,530,204	2,434,697
Total governmental activities expenses	<u>18,657,846</u>	<u>17,523,423</u>	<u>15,868,402</u>	<u>20,465,280</u>	<u>20,802,455</u>
Business type activities:					
TDA Transit	757,646	868,224	887,416	619,971	589,224
Wastewater	2,082,287	1,519,731	1,558,143	1,485,273	2,606,452
Solid Waste Collection	-	-	38,905	161,257	699,218
Total business type activities expenses	<u>2,839,933</u>	<u>2,387,955</u>	<u>2,484,464</u>	<u>2,266,501</u>	<u>3,894,894</u>
Total primary government expenses	<u>\$ 21,497,779</u>	<u>\$ 19,911,378</u>	<u>\$ 18,352,866</u>	<u>\$ 22,731,781</u>	<u>\$ 24,697,349</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	270,810	326,982	192,539	195,656	184,130
Public safety	392,093	186,170	304,361	298,244	310,398
Public works	-	223,811	25,000	-	-
Transportation	-	13,970	230	-	-
Community development	287,611	-	357,550	225,504	517,003
Health	-	-	-	41,754	-
Culture and leisure	345,877	292,439	326,930	425,213	475,348
Operating grants and contributions	2,315,476	1,982,127	1,979,447	1,622,484	1,885,581
Capital grants and contributions	7,728,784	384,661	2,332,772	1,057,999	998,583
Total governmental activities program revenues	<u>11,340,651</u>	<u>3,410,160</u>	<u>5,518,829</u>	<u>3,866,854</u>	<u>4,371,043</u>
Business type activities:					
Charges for services:					
TDA Transit	252,359	273,698	346,509	212,819	213,410
Wastewater	3,893,420	2,650,298	1,814,935	2,019,185	1,911,187
Solid Waste Collection	-	-	-	820	29,158
Operating grants and contributions	92,834	259,868	225,974	1,597,115	131,539
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	<u>4,238,613</u>	<u>3,183,864</u>	<u>2,387,418</u>	<u>3,829,939</u>	<u>2,285,294</u>
Total primary government program revenues	<u>\$ 15,579,264</u>	<u>\$ 6,594,024</u>	<u>\$ 7,906,247</u>	<u>\$ 7,696,793</u>	<u>\$ 6,656,337</u>
Net (Expense)/Revenue					
Governmental activities	(7,317,195)	(14,113,263)	(10,349,573)	(16,598,426)	(16,431,412)
Business type activities	1,398,680	795,909	(97,046)	1,563,438	(1,609,600)
Total primary government net expense	<u>\$ (5,918,515)</u>	<u>\$ (13,317,354)</u>	<u>\$ (10,446,619)</u>	<u>\$ (15,034,988)</u>	<u>\$ (18,041,012)</u>

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

	Fiscal Years				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses					
Governmental activities:					
General government	\$ 822,032	\$ 639,444	\$ 1,968,944	\$ 1,248,003	\$ 1,788,039
Public safety	7,577,267	7,706,699	7,390,384	6,272,651	5,977,850
Public works	319,912	2,056,581	1,858,022	2,755,773	1,144,047
Transportation	3,590,557	2,559,837	2,460,727	847,028	1,491,230
Community development	6,214,074	3,412,566	2,379,597	2,726,996	3,010,805
Health	23,813	92,882	174,055	1,135,383	897,909
Culture and leisure	2,087,149	2,428,923	2,425,245	2,062,233	1,661,169
Interest and fiscal agent fees	897,803	927,854	973,731	927,572	2,176,002
Total governmental activities expenses	<u>21,532,607</u>	<u>19,824,786</u>	<u>19,630,705</u>	<u>17,975,640</u>	<u>18,147,051</u>
Business type activities:					
TDA Transit	661,514	789,718	714,560	664,494	657,291
Wastewater	2,167,812	2,117,372	2,922,903	1,322,303	1,877,549
Solid Waste Collection	850,423	-	-	-	-
Total business type activities expenses	<u>3,679,749</u>	<u>2,907,090</u>	<u>3,637,463</u>	<u>1,986,797</u>	<u>2,534,840</u>
Total primary government expenses	<u>\$ 25,212,356</u>	<u>\$ 22,731,876</u>	<u>\$ 23,268,168</u>	<u>\$ 19,962,437</u>	<u>\$ 20,681,891</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	173,352	196,411	189,506	216,526	53,026
Public safety	391,308	371,973	340,599	265,239	210,805
Public works	-	-	-	-	-
Transportation	70	1,034	850	-	-
Community development	739,191	147,325	696,801	636,286	1,013,269
Health	-	-	-	25	-
Culture and leisure	500,996	484,910	462,904	417,666	404,028
Operating grants and contributions	1,253,997	1,384,420	1,112,823	890,959	763,657
Capital grants and contributions	939,616	766,742	1,474,279	1,277,771	432,633
Total governmental activities program revenues	<u>3,998,530</u>	<u>3,352,815</u>	<u>4,277,762</u>	<u>3,704,472</u>	<u>2,877,418</u>
Business type activities:					
Charges for services:					
TDA Transit	254,543	247,294	251,131	159,721	93,024
Wastewater	1,765,195	1,982,131	1,768,552	2,147,081	2,105,194
Solid Waste Collection	76,532	-	-	-	-
Operating grants and contributions	97,657	-	94,663	54,811	-
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	<u>2,193,927</u>	<u>2,229,425</u>	<u>2,114,346</u>	<u>2,361,613</u>	<u>2,198,218</u>
Total primary government program revenues	<u>\$ 6,192,457</u>	<u>\$ 5,582,240</u>	<u>\$ 6,392,108</u>	<u>\$ 6,066,085</u>	<u>\$ 5,075,636</u>
Net (Expense)/Revenue					
Governmental activities	(17,534,077)	(16,471,971)	(15,352,943)	(14,271,168)	(15,269,633)
Business type activities	(1,485,822)	(677,665)	(1,523,117)	374,816	(336,622)
Total primary government net expense	<u>\$ (19,019,899)</u>	<u>\$ (17,149,636)</u>	<u>\$ (16,876,060)</u>	<u>\$ (13,896,352)</u>	<u>\$ (15,606,255)</u>

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

	Fiscal Years				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	1,600,406	1,967,098	3,284,155	6,252,553	9,616,160
Sales taxes	5,681,776	5,314,304	4,440,039	3,171,044	3,020,160
Transient occupancy taxes	1,218,081	1,150,741	1,094,855	1,151,215	1,144,883
Special assessments	282,488	74,113	170,658	292,654	-
Other taxes	703,389	694,879	720,671	573,695	1,771,046
Investment earnings	18,355	20,619	21,423	111,677	261,784
Miscellaneous	357,064	396,063	973,607	409,138	245,232
Gain (loss) on disposal of capital assets	-	-	-	-	-
Loss from dissolution of former RDA	-	-	-	(8,072,793)	-
Revenues from Fiduciary Fund	5,154,181	2,278,026	706,518	571,414	-
Transfers	615,822	263,539	532,690	(3,777,827)	523,727
Total governmental activities	<u>15,631,562</u>	<u>12,159,382</u>	<u>11,944,616</u>	<u>682,770</u>	<u>16,582,992</u>
Business type activities:					
Other taxes	577,392	614,050	768,613	890,633	248,368
Investment earnings	48,259	41,852	40,947	39,196	45,705
Miscellaneous	18,870	9,969	35,843	156,383	8,086
Capital Contribution	-	-	-	-	-
Transfers	(615,822)	(263,539)	(532,690)	3,777,827	(523,727)
Total business type activities	<u>28,699</u>	<u>402,332</u>	<u>312,713</u>	<u>4,864,039</u>	<u>(221,568)</u>
Total primary government	<u>\$ 15,660,261</u>	<u>\$ 12,561,714</u>	<u>\$ 12,257,329</u>	<u>\$ 5,546,809</u>	<u>\$ 16,361,424</u>
Change in Net Position					
Governmental activities	8,314,367	(1,953,881)	1,595,043	(15,915,656)	151,580
Business type activities	1,427,379	1,198,241	215,667	6,427,477	(1,831,168)
Total primary government	<u>\$ 9,741,746</u>	<u>\$ (755,640)</u>	<u>\$ 1,810,710</u>	<u>\$ (9,488,179)</u>	<u>\$ (1,679,588)</u>

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

	Fiscal Years				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Revenues and					
Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	10,044,411	9,915,676	9,573,705	8,621,750	6,520,691
Sales taxes	2,856,313	3,297,900	2,996,734	3,477,010	3,392,280
Transient occupancy taxes	1,411,903	1,347,063	1,168,986	999,839	886,816
Special assessments	-	-	-	-	-
Other taxes	1,838,583	1,613,908	2,520,571	1,797,384	2,121,018
Investment earnings	131,130	99,550	743,954	743,571	454,613
Miscellaneous	116,840	1,180,496	868,501	819,361	2,171,014
Gain (loss) on disposal of capital assets	-	-	-	-	809,326
Loss from dissolution of former RDA	-	-	-	-	-
Revenues from Fiduciary Fund	-	-	-	-	-
Transfers	470,400	444,799	1,318,981	280,735	401,031
Total governmental activities	<u>16,869,580</u>	<u>17,899,392</u>	<u>19,191,432</u>	<u>16,739,650</u>	<u>16,756,789</u>
Business type activities:					
Other taxes	665,449	776,431	563,141	614,994	718,734
Investment earnings	127,570	349,595	596,679	683,951	502,255
Miscellaneous	8,150	12,227	10,737	7,828	13,388
Capital Contribution	-	-	-	-	257,375
Transfers	(470,400)	(444,799)	(1,318,981)	(280,735)	(401,031)
Total business type activities	<u>330,769</u>	<u>693,454</u>	<u>(148,424)</u>	<u>1,026,038</u>	<u>1,090,721</u>
Total primary government	<u>\$ 17,200,349</u>	<u>\$ 18,592,846</u>	<u>\$ 19,043,008</u>	<u>\$ 17,765,688</u>	<u>\$ 17,847,510</u>
Change in Net Position					
Governmental activities	(664,497)	1,427,421	3,838,489	2,468,482	1,487,156
Business type activities	(1,155,053)	15,789	(1,671,541)	1,400,854	754,099
Total primary government	<u>\$ (1,819,550)</u>	<u>\$ 1,443,210</u>	<u>\$ 2,166,948</u>	<u>\$ 3,869,336</u>	<u>\$ 2,241,255</u>

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

	Fiscal Years				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund					
Nonspendable	\$ 525	\$ 996	\$ 1,935	\$ -	\$ -
Restricted	247,365	213,216	300,242	69,667	164,835
Committed	-	-	-		
Assigned	1,051,917		-		375,678
Unassigned	<u>(2,300,838)</u>	<u>(2,533,123)</u>	<u>(2,491,783)</u>	<u>(4,300,138)</u>	<u>(613,171)</u>
Total General Fund	<u>(1,001,031)</u>	<u>(2,318,911)</u>	<u>(2,189,606)</u>	<u>(4,230,471)</u>	<u>(72,658)</u>
All other governmental funds					
Nonspendable	5,584,159	6,034,159	6,464,159	6,874,159	-
Restricted	2,978,577	3,341,192	3,065,829	3,412,004	44,735,139
Committed	555,508	923,079	544,340	527,029	30,421
Assigned	595,888	206,500	466,216	274,695	4,208,621
Unassigned	(19,831)	-	838,902	(339,858)	(164,741)
Total all other governmental funds	<u>\$ 9,694,301</u>	<u>\$ 10,504,930</u>	<u>\$ 11,379,446</u>	<u>\$ 10,748,029</u>	<u>\$ 48,809,440</u>
TOTAL FUND BALANCES	\$ 8,693,270	\$ 8,186,019	\$ 9,189,840	\$ 6,517,558	\$ 48,736,782

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

	Fiscal Years				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	302,583	665,322	465,103	619,360	305,836
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	236,708	903,897	1,124,552	1,587,568	2,359,373
Total General Fund	<u>539,291</u>	<u>1,569,219</u>	<u>1,589,655</u>	<u>2,206,928</u>	<u>2,665,209</u>
All other governmental funds					
Nonspendable					
Restricted	11,019,602	11,158,572	11,121,284	11,361,910	13,184,361
Committed					
Assigned					
Unassigned	13,937,333	12,508,015	7,437,018	704,862	(5,434,237)
Total all other governmental funds	<u>\$ 24,956,935</u>	<u>\$ 23,666,587</u>	<u>\$ 18,558,302</u>	<u>\$ 12,066,772</u>	<u>\$ 7,750,124</u>
TOTAL FUND BALANCES	\$ 25,496,226	\$ 25,235,806	\$ 20,147,957	\$ 14,273,700	\$ 10,415,333

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

	Fiscal Years				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues					
Taxes	\$ 10,030,177	\$ 9,880,106	\$ 11,295,144	\$ 11,696,784	\$ 15,793,330
Intergovernmental	9,384,909	1,906,762	2,699,957	2,353,056	2,602,093
Licenses, permits and fees	549,406	256,780	361,759	506,334	721,502
Fines and forfeitures	72,806	84,493	115,390	77,254	87,534
Use of money and property	253,342	245,182	135,907	240,867	392,414
Charges for services	553,864	389,830	492,815	569,653	633,109
Assessment revenues	10,526	10,526	4,393	-	-
Transfers from Fiduciary Fund	5,154,181	2,278,026	706,518	571,414	-
Other revenue	358,840	403,262	990,033	369,651	226,512
Total revenues	<u>26,368,051</u>	<u>15,454,967</u>	<u>16,801,916</u>	<u>16,385,013</u>	<u>20,456,494</u>
Expenditures					
General Government	2,540,062	2,170,611	1,544,277	1,916,341	672,184
Public safety	7,315,370	7,513,168	6,230,447	6,872,186	7,190,421
Public works	438,038	392,764	165,284	376,341	466,230
Transportation	3,805,537	2,109,108	659,715	1,087,475	1,100,140
Community development	725,192	619,829	756,476	4,450,458	2,546,036
Health	-	-	-	-	-
Culture and leisure	1,449,654	1,250,608	1,557,343	1,604,073	1,847,674
Capital outlay	9,244,943	1,963,373	2,867,058	1,319,036	6,368,168
Debt service:					
Principal	562,689	537,102	534,190	534,418	7,901,849
Interest	301,407	328,494	354,312	1,356,477	2,410,055
Cost of Issuance	-	-	-	-	262,832
Total expenditures	<u>26,382,892</u>	<u>16,885,057</u>	<u>14,669,102</u>	<u>19,516,805</u>	<u>30,765,589</u>
Excess of revenues over (under) expenditures	<u>(14,841)</u>	<u>(1,430,090)</u>	<u>2,132,814</u>	<u>(3,131,792)</u>	<u>(10,309,095)</u>
Other financing sources (uses)					
Proceeds from capital lease	-	-	-	-	34,380,000
Bond discount	-	-	-	-	(725,259)
Transfers in	3,424,771	2,771,099	3,211,991	5,288,101	14,026,383
Transfers out	(2,902,679)	(2,344,830)	(2,672,523)	(8,137,761)	(14,131,473)
Total other financing sources (uses)	<u>522,092</u>	<u>426,269</u>	<u>539,468</u>	<u>(2,849,660)</u>	<u>33,549,651</u>
Net change in fund balances	<u>\$ 507,251</u>	<u>\$ (1,003,821)</u>	<u>\$ 2,672,282</u>	<u>\$ (5,981,452)</u>	<u>\$ 23,240,556</u>
Debt service as a percentage of non-capital expenditures	5.0%	5.8%	7.5%	10.4%	42.3%

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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues					
Taxes	\$ 15,530,273	\$ 16,223,465	\$ 16,313,383	\$ 14,137,641	\$ 12,247,901
Intergovernmental	2,575,356	2,111,122	2,309,609	1,783,935	1,917,323
Licenses, permits and fees	986,291	490,564	587,531	1,361,033	649,325
Fines and forfeitures	131,851	110,785	99,751	93,950	93,498
Use of money and property	255,750	422,410	673,407	640,658	464,460
Charges for services	828,784	656,543	816,897	786,753	923,449
Assessment revenues	-	-	-	4,520	26,427
Transfers from Fiduciary Fund					
Other revenue	127,332	850,061	1,033,309	1,148,125	12,874,961
Total revenues	<u>20,435,637</u>	<u>20,864,950</u>	<u>21,833,887</u>	<u>19,956,615</u>	<u>29,197,344</u>
Expenditures					
General Government	934,445	1,083,484	1,479,393	1,236,437	1,657,522
Public safety	7,302,660	7,248,370	6,972,804	5,921,981	5,752,857
Public works	323,167	2,056,584	897,772	1,217,673	594,434
Transportation	1,174,816	-	-	-	-
Community development	5,370,242	2,543,211	2,283,268	1,822,720	1,441,906
Health	205	61,417	156,948	1,105,735	873,806
Culture and leisure	1,899,143	2,184,997	2,095,579	1,899,677	1,815,338
Capital outlay	1,321,645	-	1,275,392	2,108,419	1,388,073
Debt service:					
Principal	1,109,695	1,065,747	1,075,690	1,069,235	10,361,445
Interest	900,785	932,768	978,031	1,053,156	1,731,348
Cost of Issuance	-				230,386
Total expenditures	<u>20,336,803</u>	<u>17,176,578</u>	<u>17,214,877</u>	<u>17,435,033</u>	<u>25,847,115</u>
Excess of revenues over (under) expenditures	<u>98,834</u>	<u>3,688,372</u>	<u>4,619,010</u>	<u>2,521,582</u>	<u>3,350,229</u>
Other financing sources (uses)					
Proceeds from capital lease	231,645	-	-	527,626	-
Bond discount	-	-	-	-	(146,800)
Transfers in	10,627,925	10,114,766	8,591,148	4,969,572	6,728,624
Transfers out	(10,697,985)	(8,715,289)	(7,335,901)	(4,160,413)	(6,861,722)
Total other financing sources (uses)	<u>161,585</u>	<u>1,399,477</u>	<u>1,255,247</u>	<u>1,336,785</u>	<u>(279,898)</u>
Net change in fund balances	<u>\$ 260,419</u>	<u>\$ 5,087,849</u>	<u>\$ 5,874,257</u>	<u>\$ 3,858,367</u>	<u>\$ 3,070,331</u>
Debt service as a percentage of non-capital expenditures	10.6%	11.6%	12.9%	13.8%	49.4%

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

Sources of Tax Revenues	Business <u>Licenses</u>	Franchise <u>Fees</u>³	Property <u>Tax</u>¹	Sales <u>Tax</u>⁴	Transient <u>Occupancy</u>	Gas <u>Tax</u>²	<u>TOTAL</u>
2014-2015	\$ 153,909	\$ 691,617	\$ 1,600,406	\$ 5,681,776	\$ 1,218,081	\$ 755,236	\$ 10,101,025
2013-2014	141,689	682,692	1,967,098	5,465,676	1,150,741	856,525	10,264,420
2012-2013	142,744	705,946	3,284,155	4,440,039	1,094,855	612,967	10,280,706
2011-2012	148,213	573,695	6,252,553	3,171,044	1,151,215	765,633	12,062,353
2010-2011	139,663	464,083	9,616,160	3,020,160	1,144,883	726,188	15,111,137
2009-2010	137,487	542,910	10,044,411	2,856,313	1,411,903	427,938	15,420,962
2008-2009	150,431	595,356	9,915,676	3,297,900	1,347,063	429,560	15,735,986
2007-2008	161,156	655,350	9,573,705	2,996,734	1,168,986	465,806	15,021,737
2006-2007	176,583	539,355	8,621,750	3,477,010	999,839	451,270	14,265,807
2005-2006	142,476	556,115	6,520,691	3,392,279	886,816	452,071	11,950,448

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 were 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 end on October 1, 2017

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

<u>CATEGORY</u>	<u>2015</u>	<u>2014*</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Residential	\$ 1,092,525,005	\$ 1,069,793,922	\$ 1,073,678,607	\$ 1,107,100,892	\$ 1,078,999,165
Commercial	223,912,566	233,678,787	233,122,309	232,239,002	232,784,394
Industrial	17,932,576	18,100,825	18,635,376	18,661,585	18,532,812
Government	64,153	171,731	168,551	165,432	164,272
Institutional	9,867,943	11,683,412	19,549,674	8,442,440	8,534,530
Miscellaneous	158,642	157,926	154,830	237,022	235,252
Recreational	8,131,483	8,120,756	7,863,497	8,968,482	5,308,333
Vacant Land	57,178,455	59,944,917	63,789,381	73,750,197	72,475,273
SBE Non-Unitary	89,975	89,975	863,043	863,043	842,761
Unsecured	36,089,423	35,264,251	40,690,119	38,000,781	34,479,690
Exempt	(5,116,781)	(4,865,220)	(4,632,331)	(4,320,437)	(4,173,918)
Unknown	-	-	-	-	-
TOTALS	\$ 1,445,950,221	\$ 1,437,006,502	\$ 1,458,515,387	\$ 1,488,428,876	\$ 1,452,356,482
Total Direct Rate	0.06443%	0.06459%	0.68945%	0.69386%	0.68764%

NOTES:

Exempt values are not included in Total

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

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

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

<u>CATEGORY</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Residential	\$ 1,108,999,868	\$ 1,084,808,408	\$ 1,058,498,321	\$ 911,494,904	\$ 788,678,966
Commercial	237,376,125	205,319,656	179,110,827	174,032,874	157,444,654
Industrial	17,843,091	18,105,232	17,971,395	11,837,503	10,882,183
Government	167,751	161,605	128,221	146,152	136,999
Institutional	8,540,128	14,877,479	15,142,018	14,742,327	12,205,814
Miscellaneous	240,526	238,916	234,383	157,037	154,247
Recreational	5,603,484	5,000,813	4,698,128	4,642,201	4,721,225
Vacant Land	75,024,042	71,345,463	65,109,045	49,323,706	36,481,201
SBE Non-Unitary	842,761	842,761	842,761	842,761	842,761
Unsecured	38,641,463	38,435,738	29,790,351	29,827,806	27,176,839
Exempt	(4,314,950)	(4,173,979)	(4,178,993)	(1,069,989)	(984,427)
Unknown	-	543,791	662,290	544,550	533,877
TOTALS	\$ 1,493,279,239	\$ 1,439,679,862	\$ 1,372,187,740	\$ 1,196,521,832	\$ 1,039,258,766
Total Direct Rate	0.69471%	0.68295%	0.67271%	0.62767%	0.57120%

NOTES:

Exempt values are not included in Total

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

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

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

10 Year Detail of Rates producing Revenue for City of Ridgecrest					
City General Fund Direct Rates				RDA Incremental Rate ²	Total Direct Rate ⁵
City Share of 1%				1% + applicable voter approved debt	
Year	Levy per Prop. 13	Debt Rate(s)	Total City Rates		
2014-2015	0.05190%	0.00000%	0.05190%	-	0.06443%
2013-2014	0.00509%	0.00000%	0.00509%	-	0.06459%
2012-2013	0.05190%	0.00000%	0.05190%	-	0.68945%
2011-2012	0.05468%	0.00000%	0.05468%	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%

10 Year Detail Breakdown of the Property Tax Dollar										
Agency	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
City of Ridgecrest¹	0.05190	0.05190	0.05468	0.05469	0.05469	0.05196	0.05196	0.05175	0.05068	0.05190
Sierra Sands Child Dev	0.00509	0.00509	0.00000	0.00509	0.00509	0.00509	0.00509	0.00000	0.00000	0.00509
County Advertising	0.00072	0.00069	0.00069	0.00070	0.00070	0.00070	0.00070	0.00070	0.00070	0.00070
East Kern Res Con	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066
Education	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917
Education Revenue										
Augmentation Fund	0.12510	0.12510	0.12712	0.12210	0.12211	0.12490	0.12490	0.12900	0.12989	0.12504
Fire	0.10580	0.10580	0.10580	0.10580	0.10580	0.10580	0.10580	0.10560	0.10577	0.10577
Kern Community College	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06789	0.06770	0.06770	0.06770
Kern County	0.14110	0.14110	0.14140	0.14130	0.14130	0.14130	0.14130	0.14263	0.14263	0.14117
Kern County Water Agency	0.00718	0.00718	0.00718	0.00719	0.00718	0.00718	0.00719	0.00719	0.00719	0.00719
Sierra Unified School	0.47560	0.47561	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	0.01045	0.01264	0.00850	0.00906	0.01012	0.00940	0.00905	0.00804	0.00528	0.00963
Sierra Sand Unified School District	0.06163	0.06261	0.05698	0.05833	0.05688	0.05113	0.04077	0.04231	0.04209	0.00000
Total Voter Approved Rate³	0.07208	0.07525	0.06548	0.06739	0.06700	0.06053	0.04982	0.05035	0.04737	0.00963
TOTAL TAX RATE	1.07208	1.07525	1.06548	1.06739	1.06700	1.06053	1.04982	1.05035	1.04737	1.00963

NOTES:

- 1) City share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- 2) Redevelopment rate is based on the largest RDA tax rate area and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/2013 and years thereafter.
- 3) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- 4) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- 5) Total Direct Rate is the weighted average of all individual direct rates applied by the City of Ridgecrest and excludes revenues derived from aircraft. Beginning in FY 2013/2014 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

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City of Ridgecrest
Schedule 8
Top Ten Principal Property Taxpayers
Fiscal Year 2015 and Ten Years Prior

<u>Taxpayer</u>	<u>2014-2015</u>			<u>2005-2006</u>		
	<u>Rank</u>	Taxable	Percentage of	<u>Rank</u>	Taxable	Percentage of
		Assessed	Total Taxable		Assessed	Assessed
		<u>Value</u>	<u>Value</u>		<u>Value</u>	<u>Value</u>
K Partners Ridgecrest I LP	1	\$ 18,628,328	1.29%			
Walmart Real Estate BSNS Trust	2	9,345,802	0.65%	5	\$ 6,992,190	0.67%
Ridgecrest Regional Hospital	3	8,711,581	0.60%			
Home Depot Dev Maryland Inc	4	8,470,719	0.59%	2	9,253,657	0.89%
Alta One Federal Credit Union	5	7,994,272	0.55%	8	5,695,207	0.55%
ABS California O LLC	6	6,062,709	0.42%			
Randall Benderson 1993 1 Trust	7	6,000,000	0.41%			
China Lake & Ridgecrest LLC	8	5,900,000	0.41%			
Ridgecrest Capital LLC	9	5,365,828	0.37%	10	4,718,927	0.45%
Izak Kharrazi	10	5,344,327	0.37%			
1402 Alta Vista Partners LLC				1	14,865,050	1.43%
Carriage Inn				3	8,150,652	0.78%
Albertson's Inc				4	7,240,625	0.70%
Drummond Medical Group Inc				6	6,871,878	0.66%
Ridgecrest Heritage Inn				7	6,323,412	0.61%
SB North China Lake Road LLC				9	5,100,000	0.49%
Top Ten Totals		<u>\$ 81,823,566</u>	<u>5.66%</u>		<u>\$ 75,211,598</u>	<u>7.24%</u>
CITY TOTALS		1,445,950,221			1,039,272,766	

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

Fiscal Year Ended <u>June 30</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the <u>Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u> ²	Total Collections to Date	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2015	\$ 428,703	\$ 332,893	77.65%	-	\$ 332,893	77.65%
2014	436,307	347,104	79.55%	3,381	350,485	80.33%
2013	480,951 ¹	408,417	84.92%	33,359	441,776	91.85%
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%

NOTES:

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

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

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

GOVERNMENTAL ACTIVITIES								
Fiscal Year	General Obligation <u>Bonds</u>	Redevelopment <u>Bonds</u> ^b	Special Assessment <u>Bonds</u>	Loans <u>Payable</u>	Capital <u>Lease</u>	Total Primary <u>Government</u>	Percentage of Personal <u>Income</u> ^a	Per <u>Capita</u> ^a
2015	\$ 6,395,000	\$ -	\$ -	\$ -	\$ -	\$ 6,395,000	0.80%	\$ 225
2014	6,845,000	-	-	-	112,689	6,957,689	0.83%	243
2013	7,275,000	-	-	-	219,790	7,494,790	0.93%	264
2012	7,685,000	-	-	-	343,981	8,028,981	1.02%	286
2011	8,080,000	34,280,000	-	-	483,399	42,843,399	5.49%	1,543
2010	8,460,000	7,290,000	-	400,000	615,249	16,765,249	2.25%	591
2009	8,830,000	7,905,000	-	600,000	739,943	18,074,943	2.45%	647
2008	9,190,000	8,490,000	115,000	800,000	860,688	19,455,688	2.62%	694
2007	9,535,000	9,050,000	220,000	1,000,000	1,031,380	20,836,380	2.89%	746
2006	9,870,000	9,590,000	315,000	1,200,000	1,225,614	22,200,614	4.49%	837

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.

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

Fiscal Year	GOVERNMENTAL ACTIVITIES				Percentage of Taxable Assessed Property Values ^a	Per Capita ^b
	General Obligation Bonds	Redevelopment Bonds ^c	Special Assessment Bonds	Total		
2015	\$ 6,395,000	\$ -	\$ -	\$ 6,395,000	0.44%	\$ 225
2014	6,845,000	-	-	6,845,000	0.48%	239
2013	7,275,000	-	-	7,275,000	0.51%	257
2012	7,685,000	-	-	7,685,000	0.53%	274
2011	8,080,000	34,280,000	-	42,360,000	2.85%	1,525
2010	8,460,000	7,290,000	-	15,750,000	1.08%	555
2009	8,830,000	7,905,000	-	16,735,000	1.12%	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

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.

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City of Ridgecrest
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Debt Outstanding <u>6/30/2015</u>	% <u>Applicable</u> ¹	City's Share of Debt as of <u>6/30/15</u>
Kern Community College District Safety, Repair & Improvement District	\$ 147,710,854	1.700%	\$ 2,511,085
Sierra Sands Joint Unified School District	21,777,279	74.765%	16,281,783
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 18,792,868
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Kern County Certificates of Participation	111,245,000	1.513%	1,683,137
Kern County Pension Obligation Bonds	294,335,506	1.513%	4,453,296
Kern County Board of Education Certificates of Participation	40,145,000	1.513%	607,394
Kern County Community College District Certificates of Participation	38,795,000	1.541%	597,831
Kern County Community College District Benefit Obligations	81,460,000	1.541%	1,255,299
Sierra Sands Joint Unified School District General Fund Obligations	17,685,000	74.765%	13,222,190
City of Ridgecrest Certificates of Participation	6,395,000	100.000%	6,395,000
City of Ridgecrest Capital Lease Obligation	-	100.000%	-
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 28,214,147
 OVERLAPPING TAX INCREMENT DEBT	 28,990,000	 100.000%	 \$ 28,990,000
TOTAL DIRECT DEBT			\$ 6,395,000
TOTAL OVERLAPPING DEBT			\$ 69,602,015
 COMBINED TOTAL DEBT			 <u>\$ 75,997,015</u> ²

NOTES:

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

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

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

Legal Debt Margin Calculation	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Assessed value	\$ 1,445,950,221	\$ 1,437,006,502	\$ 1,458,515,387	\$ 1,488,428,876	\$ 1,452,356,482
Debt limit (15% of assessed value)	216,892,533	215,550,975	218,777,308	223,264,331	217,853,472
Debt applicable to limit:					
General obligation bonds	6,395,000	6,845,000	7,275,000	7,685,000	42,360,000
Less: Amount set aside for repayment of general obligation debt	<u>751,356</u>	<u>751,356</u>	<u>751,356</u>	<u>751,356</u>	<u>4,247,727</u>
Total net debt applicable to limit	<u>\$ 5,643,644</u>	<u>\$ 6,093,644</u>	<u>\$ 6,523,644</u>	<u>\$ 6,933,644</u>	<u>\$ 38,112,273</u>
Legal Debt Margin	\$ 211,248,889	\$ 209,457,331	\$ 212,253,664	\$ 216,330,687	\$ 179,741,199
Total debt applicable to the limit as a percentage of debt limit	<u>2.60%</u>	<u>2.83%</u>	<u>2.98%</u>	<u>3.11%</u>	<u>17.49%</u>

NOTES:

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

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

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

Legal Debt Margin Calculation	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
Assessed value	\$ 1,493,279,239	\$ 1,439,679,862	\$ 1,372,187,740	\$ 1,196,521,832	\$ 1,039,258,766
Debt limit (15% of assessed value)	223,991,886	215,951,979	205,828,161	179,478,275	155,888,815
Debt applicable to limit:					
General obligation bonds	15,750,000	16,735,000	17,795,000	18,805,000	19,775,000
Less: Amount set aside for repayment of general obligation debt	<u>1,807,736</u>	<u>1,808,337</u>	<u>1,814,042</u>	<u>2,640,512</u>	<u>2,265,223</u>
Total net debt applicable to limit	<u>\$ 13,942,264</u>	<u>\$ 14,926,663</u>	<u>\$ 15,980,958</u>	<u>\$ 16,164,488</u>	<u>\$ 17,509,777</u>
Legal Debt Margin	\$ 210,049,622	\$ 201,025,316	\$ 189,847,203	\$ 163,313,787	\$ 138,379,038
Total debt applicable to the limit as a percentage of debt limit	<u>6.22%</u>	<u>6.91%</u>	<u>7.76%</u>	<u>9.01%</u>	<u>11.23%</u>

NOTES:

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

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

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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	
2015	\$ -	\$ 24,659	\$ -	\$ -	-
2014	-	24,659	-	-	-
2013	-	24,659	-	-	-
2012	-	24,659	-	-	-
2011	-	24,659	-	-	-
2010	-	24,659	-	-	-
2009	-	125,700	115,000	4,773	1.05
2008	116,927	125,700	105,000	13,903	2.04
2007	115,531	125,700	95,000	22,179	2.06
2006	113,633	125,700	90,000	29,810	2.00

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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>
2015	28,419	\$ 802,997,317	\$ 28,256	35.0	5,367	6.90%
2014	28,638	835,599,564	29,178	35.8	5,316	6.70%
2013	28,348	808,463,982	28,519	33.8	5,358	7.60%
2012	28,089	789,556,510	28,109	36.1	5,378	7.90%
2011	27,768	780,176,392	28,096	33.8	5,511	8.30%
2010	28,362	745,268,274	26,277	30.9	5,652	8.30%
2009	27,951	737,095,821	26,371	31.8	5,690	5.50%
2008	28,038	743,680,000	26,524	n/a	5,727	4.60%
2007	27,944	720,647,816	25,789	30.0	5,929	4.20%
2006	26,515	494,133,540	18,636	29.8	5,972	3.40%

NOTES:

Population projections are provided by California Department of Finance

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

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

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

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

n/a = not available

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**City of Ridgecrest
Schedule 16
Principal Employers
Fiscal Year 2015 and Ten Years Prior**

<u>Employer</u>	<u>2014-2015</u>			<u>2005-2006</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	7013	1	49.39%	5764	1	38.95%
Ridgecrest Regional Hospital	700	2	4.93%	380	4	2.57%
Searles Valley Minerals	650	3	4.58%	550	3	3.72%
Sierra Sands Unified School District	600	4	4.23%	600	2	4.05%
Alta One Federal Credit Union	212	5	1.49%	160	10	1.08%
Albertson's	175	6	1.23%			
Englity Corp	160	7	1.13%			
Cerro Coso Community College	151	8	1.06%	317	5	2.14%
Jacobs Technology	150	9	1.06%			
City of Ridgecrest	130	10	0.92%	200	7	1.35%
Wal-Mart				268	6	1.81%
Wyle Laboratories				174	8	1.18%
SA-Tech (System Applic. & Tech)				164	9	1.11%
			70.01%			57.96%
	Total City Employment**		14,200			14,798

NOTES:

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

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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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government										
City Council	5	5	5	5	5	5	5	5	5	5
City Manager	1.5	1	1	1	3	3	4.5	4	4	3.75
City Clerk	1	1	1	1	1	1.25	1	1.5	2.75	1
Finance	5.5	5.5	5	6	6	6	6	12	9.75	9.75
Information Technology	2	2	2	3	3	3.5	3.5			
Human Resources	1.5	1.5	1	0	1.5	1.5	1.5	1.5	2.5	1
Community Development	4.5	5	5	6	8	8	8	8	7	7
Planning Commissioners	5	5	5	5	5	5	5	5	5	5
Public Safety										
Police Officers-Sworn	32	32	31	31	34	35	33	37	38	35
Other Full Time Employees	17	17	14.5	16	16	15.75	16	16.25	16	15.5
PACT Volunteers	89	83	45	50	9	9	9	9	9	10
Public Works										
Engineering	4	3	3	4	4	4	3	4	5	3
Maintenance	7	7	6	7	8	8	9	8	9	9
Transit Services	8	8	8	7	7	7	7	7.5	8	8
Wastewater/Sewer	5	5	4	4	6	7	6	5	5	5
Culture & Recreation	27	24	23	39	32.5	22.5	29	31.97	23.44	22.4

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

FUNCTION/PROGRAM	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Police					
Physical Arrests	2,805	1,281	2,346	2,417	2,416
Parking Violations	148	114	293	188	97
Traffic Violations	458	792	1,540	937	1,150
Community Development					
Building Permits Issued	604	1,020	705	302	423
Building Permits Valuation (in millions)	6	9	5	19	13
Building Inspections Performed	2,684	1,925	1,603	4,299	2,510
Planning Permits Issued	173	163	137	113	69
Public Services					
Street Resurfacing (miles)	8	1.8	2	2.5	2.5
Street Light Replacement ^a	n/a	n/a	n/a	n/a	n/a
Potholes Filled	2,200	2,400	3,600	2,783	2,565
Waste Water Average Daily Treatment (millions of gallons)	2.16	2.33	2.31	2.52	2.621
Transit Route (Service) Miles	96,112	95,869	76,849	64,438	92,925
Transit Passenger Count	17,101	17,724	13,516	17,131	27,223
Parks & Recreation					
Sports Field Participation	81,259	75,113	70,917	85,409	89,293
Community Center/Gym/Pool Participation	105,984	103,218	95,785	90,655	68,325
Other Participation	65,713	72,615	45,312	45,816	35,370

NOTES:

a) Street light replacement is done by Southern California Edison

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

FUNCTION/PROGRAM	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police					
Physical Arrests	2,605	2,667	2,213	2,448	2,519
Parking Violations	237	278	294	161	134
Traffic Violations	2,054	2,034	1,439	2,001	2,338
Community Development					
Building Permits Issued	439	144	212	585	768
Building Permits Valuation (in millions)	18	12	22	20	35
Building Inspections Performed	2,759	5,086	3,861	5,455	5,850
Planning Permits Issued	77	161	137	135	197
Public Services					
Street Resurfacing (miles)	1	3	0.5	1.75	1
Street Light Replacement ^a	n/a	n/a	n/a	n/a	n/a
Potholes Filled	540	600	3,500	1,500	2,011
Waste Water Average Daily Treatment (millions of gallons)	2.674	2.57	2.65	2.6	2.6
Transit Route (Service) Miles	61,092	86,965	91,178	82,277	91,998
Transit Passenger Count	12,977	27,478	35,595	38,529	33,967
Parks & Recreation					
Sports Field Participation	89,735	91,359	88,078	88,140	87,536
Community Center/Gym/Pool Participation	68,645	73,499	67,421	101,242	99,638
Other Participation	35,370	35,370	35,730	35,730	35,730

NOTES:

a) Street light replacement is done by Southern California Edison

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

FUNCTION/PROGRAM	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	18	17	17	10	13	13	18	16	12	10
Motorcycle unit	5	8	7	3	6	6	2	1	1	1
K-9 unit	1	1	1	1	1	2	1	1	2	1
Streets										
Streets (miles)	216	216	132	131	130	130	130	130	131.5	130.5
Streetlights ²	1,502	1,469	1,520	1,523	1,524	1,515	1,492	1,467	1,472	1,463
Traffic Signals										
CalTrans maintained	7	7	7	7	7	6	6	6	6	6
City of Ridgecrest maintained	12	10	9	9	9	8	7	7	7	7
Culture & Recreation										
Total Park Acreage	46.88	46.88	46.88	46.88	46.88	21.88	25.88	25.88	25.88	25.88
Parks ¹	5	5	5	5	5	5	6	6	6	6
Baseball Fields	4	4	4	4	4	4	4	4	4	4
Softball Fields	3	3	3	3	3	3	3	3	3	3
Soccer Fields	4	4	4	4	4	4	4	4	4	4
Football Fields	1	1	1	1	1	1	1	1	1	1
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Community Centers	2	2	2	2	2	2	2	2	2	2
Waste Water										
Sanitary Sewers (miles)	142	142	142*	170	170	165	265	265	224	223.5
Storm Sewers (miles)	5	5	5	5	5	5	5	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	8	7	6	0	0	0	0	0	0	0
Dial A Ride	2	2	3	5	5	6	7	7	5	5
Bus Shelters	8	8	5	5	5	5	5	5	5	5

NOTES:

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

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

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