



City of Ridgecrest

comprehensive annual financial report

for the fiscal year ended June 30, 2020

City of Ridgecrest, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2020

Prepared by the Finance Department

Cheri Freese, Finance Director
Kelly Brewton, Accounting Supervisor
Kristin Fields, Payroll Technician
Noureldin Mostafa, Account Clerk II
Lovette Alligood, Account Clerk I

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For the Year Ended June 30, 2020

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December 30, 2020

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, 2020. 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. 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 Wells Valley.



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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 over 28,000 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. The full effects of the COVID-19 pandemic have yet to be seen, but the City has begun to see some of the effects within Transient Occupancy Tax (TOT) and sales tax revenues. These revenues are more sensitive to the economic swings, and represent 60% of the total General Fund revenue. Unfortunately for the City, the employment outlook decreased significantly from FY19. Based on the Employment Development Department (EDD) Labor Force data, the City's unemployment has fallen to 6.7%. California's unemployment rate is 8.2% while Kern County's rate is 18.3%.

Retail sales are rebounding at a slow pace from the doldrums after the burst of the housing bubble in 2008. Consumers continue to remain 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 ended on March 31, 2017, when Measure V, a 1% local option sales tax, begins. The City received \$4.47 million in Measure L and V funds for fiscal year 2020.

The City saw an increase in community development and new construction for 2020. Building permits issued were lower than last year's but there was an increase in valuation. As the City leaders continue to concentrate on economic development, these numbers are expected to rise. The following table summarizes the historical data for the local construction activity:

Year	Permits	Inspections	Valuation
2011	423	2,510	13.0 M
2012	302	4,299	19.0 M
2013	705	1,603	5.0 M
2014	1,020	1,925	9.0 M
2015	604	2,684	6 M
2016	1,305	2,718	21 M
2017	1,655	3,523	17 M
2018	759	1,924	20 M
2019	2,395	1,533	12 M
2020	929	1,687	21 M



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Economic Development

Community growth and sustainability are some of the biggest focuses that the City of Ridgecrest have focused on the past year. Our work mitigating effects of the COVID-19 Pandemic, along with work in tandem with our biggest employer, Naval Air Weapons Station (NAWS) – China Lake, have poised our community to achieve many things despite the current global pandemic. The economic development accomplishments for 2020 include the following:

- The City of Ridgecrest has been a partner in earthquake recovery efforts with NAWS China Lake after 6.4 and 7.1 magnitude earthquakes hit the area. There was significant damage to the community's largest employer and ultimately, with joint interests from the Ridgecrest community, California Gov. Gavin Newsom, California Senator Dianne Feinstein, and House Minority Leader Kevin McCarthy (R-23) this led to securing funding for NAWS China Lake and an earthquake recovery rebuild totaling \$2.3 billion for FY20.
- With funding secured and federal support, the NAWS China Lake rebuild has estimated that the many MILCONs and repairs to the base are scheduled to last anywhere from 3-5 years. It will also result in an influx of skilled workers nearing totals of 1,500-3,000 people in that same time frame.
- With the effects of the COVID-19 Pandemic as well as the state and federal lock-downs, our local businesses have had to change their business models to accommodate these restrictions. In order to relieve some of this burden, the City had received funding from the CARES Act through Community Development Block Grants to create a program for our local restaurants. The program includes buying equipment for outdoor dining conversion.
- City staff secured a very lucrative grant for the community this year as well. This Affordable Housing Sustainable Communities Grant was awarded partnering with a developer. The total award for the project is estimated at \$6.8 million. It will include public improvements in surrounding areas where the housing units will be built.
- The Grocery Outlet Bargain Market worked with our Planning and Building Departments in order to move forward with their project. They opened to the public on July 23, 2020 and created and estimated 35 new jobs for the community.
- The City's next prospective chain retailer, Panda Express, is moving forward with their plans to build. They are estimating an opening in Q2 of 2021.
- Chipotle is another chain retailer that is looking to open. They are working to open in the Oasis at China Lake. This is a project which will feature a state-of-the-art movie theatre complex, eight-lane bowling alley along with a selection of office spaces and a number of other retail shopping stores.
- City Staff formed a committee and facilitated the process to rehabilitate the Chamber of Commerce's electronic community messaging sign. They are currently working with the Building Department and are looking to start rehabilitation at the start of 2021.
- Holiday Inn Express is one of the projects for the City's hospitality industry. They have started construction and are aware of the influx of workers for the earthquake recovery rebuild at NAWS China Lake.
- As the City is still attracting new business, there has been an interest to fill a previously empty building, formerly the Walmart. The project is moving forward and staying in contact with our Planning and Building Departments to accommodate indoor storage units.
- Buxton has been a partner with the City in order to connect staff with possible retail opportunities. They have also provided demographic information about the community and real-time COVID-19 statistics in terms of the community's consumer profile.

The overreaching power 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 continues severely impacting the City's ability to improve its infrastructures and build new ones.



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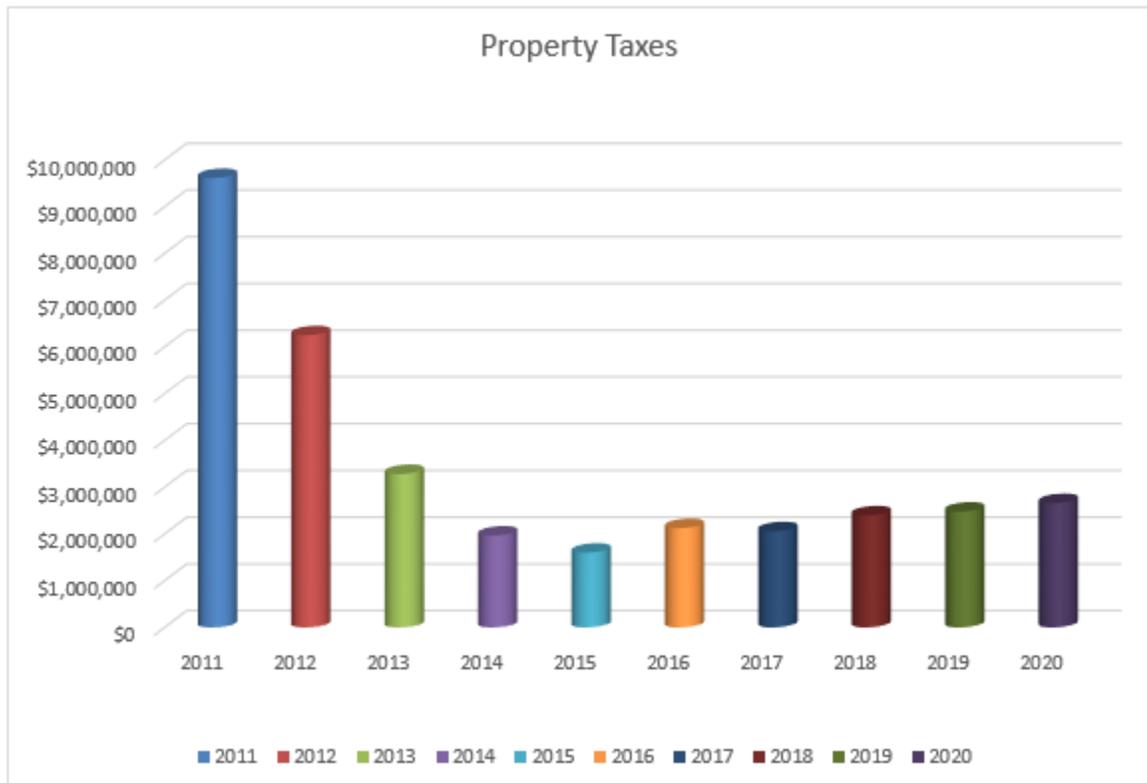
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The City is expecting mild growth in the next few years. Meanwhile, the City will continue to project revenues conservatively, while reducing expenditures to maintain core services. The City is cautiously optimistic and is budgeting conservatively 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.

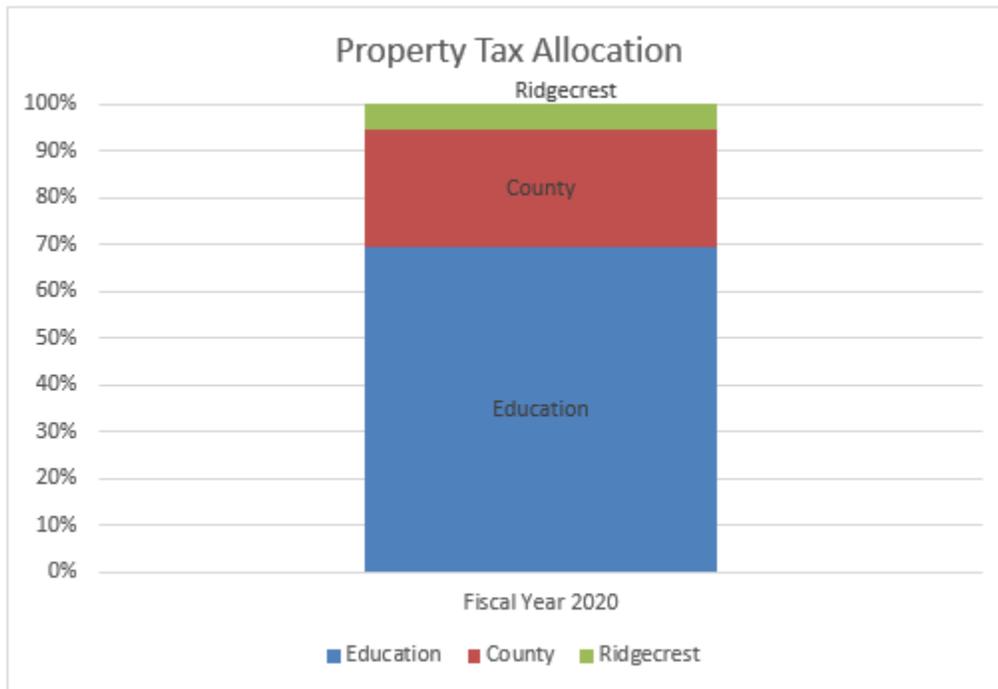
In fiscal years 2000 to 2001, the property tax revenue had negative growth due to dwindling home valuations. In FY 2002, property tax revenue started to move in upward direction, where it peaked up by 16.6% in FY 2004 and another 30% increase in FY 2005 over the previous year’s receipts. This was a well-received 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. 2016 saw the first property tax increase since 2010. This increase, due to the end of overage repayment, represents 33%. The City anticipates property taxes will level out and will continue to conservatively budget future year’s proceeds.





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Sales Tax

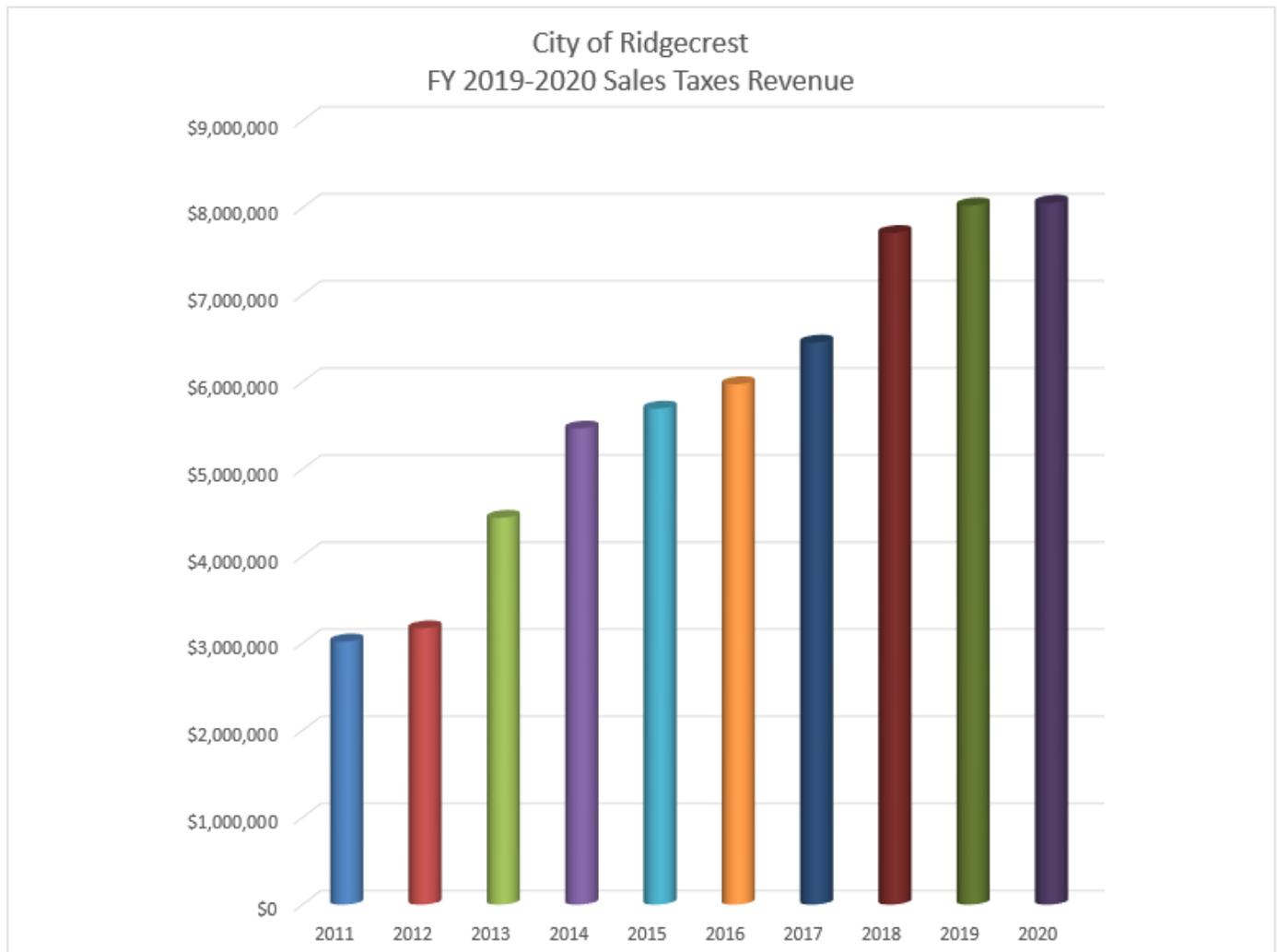
The City's single largest revenue source is sales tax. The total sales tax in Kern County is 7.25% of the sale price of taxable goods and services sold at retail. Ridgecrest receives 1% of taxable sales from the State Board of Equalization. Effective October 1, 2012, sales tax in the City was raised by .75% due to the passage of Measure L. Measure L has been crucial in maintaining Public Safety and Road Maintenance; however, this local sales tax option ended on March 31, 2017 when Measure V became effective on April 1, 2017. Measure V is a local sales tax measure that was approved by the voters on November 2016 allowing the city to increase the sales tax by 1% for a term of 8 years. Sales tax increased by .039% in FY 2020 from the prior year, due to combination of moderate growth in overall sales tax receipts and the continuation of Measure V. However, this growth could have been much larger, as we have seen in previous years, if not for the effects of the pandemic. In the last ten years, the City's sales tax revenue has continuously climbed at an average rate of 11.49%, with 2013, by far, the largest increase due to Measure L.

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 opening of the Super Wal-Mart, Harbor Freight Tools, and Tractor Supply, as well as future plans for additional fast-casual restaurants, the City hopes to retain local spending along with drawing retail sales from outlying areas.



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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”.

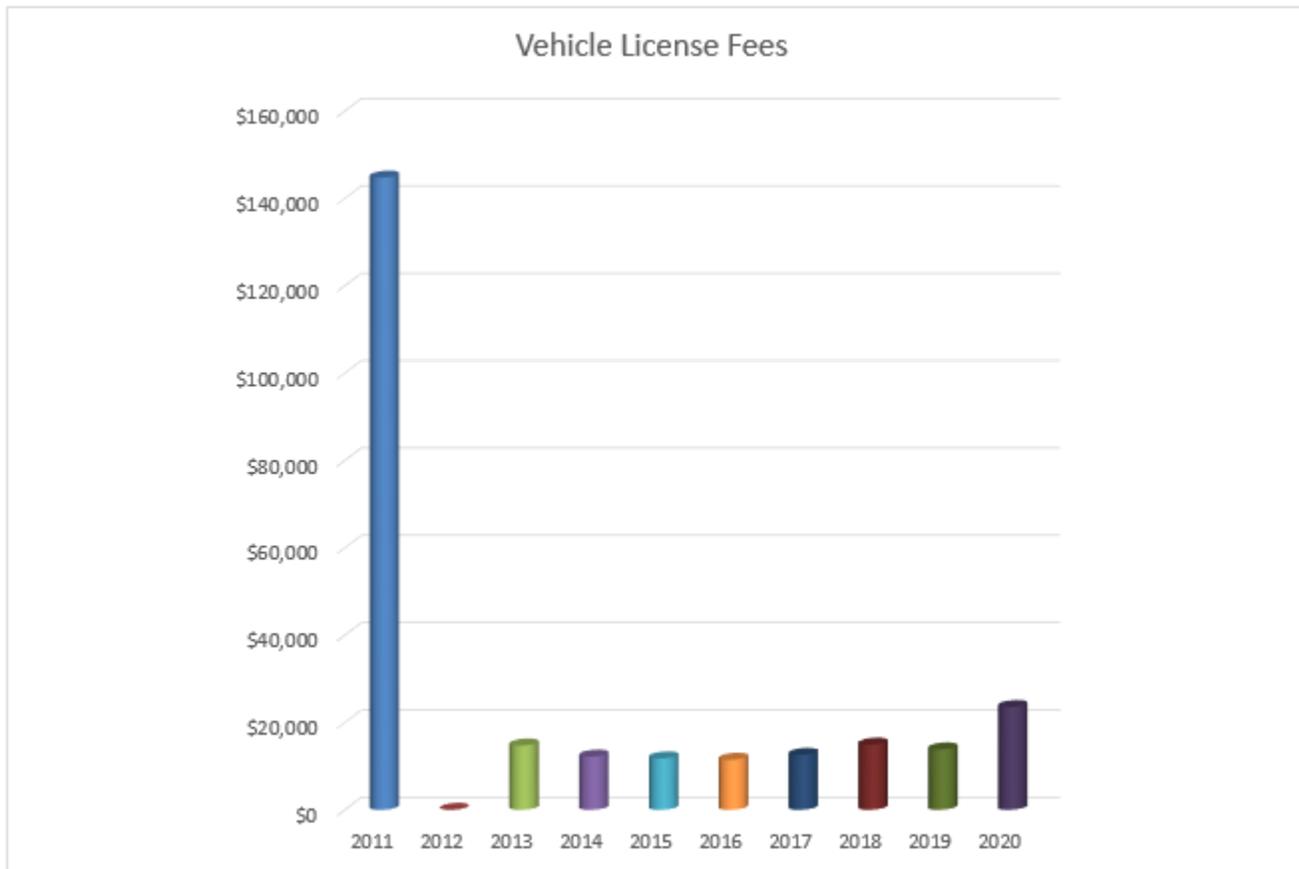
It should be noted that VLF funds now, like sales tax, have been split by the State into two pieces. These two pieces are the statutory rate and the “property tax in lieu of VLF”. In FY 2011, the statutory component (the rate by State law was reduced from 2.0% to 0.65%) brought to the Ridgecrest Treasury \$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 \$23,516 in FY 2020, \$9,681 more than the City received in FY 2019.

The State started the split in FY 2006. The property-tax in lieu of VLF component remained stable in FY 2020 in the amount of \$1,790,085, an increase of \$88,416 from FY 2019. 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.



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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 13% including the additional assessment of 3% 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.

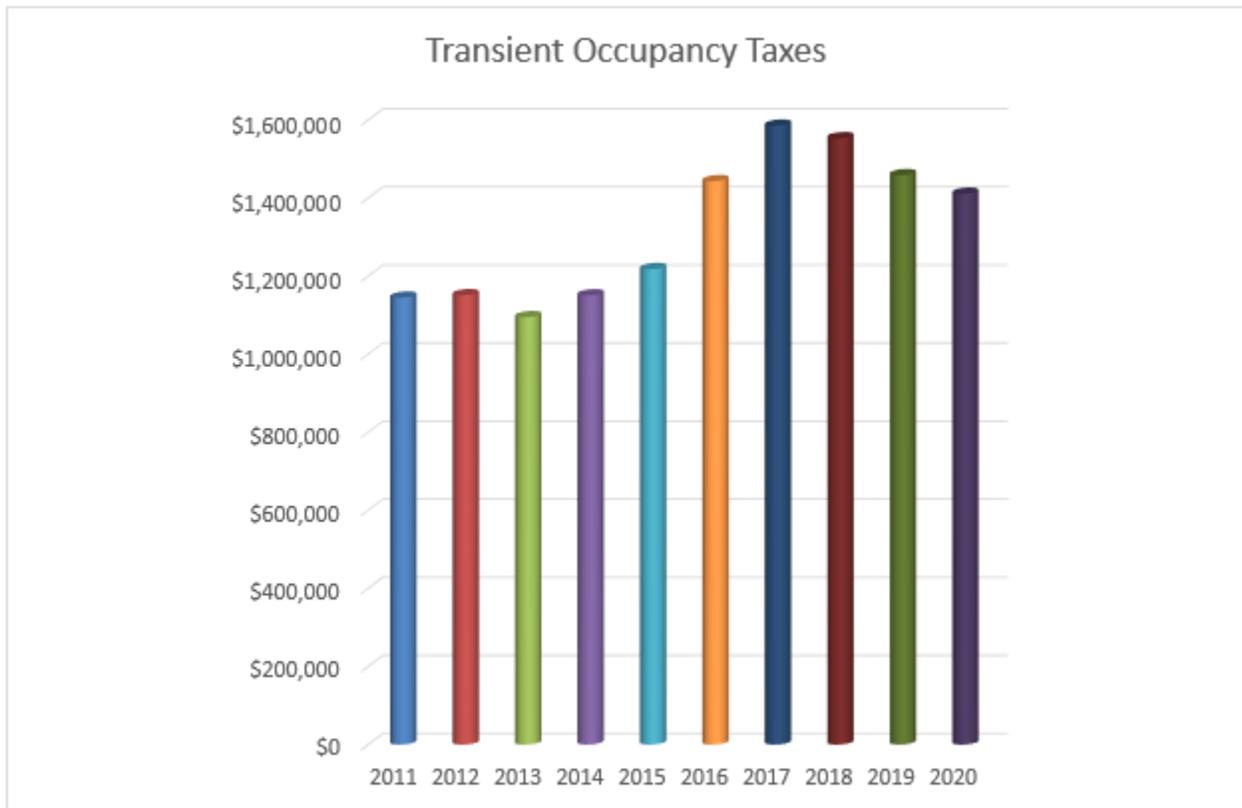
TOT has averaged a .47% growth rate for the last ten fiscal years. FY 2011 saw a significant decline in TOT revenue by 19%. This decrease is directly attributable to the relocation of the Empire Challenge which filled hotels to occupancy limits with participants in August; as well as, the reduction of federal defense employee travel. In FY 2013 TOT receipts 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. FY 2020 saw a decline in TOT of 3.25%. The City suspects that this is largely due to the COVID-19 pandemic, and the accompanying travel restrictions.

Effective October 1, 2017, lodging operators were required to assess their guests an additional 3%, making the total hotel tax 13%. The additional assessment is a pass through to the RACVB minus collections costs. This will expire ten years from its effective date.



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Business License Taxes

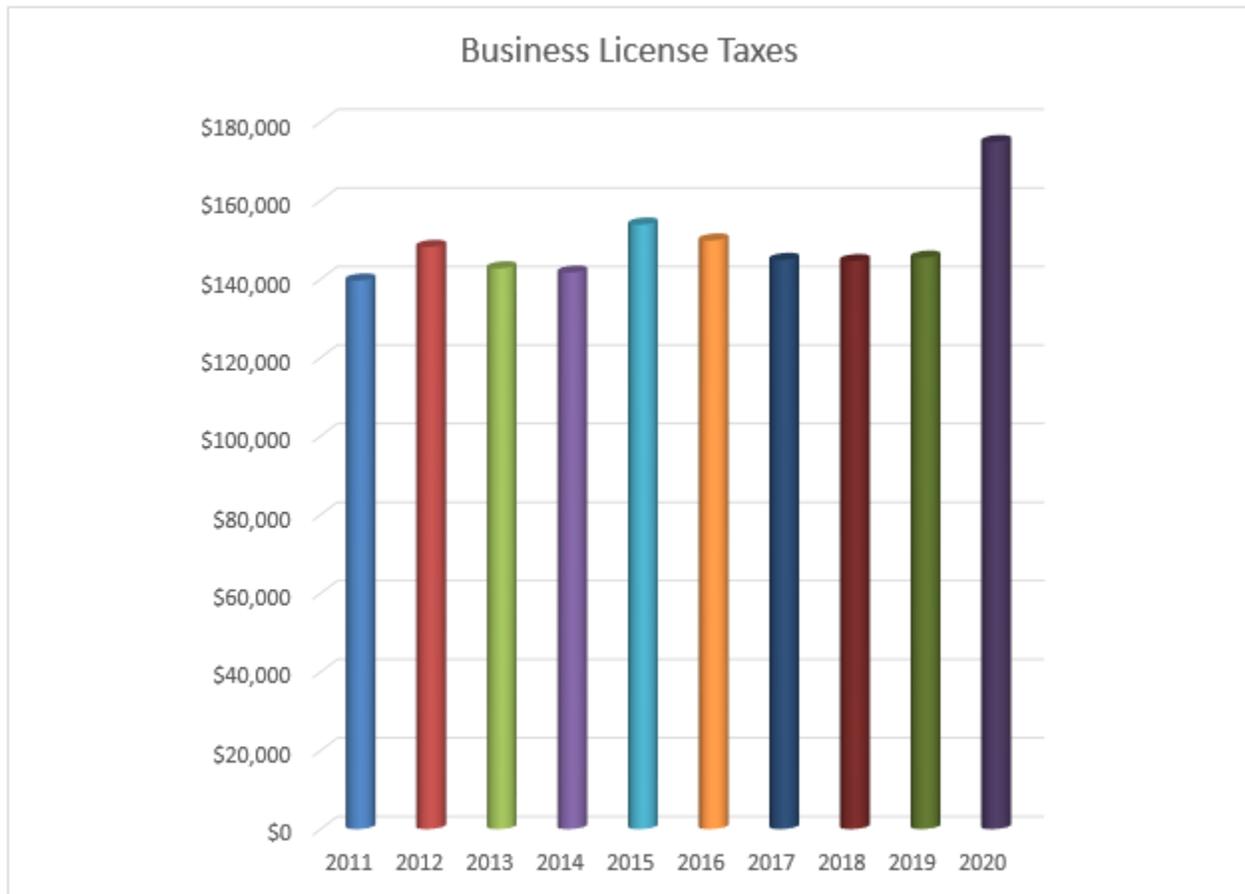
Another significant source of City revenue is the Business License Tax. This Tax is not regulatory in nature. It is based on unit count as opposed to the more common gross receipt ordinances by other cities throughout the state.

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 2020 saw an increase of 20.21% business licenses from last year. This is largely due to a 15% increase of the business license tax, the first increase since 1988. The City plans to continue increasing the tax based on CPI. With the mild improvement in the economy, the City expects to see a very small increase over the next few years. Over the last ten years, the City's business license tax revenue has increased an average of 2.66% annually.



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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, 2020 are disclosed in the notes to the financial statements. Appropriations for FY 2019 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."



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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ridgecrest for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the 15th consecutive year (since 2004) that the City 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. TAB proceeds funds were released in December 2013 of \$24.9 million to be used for economic development and construction projects in the last few fiscal years; Measure V projected to bring in an additional \$4 million annually. Measure V, which was approved by the voters in November 2016, will continue measure L at an increase rate of 1% for 8 years. FY 2019-20 sales tax is trending higher than previous years due to increase retail options and positive economic outlook. Transient Occupancy Tax (TOT) is expected to make marginal gains. The building of two new hotel chains is expected to provide jobs in 2020-2021.

On the negative side, before AB1X 26, Ridgecrest Redevelopment Agency funded the construction of the City's solar plant and the construction of the senior housing project by borrowing from the City's enterprise fund. After dissolution, the Department of Finance disallowed those obligations until recently, thru legal settlement, the State finally recognized the \$3 million loan to construct the solar plant. However, because our residual tax increment base amount in fiscal year 2013 was enormous, we are not expecting to see the repayment of this loan until all our bond obligations are paid 20 years from now. We are still in pursuing the other \$3 million that funded the senior housing project.

The full effects of the COVID-19 pandemic remain to be seen; however, the community of Ridgecrest has shown its resilience many times over the last two years. The July 2019 earthquakes caused significant damage to homes, businesses, and NAWS China Lake. The City of Ridgecrest, along with its citizens and representatives, were steadfast in obtaining funding and beginning the recovery process. The City plans to continue to partner with NAWS China Lake in their recovery and rebuilding process. Now, during the COVID-19 pandemic, there have been many state and federal lock-downs put into place. This has caused our local businesses to change their business models to accommodate these restrictions. The citizens of Ridgecrest have continued to support these businesses throughout the many changes they have had to make. Because of this, the City did not see the expected decline in Sales Tax, and continues to remain optimistic for the next year.



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Even though the economy is uncertain at this time, the city of Ridgecrest has and will continue to grow. The fiscal year 2021 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 2021 to improve fund balance in order to bolster reserves in the general fund.

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 2020 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, The Pun Group, 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,

Ronald Strand
City Manager/RRSA Executive Director

Cheri Freese
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, 2019

Christopher P. Morill

Executive Director/CEO

City of Ridgecrest Organization Chart





City of Ridgecrest

Comprehensive Annual Financial Report

Principal Officials

Peggy Breeden – Mayor
Lindsey Stephens – Mayor Pro-Tempore
Mike Mower – Vice Mayor
Scott Hayman – Council Member
Kyle Blades – Council Member

City Staff

Ronald Strand – City Manager/RRSA Executive Director
Jed McLaughlin – Chief of Police
Bard Lower – Public Works Director
Cheri Freese – Finance Director/City-Agency Treasurer
Ricca Charlon – City Clerk
Jason Patin – Parks & Recreation Director



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the 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, 2020, 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.

Auditors' 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 basic 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, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, the Schedule of Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Contributions – Pension, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Contributions – OPEB, as identified in the accompanying table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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, supplementary schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and were derived from and related 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, 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 solely 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 effectiveness of the City's 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.

The PwC Group, LLP

Santa Ana, California
December 30, 2020

City of Ridgecrest
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

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, 2020. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2020 by \$102.87 million, this compared to \$98.89 million at fiscal year end June 30, 2019. This is an overall increase of \$3.98 million or an increase of 6% of prior year’s net position. Net position for governmental activities exceeded liabilities by \$48 million.00 and this compares to \$47.19 million at June 30, 2019 an increase of \$.81 million. Assets and deferred outflows of resources for business-type activities exceeded liabilities and deferred inflows of resources by \$54.87 million compared to \$51.70 million at June 30, 2019, an increase of 6%.

Changes in Net Position – The City’s net position increased \$3.98 million in FY 2019-2020; this compared to \$5.97 million increase in FY 2018-2019. Net position of governmental activities decreased \$.81 million compared to a decrease of \$.048 million in 2018-2019. Net position of business-type activities increased by \$3.17 million compared to a \$5.91 million increase in FY 2018-2019. This reflects the leveling of the RDA Successor wind-down, Measure V sales tax option, along with the growth of the economy.

♦ *Fund Highlights*

Governmental Funds – At the close of FY 2019-2020 the City’s total governmental funds reported a fund balance of \$14.09 million, a \$2.61 million increase from the FY 2018-2019 balance of \$11.48 million.

General Fund – The fund balance of the general fund on June 30, 2020 was \$7.69 million, an increase of \$2.36 million from the June 30, 2019 balance of \$5.33 million. This increase was largely due to Measure L/V sales tax receipts.

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 financial statements. This report also contains other supplementary information in addition to the basic financial statements.

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

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 governmental-wide financial statements can be found on pages 32 and 33.

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

The City has 19 governmental funds, of which three 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 four major governmental funds are: General Fund, State Gas Tax 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 28-34. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 108-115.

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

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

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

The basic proprietary funds financial statements can be found on pages 39-43.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 55-91.

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 95-103.

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

City of Ridgecrest's Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current & Other Assets	\$ 17,909,364	\$ 15,394,539	\$ 40,228,947	\$ 36,018,115	\$ 58,138,311	\$ 51,412,654
Capital Assets	55,669,889	55,457,439	15,372,381	15,585,198	71,042,270	71,042,637
Total Assets	73,579,253	70,851,978	55,601,328	51,603,313	129,180,581	122,455,291
Deferred Outflow	12,037,903	20,903,007	1,711,088	2,952,974	13,748,991	23,855,981
Current Liabilities	3,865,854	4,074,754	763,980	283,219	4,629,834	4,357,973
Long-term Liabilities	22,813,361	40,216,718	99,222	2,493,727	22,912,583	42,710,445
Total Liabilities	26,679,215	44,291,472	863,202	2,776,946	27,542,417	47,068,418
Deferred Inflow	10,998,052	276,693	1,587,684	76,106	12,585,736	352,799
Net Investment in						
Capital Assets	55,669,889	55,457,439	15,372,381	15,585,198	71,042,270	71,042,637
Restricted	6,980,817	6,634,279	-	-	6,980,817	6,634,279
Unrestricted	(14,710,817)	(14,904,898)	39,489,149	36,118,037	24,778,332	21,213,139
Total Net Position	\$ 47,939,889	\$ 47,186,820	\$ 54,861,530	\$ 51,703,235	\$ 102,801,419	\$ 98,890,055

Net Position

The chart above reflects the City's combined net position (governmental and business-type activities) which totals \$102.87 million at the close of fiscal year ending June 30, 2020.

69.1% 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.

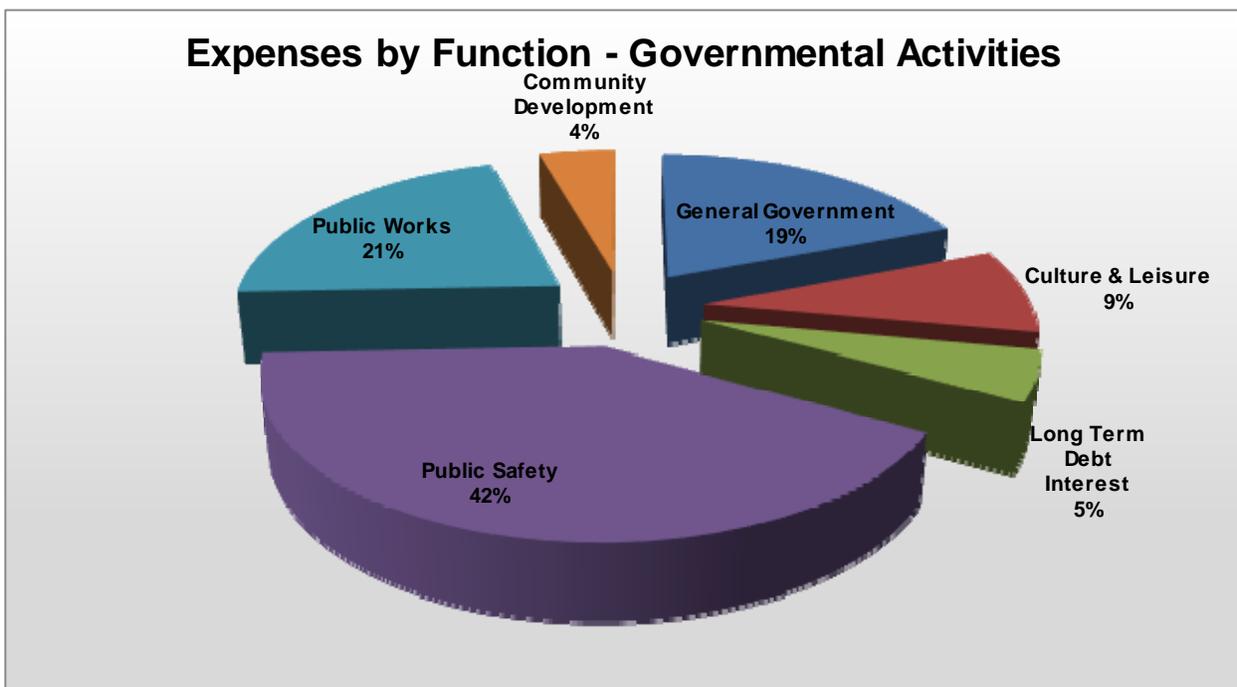
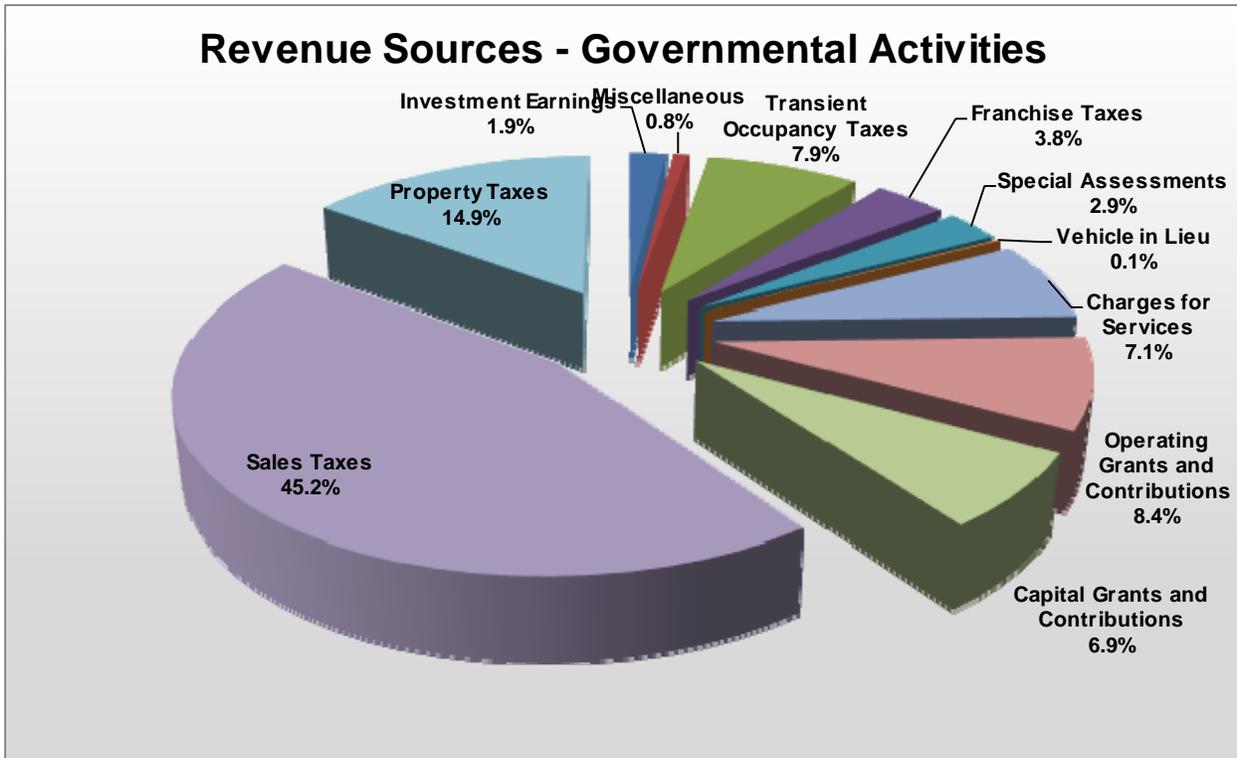
The remaining City net position (30.9%) represents resources that are subject to external restrictions (e.g., capital projects, community development, debt services and special projects) and resources that are unrestricted to meet the City's ongoing obligations to citizens and creditors.

At the end of the FY 2019-20, 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 increased by \$3.91 million during the fiscal year, a 4% increase. This was due to increased revenue derived from the local add on sales tax, and capital grants, while keeping our expenditures low.

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

Governmental Activities

Governmental activities increased the City's net position by \$753 thousand. The increase in the net position for governmental activities is attributed to increase revenue derived from the local add on sales tax, and capital grants, while keeping our expenditures low. 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 (Unaudited) (Continued)
For the Year Ended June 30, 2020

Statement of Activities
For the Year Ended June 30, 2020

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,274,498	\$ 1,236,217	\$ 6,219,799	\$ 6,327,195	\$ 7,494,297	\$ 7,563,412
Operating grants and contributions	1,499,442	1,957,254	89,269	149,429	1,588,711	2,106,683
Capital grants and contributions	1,237,922	274,427	-	-	1,237,922	274,427
Total program revenues	4,011,862	3,467,898	6,309,068	6,476,624	10,320,930	9,944,522
General revenues:						
Taxes:						
Property taxes	2,661,305	2,392,910	-	-	2,661,305	2,392,910
Sales taxes	8,058,076	8,111,952	-	-	8,058,076	8,111,952
Transient Occupancy Tax	1,411,102	1,458,498	-	-	1,411,102	1,458,498
Franchise Tax	674,181	762,399	-	-	674,181	762,399
Special Assessments	520,280	546,580	-	-	520,280	546,580
Vehicle in lieu tax	23,516	13,835	432,866	666,486	456,382	680,321
Total Taxes	13,348,460	13,286,174	432,866	666,486	13,781,326	13,952,660
Investment earnings	344,353	338,153	609,813	633,302	954,166	971,455
Revenues from Fiduciary Fund	577,193	1,719,172	-	-	577,193	1,719,172
Miscellaneous	138,941	175,031	2,227	10,907	141,168	185,938
Total general revenues	14,408,947	15,518,530	1,044,906	1,310,695	15,453,853	16,829,225
Total revenues	18,420,809	18,986,428	7,353,974	7,787,319	25,774,783	26,773,747
Expenses:						
General government	3,544,612	4,913,832	-	-	3,544,612	4,913,832
Public safety	7,694,408	7,393,899	-	-	7,694,408	7,393,899
Public works	3,932,154	3,854,999	-	-	3,932,154	3,854,999
Community Development	816,593	764,184	-	-	816,593	764,184
Culture & Leisure	1,621,784	1,692,123	-	-	1,621,784	1,692,123
Interest on long-term debt	916,918	1,097,275	-	-	916,918	1,097,275
Transit	-	-	834,485	270,484	834,485	270,484
Waste Water	-	-	2,502,465	814,134	2,502,465	814,134
Total expenses	18,526,469	19,716,312	3,336,950	1,084,618	21,863,419	20,800,930
Change in net position	(105,660)	(729,884)	4,017,024	6,702,701	3,911,364	5,972,817
Transfers	858,729	681,948	(858,729)	(681,948)	-	-
Increase (decrease) in net position	753,069	(47,936)	3,158,295	6,020,753	3,911,364	5,972,817
Net position, beginning of year	47,186,820	47,234,756	51,703,235	45,682,482	98,890,055	92,917,238
Net position, end of year	\$ 47,939,889	\$ 47,186,820	\$ 54,861,530	\$ 51,703,235	\$ 102,801,419	\$ 98,890,055

Governmental Activities

- 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.

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

- ◆ 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),
 - Information Technology, 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 two 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 \$3.17 million over the prior year compared to an increase of \$5.91 million from FY 2018-2019.

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, 5311 grants, PTMISEA funds and other operational funds to purchase buses. The Wastewater fund is 100% supported by user fees collected for the City via property tax billing by Kern County.

INTERNAL SERVICE FUNDS

The City has 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.

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.

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

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, 2020, and includes Major and Non-Major Funds. It reflects the amount for each source of revenue and what percentage of the total revenue that source of revenue represents.

Source of Revenue	FY 17-18 Amount	Percent of Total	FY 18-19 Amount	Percent of Total	FY 19-20 Amount	Percent of Total
Taxes	\$ 13,152,082	61.9%	\$ 13,200,593	69.8%	\$ 12,976,980	70.5%
Intergovernmental	1,353,224	6.4%	1,874,641	9.9%	2,763,444	15.0%
Licenses, Permits & Fees	913,327	4.3%	782,372	4.1%	1,011,225	5.5%
Fines and Forfeitures	45,540	0.2%	56,368	0.3%	42,455	0.2%
Assessment levied	72,369	0.3%	86,386	0.5%	26,882	0.1%
Use of Money & Property	284,202	1.3%	441,312	2.3%	388,068	2.1%
Charges for Services	491,351	2.3%	513,062	2.7%	442,465	2.4%
Other Revenues	378,442	1.8%	247,768	1.3%	168,807	0.9%
Revenue from Fiduciary Funds	4,562,229	21.5%	1,719,172	9.1%	577,193	3.1%
Total	\$ 21,252,766	100.0%	\$ 18,921,674	100.0%	\$ 18,397,519	100.0%

- ♦ As of the end of the current year, the City of Ridgecrest's governmental funds reported combined ending fund balances of \$14.09 million, an increase of \$2.61 million in comparison to the FY 2018-2019 ending fund balance. Of this ending balance the unassigned fund balance is \$3.25 million. The majority of the fund balance, \$5.66 million, is restricted.

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 \$760,820; \$17,620 is committed for Park Development and \$743,200 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 \$4,364,373, 91% or \$3,992,710 is classified as Assigned Fund Balance, set aside for Capital Improvements and Measure L/V funded street maintenance.

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the main operating fund of the City. The primary source of its revenues are taxes; primarily sales taxes including a collection of Measure L/V local option sales tax. Final budgeted revenues received was within acceptable budget variance. Increase in revenue in the final budget is due to better than expected Measure V sales tax receipts and property tax revenue, a definite indication that the city's economy is improving. Increases in the final budget expenditures is a result of carry-over obligations and commitments from the previous fiscal year. The General fund received an excess \$2.36 million in resources over charges to appropriations. This increased the General Fund balance to \$7.69 million. The City has made substantial strides to wipe out its negative fund balance with continued budget reduction, capital outlay deferrals, closely monitoring fiscal position and conservative revenue estimates. The City plans to build its fund balance to equal at least six months' worth of its annual expenditures within the next 3-5 years.

	For the Fiscal Year Ended June 30, 2020				For the Fiscal Year Ended June 30, 2019			
	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			\$ 5,327,903			\$ 2,685,597		
Resources (inflows):								
Taxes	12,935,475	12,935,475	12,976,980	41,505	12,432,596	12,432,596	12,868,525	435,929
Intergovernmental revenue	96,025	251,698	159,584	(92,114)	97,025	107,453	128,487	21,034
Licenses, fees, and permits	367,500	290,764	546,627	255,863	466,715	466,715	386,978	(79,737)
Fines and forfeitures	45,500	45,500	42,455	(3,045)	50,500	50,500	56,368	5,868
Use of money and property	247,350	247,350	251,184	3,834	217,350	217,350	289,651	72,301
Charges for services	612,564	612,564	442,465	(170,099)	573,311	573,311	513,062	(60,249)
Transfers from other funds	1,496,944	1,496,944	1,408,591	(88,353)	1,758,237	2,028,535	1,893,028	(135,507)
Other revenues	374,023	373,622	124,618	(249,004)	300,623	308,564	170,211	(138,353)
Amount available for appropriation	16,175,381	16,253,917	15,952,504	(301,413)	15,896,357	16,185,024	16,306,310	121,286
Charges to appropriations (outflows):								
General government	2,477,504	2,579,344	2,130,399	448,945	2,750,842	2,548,232	1,895,525	652,707
Public safety	7,577,586	7,709,935	5,729,303	1,980,632	7,241,176	7,460,357	7,106,092	354,265
Public works	473,759	498,659	411,841	86,818	512,085	385,298	337,050	48,248
Community development	860,085	1,030,534	748,482	282,052	879,299	894,494	700,382	194,112
Culture and leisure	2,008,195	2,024,138	1,515,169	508,969	1,842,119	1,857,415	1,669,708	187,707
Capital Outlay	339,460	355,443	226,116	129,327	644,638	891,679	715,305	176,374
Debt Service:								
Principal	136,339	136,339	-	-	-	-	-	-
Non-departmental:								
Transfers (to)/from other funds	3,455,025	3,521,019	2,876,830	644,189	2,399,781	2,502,977	1,239,942	1,263,035
Total charges to appropriations	17,327,953	17,855,411	13,638,140	4,217,271	16,269,940	16,540,452	13,664,004	2,876,448
Excess of resources over (under) charges to appropriations	(1,152,572)	(1,601,494)	2,314,364	3,915,858	(373,583)	(355,428)	2,642,306	2,997,734
Fund balance, June 30			\$ 7,642,267				\$ 5,327,903	

Capital Assets and Debt Administration

The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2020, amounts to \$71.0 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 increased by \$.1 million from prior year. With the end of available Tax Allocation Bonds (TAB) funds, construction did wind down in 2018-19. 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 (Unaudited) (Continued)
For the Year Ended June 30, 2020

	Government Activities	Business-Type Activities	Total
<i>Non-Depreciable Assets:</i>			
Land	\$ 2,434,499	\$ 1,614,217	\$ 4,048,716
Construction in process	5,205,831	329,888	5,535,719
Total non-depreciable assets, net	<u>7,640,330</u>	<u>1,944,105</u>	<u>9,584,435</u>
<i>Depreciable Assets:</i>			
Buildings and improvements	10,773,589	3,375,450	14,149,039
Machinery and equipment	9,183,337	4,114,773	13,298,110
Infrastructure	128,848,062	21,182,072	150,030,134
	<u>148,804,988</u>	<u>28,672,295</u>	<u>177,477,283</u>
Less accumulated depreciation	<u>(100,775,429)</u>	<u>(15,244,019)</u>	<u>(116,019,448)</u>
Total depreciable assets, net	<u>48,029,559</u>	<u>13,428,276</u>	<u>61,457,835</u>
Total capital assets	<u><u>\$ 55,669,889</u></u>	<u><u>\$ 15,372,381</u></u>	<u><u>\$ 71,042,270</u></u>

Additional information on the capital assets can be found in Note 7 on pages 74-75 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 \$22.01 million.

Long Term Debt from Fiduciary Funds has a balance of \$25.89 million from the 2018 Tax Allocation Refunding Bond to provide funds to refund the 2010 Tax Allocation Bonds.

	Balance			Balance		
	June 30, 2019	Additions	Deletions	June 30, 2020	Due within one year	Due in more than one year
Governmental Activities:						
2018 PERS COP	\$ 19,955,000	\$ -	\$ (565,000)	\$ 19,390,000	\$ 735,000	\$ 18,655,000
Plus: Bond Premium	401,127	-	(14,857)	386,270	-	386,270
Compensated Absences	2,093,982	907,130	(760,644)	2,240,468	819,598	1,420,870
Total Government Activities	<u>8,597,438</u>	<u>907,130</u>	<u>(1,340,501)</u>	<u>22,016,738</u>	<u>1,554,598</u>	<u>20,462,140</u>
Fiduciary Funds:						
Tax Allocation Bonds, Series 2018	27,565,000	-	(1,375,000)	26,190,000	1,673,000	24,517,000
Total Fiduciary Funds	<u>27,565,000</u>	<u>-</u>	<u>(1,375,000)</u>	<u>26,190,000</u>	<u>1,673,000</u>	<u>24,517,000</u>
Total	<u><u>\$ 37,023,161</u></u>	<u><u>\$ 907,130</u></u>	<u><u>\$ (2,715,501)</u></u>	<u><u>\$ 48,206,738</u></u>	<u><u>\$ 3,227,598</u></u>	<u><u>\$ 44,979,140</u></u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its assessed valuation. Additional information on the City of Ridgecrest long-term debt can be found in Note 5 on page 73 of this report.

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

Economic Factors and Next Year's Budget

Many factors from previous years continue to impact the next fiscal year, both positively and negatively. TAB proceeds funds were released in December 2013 of \$24.9 million to be used for economic development and construction projects in the last few fiscal years; Measure V projected to bring in an additional \$4 million annually. Measure V, which was approved by the voters in November 2016, will continue measure L at an increase rate of 1% for 8 years. FY 2019-20 sales tax is trending higher than previous years due to increase retail options and positive economic outlook. Transient Occupancy Tax (TOT) is expected to make marginal gains. The building of two new hotel chains is expected to provide jobs in 2020-2021.

On the negative side, before AB1X 26, Ridgecrest Redevelopment Agency funded the construction of the City's solar plant and the construction of the senior housing project by borrowing from the City's enterprise fund. After dissolution, the Department of Finance disallowed those obligations until recently, thru legal settlement, the State finally recognized the \$3 million loan to construct the solar plant. However, because our residual tax increment base amount in fiscal year 2013 was enormous, we are not expecting to see the repayment of this loan until all our bond obligations are paid 20 years from now. We are still in pursuing the other \$3 million that funded the senior housing project.

The full effects of the COVID-19 pandemic remain to be seen; however, the community of Ridgecrest has shown its resilience many times over the last two years. The July 2019 earthquakes caused significant damage to homes, businesses, and NAWS China Lake. The City of Ridgecrest, along with its citizens and representatives, were steadfast in obtaining funding and beginning the recovery process. The City plans to continue to partner with NAWS China Lake in their recovery and rebuilding process. Now, during the COVID-19 pandemic, there have been many state and federal lock-downs put into place. This has caused our local businesses to change their business models to accommodate these restrictions. The citizens of Ridgecrest have continued to support these businesses throughout the many changes they have had to make. Because of this, the City did not see the expected decline in Sales Tax, and continues to remain optimistic for the next year.

Even though the economy is uncertain at this time, the city of Ridgecrest has and will continue to grow. The fiscal year 2021 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 2021 to improve fund balance in order to bolster reserves in the general fund.

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 had significantly mitigated the effects on Police and Streets, and the passage of Measure V will continue that effort with an increased funding level.

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.

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Basic Financial Statements



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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Government-Wide Financial Statements



City of Ridgecrest
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 18,822,279	\$ 33,184,594	\$ 52,006,873
Cash and investments with fiscal agents	6	-	6
Receivables:			
Accounts	157,593	1,250,222	1,407,815
Taxes	1,771,707	-	1,771,707
Interest	58,674	111,417	170,091
Deposits	10,241	-	10,241
Internal balances	(3,178,099)	3,178,099	-
Inventories	14,670	-	14,670
Total current assets	<u>17,657,071</u>	<u>37,724,332</u>	<u>55,381,403</u>
Noncurrent assets:			
Due from Fiduciary Fund	56,345	2,504,615	2,560,960
Loans receivable	195,948	-	195,948
Capital assets:			
Nondepreciable	7,640,330	1,944,105	9,584,435
Depreciable, net	48,029,559	13,428,276	61,457,835
Total capital assets, net	<u>55,669,889</u>	<u>15,372,381</u>	<u>71,042,270</u>
Total noncurrent assets	<u>55,922,182</u>	<u>17,876,996</u>	<u>73,799,178</u>
Total assets	<u>73,579,253</u>	<u>55,601,328</u>	<u>129,180,581</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related deferred outflows	11,900,179	1,691,278	13,591,457
OPEB-related deferred outflows	137,724	19,810	157,534
Total deferred outflows of resources	<u>12,037,903</u>	<u>1,711,088</u>	<u>13,748,991</u>

City of Ridgecrest
Statement of Net Position (Continued)
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	1,053,707	76,849	1,130,556
Interest payable	76,576	-	76,576
Salaries payable	36,821	4,487	41,308
Other payroll deductions payable	44,651	-	44,651
Deposits payable	305,578	-	305,578
Unearned revenue	170,022	682,644	852,666
Claims payable - due within one year	623,901	-	623,901
Compensated absences - due within one year	819,598	-	819,598
Long-term debt - due within one year	735,000	-	735,000
Total current liabilities	<u>3,865,854</u>	<u>763,980</u>	<u>4,629,834</u>
Long-term liabilities:			
Claims payable - due in more than one year	1,579,099	-	1,579,099
Aggregate net pension liability - due in more than one year	87,502	752	88,254
Net OPEB liability - due in more than one year	684,620	98,470	783,090
Compensated absences - due in more than one year	1,420,870	-	1,420,870
Long-term debt - due in more than one year	19,041,270	-	19,041,270
Total long-term liabilities	<u>22,813,361</u>	<u>99,222</u>	<u>22,912,583</u>
Total liabilities	<u>26,679,215</u>	<u>863,202</u>	<u>27,542,417</u>
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows	10,994,781	1,587,213	12,581,994
OPEB-related deferred inflows	3,271	471	3,742
Total deferred inflows of resources	<u>10,998,052</u>	<u>1,587,684</u>	<u>12,585,736</u>
NET POSITION			
Net investment in capital assets	<u>55,669,889</u>	<u>15,372,381</u>	<u>71,042,270</u>
Restricted for:			
Special projects	644,856	-	644,856
Debt service	1,475	-	1,475
Capital projects	5,944,073	-	5,944,073
Other purpose	390,413	-	390,413
Total restricted	<u>6,980,817</u>	<u>-</u>	<u>6,980,817</u>
Unrestricted (deficit)	<u>(14,710,817)</u>	<u>39,489,149</u>	<u>24,778,332</u>
Total net position	<u>\$ 47,939,889</u>	<u>\$ 54,861,530</u>	<u>\$ 102,801,419</u>

City of Ridgecrest
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 3,544,612	\$ 238,529	\$ -	\$ -	\$ 238,529
Public safety	7,694,408	291,783	289,452	-	581,235
Public works	3,932,154	7,007	1,209,990	1,237,922	2,454,919
Community development	816,593	550,707	-	-	550,707
Culture and leisure	1,621,784	186,472	-	-	186,472
Interest on long-term debt	916,918	-	-	-	-
Total governmental activities	18,526,469	1,274,498	1,499,442	1,237,922	4,011,862
Business-Type activities:					
TDA transit	834,485	392,427	89,269	-	481,696
Wastewater improvement	2,502,465	5,827,372	-	-	5,827,372
Total business-type activities	3,336,950	6,219,799	89,269	-	6,309,068
Total primary government	\$ 21,863,419	\$ 7,494,297	\$ 1,588,711	\$ 1,237,922	\$ 10,320,930

City of Ridgecrest
Statement of Activities (Continued)
For the Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (3,306,083)	\$ -	\$ (3,306,083)
Public safety	(7,113,173)	-	(7,113,173)
Public works	(1,477,235)	-	(1,477,235)
Community development	(265,886)	-	(265,886)
Culture and leisure	(1,435,312)	-	(1,435,312)
Interest on long-term debt	(916,918)	-	(916,918)
Total governmental activities	(14,514,607)	-	(14,514,607)
Business-Type activities:			
TDA transit	-	(352,789)	(352,789)
Wastewater improvement	-	3,324,907	3,324,907
Total business-type activities	-	2,972,118	2,972,118
Total primary government	(14,514,607)	2,972,118	(11,542,489)
General revenues:			
Taxes:			
Property taxes	2,661,305	-	2,661,305
Sales taxes	8,058,076	-	8,058,076
Transient occupancy tax	1,411,102	-	1,411,102
Franchise tax	674,181	-	674,181
Special assessments	520,280	-	520,280
Vehicle in lieu tax	23,516	432,866	456,382
Total taxes	13,348,460	432,866	13,781,326
Investment earnings	344,353	609,813	954,166
Revenue from Fiduciary Fund (Note 6)	577,193	-	577,193
Miscellaneous	138,941	2,227	141,168
Transfers	858,729	(858,729)	-
Total general revenues and transfers	15,267,676	186,177	15,453,853
Change in net position	753,069	3,158,295	3,911,364
Net position - beginning of year	47,186,820	51,703,235	98,890,055
Net position - end of year	\$ 47,939,889	\$ 54,861,530	\$ 102,801,419

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City of Ridgecrest
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Fund Financial Statements

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



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Governmental Fund Financial Statements



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GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Funds of the City are outlined below:

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

State Gas Tax Special Revenue Fund – This fund accounts for and reports the proceeds of the City’s share of state gasoline taxes, which are restricted or committed to expenditures for the street construction and street maintenance projects.

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, 2020**

	Major Funds		
	General Fund	State Gas Tax Special Revenue Fund	City Debt Service Fund
ASSETS			
Cash and investments	\$ 9,745,108	\$ 149,137	\$ 434
Cash and investments with fiscal agent	-	-	6
Receivables:			
Accounts	74,394	500	-
Taxes	1,763,491	-	-
Interest	33,349	-	1,035
Loans	-	-	-
Due from other funds	84,650	-	-
Deposits	-	-	-
Due from Fiduciary	56,345	-	-
Total assets	\$ 11,757,337	\$ 149,637	\$ 1,475
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 567,496	\$ 76,446	\$ -
Salaries payable	33,180	2,390	-
Other payroll deductions payable	26,001	-	-
Deposits payable	265,711	-	-
Unearned revenue	44,583	-	-
Advances from other funds	3,178,099	-	-
Total liabilities	4,115,070	78,836	-
Deferred Inflows of Resources:			
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances:			
Nonspendable	56,345	-	-
Restricted	390,413	70,801	1,475
Committed	-	-	-
Assigned	3,992,710	-	-
Unassigned	3,202,799	-	-
Total fund balances	7,642,267	70,801	1,475
Total liabilities, deferred inflows of resources and fund balances	\$ 11,757,337	\$ 149,637	\$ 1,475

**City of Ridgecrest
Balance Sheet (Continued)
Governmental Funds
June 30, 2020**

	<u>Major Funds</u>		
	<u>Capital Improvements Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 574,984	\$ 6,113,827	\$ 16,583,490
Cash and investments with fiscal agent	-	-	6
Receivables:			
Accounts	-	78,583	153,477
Taxes	-	-	1,763,491
Interest	390	23,900	58,674
Loans	-	195,948	195,948
Due from other funds	-	-	84,650
Deposits	-	10,241	10,241
Due from Fiduciary	-	-	56,345
Total assets	<u>\$ 575,374</u>	<u>\$ 6,422,499</u>	<u>\$ 18,906,322</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 305,047	\$ 8,864	\$ 957,853
Salaries payable	-	528	36,098
Other payroll deductions payable	-	-	26,001
Deposits payable	39,867	-	305,578
Unearned revenue	-	125,439	170,022
Advances from other funds	-	-	3,178,099
Total liabilities	<u>344,914</u>	<u>134,831</u>	<u>4,673,651</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	195,948	195,948
Total deferred inflows of resources	<u>-</u>	<u>195,948</u>	<u>195,948</u>
Fund Balances:			
Nonspendable	-	-	56,345
Restricted	-	5,189,697	5,652,386
Committed	-	760,820	760,820
Assigned	230,460	141,203	4,364,373
Unassigned	-	-	3,202,799
Total fund balances	<u>230,460</u>	<u>6,091,720</u>	<u>14,036,723</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 575,374</u>	<u>\$ 6,422,499</u>	<u>\$ 18,906,322</u>

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City of Ridgecrest
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds	<u>\$ 14,036,723</u>
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Capital assets, nondepreciable	7,640,330
Capital assets, depreciable	<u>48,029,559</u>
	<u>55,669,889</u>
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Long-term debt - due within one year	(735,000)
Long-term debt - due in more than one year	(19,041,270)
Compensated absences - due within one year	(819,598)
Compensated absences - due in more than one year	(1,420,870)
Claims payable - due within one year	(623,901)
Claims payable - due in more than one year	(1,579,099)
Less claims payable included in the internal service funds	<u>1,010,955</u>
	<u>(23,208,783)</u>
Aggregate 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>(87,502)</u>
Net OPEB liability is not due and payable in the current period and therefore is not required to be reported in the governmental funds.	
	<u>(684,620)</u>
Actuarially determined deferred outflows of resources are reported in the government-wide statements:	
Pension-related deferred outflows	11,900,179
OPEB-related deferred outflows	<u>137,724</u>
	<u>12,037,903</u>
Actuarially determined deferred inflows of resources are reported in the government-wide statements:	
Pension-related deferred inflows	(10,994,781)
OPEB-related deferred inflows	<u>(3,271)</u>
	<u>(10,998,052)</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>(76,576)</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>195,948</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>1,054,959</u>
Net Position of Governmental Activities	<u><u>\$ 47,939,889</u></u>

City of Ridgecrest
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds		
	General Fund	State Gas Tax Special Revenue Fund	City Debt Service Fund
REVENUES:			
Taxes	\$ 12,976,980	\$ -	\$ -
Intergovernmental	159,584	617,201	-
License and permits	546,627	-	-
Fines and forfeitures	42,455	-	-
Assessment levied	-	-	-
Use of money and property	251,184	94	3,896
Charges for services	442,465	-	-
Revenue from Fiduciary Fund	250,000	-	-
Other revenues	124,618	1,907	-
Total revenues	14,793,913	619,202	3,896
EXPENDITURES:			
Current:			
General government	2,130,399	-	-
Public safety	5,729,303	-	-
Public works	411,841	1,137,857	-
Community development	748,482	-	-
Culture and leisure	1,515,169	-	-
Capital outlay	226,116	830,769	-
Debt service:			
Principal	-	-	565,000
Interest and fiscal charges	-	-	934,129
Total expenditures	10,761,310	1,968,626	1,499,129
REVENUES OVER (UNDER) EXPENDITURES	4,032,603	(1,349,424)	(1,495,233)
OTHER FINANCING SOURCES (USES):			
Transfers in	1,158,591	1,776,777	1,499,128
Transfers out	(2,876,830)	(372,850)	-
Total other financing sources (uses)	(1,718,239)	1,403,927	1,499,128
Net changes in fund balances	2,314,364	54,503	3,895
FUND BALANCES (DEFICIT):			
Beginning of year	5,327,903	16,298	(2,420)
End of year	<u>\$ 7,642,267</u>	<u>\$ 70,801</u>	<u>\$ 1,475</u>

City of Ridgecrest
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds		
	Capital Improvements Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes	\$ -	\$ -	\$ 12,976,980
Intergovernmental	1,237,922	748,737	2,763,444
License and permits	-	464,598	1,011,225
Fines and forfeitures	-	-	42,455
Assessment levied	-	26,882	26,882
Use of money and property	5,046	127,848	388,068
Charges for services	-	-	442,465
Revenue from Fiduciary Fund	327,193	-	577,193
Other revenues	-	42,282	168,807
Total revenues	1,570,161	1,410,347	18,397,519
EXPENDITURES:			
Current:			
General government	-	5,972	2,136,371
Public safety	-	-	5,729,303
Public works	-	182,190	1,731,888
Community development	-	1,195	749,677
Culture and leisure	20,801	-	1,535,970
Capital outlay	1,888,277	-	2,945,162
Debt service:			
Principal	-	-	565,000
Interest and fiscal charges	-	-	934,129
Total expenditures	1,909,078	189,357	16,327,500
REVENUES OVER (UNDER) EXPENDITURES	(338,917)	1,220,990	2,070,019
OTHER FINANCING SOURCES (USES):			
Transfers in	142,028	-	4,576,524
Transfers out	-	(840,216)	(4,089,896)
Total other financing sources (uses)	142,028	(840,216)	486,628
Net changes in fund balances	(196,889)	380,774	2,556,647
FUND BALANCES (DEFICIT):			
Beginning of year	427,349	5,710,946	11,480,076
End of year	<u>\$ 230,460</u>	<u>\$ 6,091,720</u>	<u>\$ 14,036,723</u>

City of Ridgecrest
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	2,556,647
<p>Governmental funds report capital outlay as expenditures. Capital outlay expenditures were included in the Statement of Revenue, Expenditures, and Changes in Fund Balances through out various departments. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.</p>		
		2,945,162
<p>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</p>		
		(2,732,712)
<p>Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position</p>		
Principal payment of long-term debt		565,000
Amortization of bond premium		14,857
<p>The net effect of various miscellaneous transactions involving pension plans (i.e. changes in the net pension liability, deferred inflow/outflow amortization, contributions after measurement date) does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.</p>		
		(2,903,692)
<p>The net effect of various miscellaneous transactions involving the OPEB plan (i.e. changes in the net OPEB liability, deferred inflow/outflow amortization, contributions after measurement date) does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.</p>		
		6,064
<p>Certain long-term assets and liabilities were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, long-term assets and liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year.</p>		
Changes in compensated absences		(146,486)
Changes in claims payable		223,479
<p>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.</p>		
		2,354
<p>Unavailable revenues were reported as deferred inflows of resources in the Governmental Funds but were reported as revenues in the Government-Wide Statement of Statement of Activities.</p>		
		(13,148)
<p>Internal service funds were used by management to charge the costs of certain activities to individual funds. The net expense of the internal service funds was reported with governmental activities.</p>		
		235,544
Change in Net Position of Governmental Activities	\$	<u>753,069</u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Proprietary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Ridgecrest
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities - Enterprise Funds		Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement		
ASSETS				
Current assets:				
Cash and investments	\$ 113,296	\$ 33,071,298	\$ 33,184,594	\$ 2,238,789
Receivables:				
Accounts	1,079,497	170,725	1,250,222	4,116
Taxes	-	-	-	8,216
Interest	530	110,887	111,417	-
Inventories	-	-	-	14,670
Total current assets	<u>1,193,323</u>	<u>33,352,910</u>	<u>34,546,233</u>	<u>2,265,791</u>
Noncurrent assets:				
Advances to other funds	-	3,178,099	3,178,099	-
Due from Fiduciary	-	2,504,615	2,504,615	-
Capital assets:				
Non-depreciable	-	1,944,105	1,944,105	-
Depreciable	1,316,718	27,355,577	28,672,295	412,893
Less: accumulated depreciation	(1,208,812)	(14,035,207)	(15,244,019)	(412,893)
Total capital assets	<u>107,906</u>	<u>15,264,475</u>	<u>15,372,381</u>	<u>-</u>
Total noncurrent assets	<u>107,906</u>	<u>20,947,189</u>	<u>21,055,095</u>	<u>-</u>
Total assets	<u>1,301,229</u>	<u>54,300,099</u>	<u>55,601,328</u>	<u>2,265,791</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows	461,258	1,230,020	1,691,278	-
OPEB-related deferred outflows	8,964	10,846	19,810	-
Total deferred outflows of resources	<u>470,222</u>	<u>1,240,866</u>	<u>1,711,088</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	3,503	73,346	76,849	95,854
Salaries payable	2,117	2,370	4,487	723
Other payroll deductions payable	-	-	-	18,650
Due to other funds	-	-	-	84,650
Unearned revenue	682,644	-	682,644	-
Claims payable - due within one year	-	-	-	303,287
Total current liabilities	<u>688,264</u>	<u>75,716</u>	<u>763,980</u>	<u>503,164</u>
Noncurrent liabilities:				
Aggregate net pension liability - due in more than one year	205	547	752	-
Net OPEB liability - due in more than one year	44,556	53,914	98,470	-
Claims payable - due in more than one year	-	-	-	707,668
Total noncurrent liabilities	<u>44,761</u>	<u>54,461</u>	<u>99,222</u>	<u>707,668</u>
Total liabilities	<u>733,025</u>	<u>130,177</u>	<u>863,202</u>	<u>1,210,832</u>
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows	432,876	1,154,337	1,587,213	-
OPEB-related deferred inflows	213	258	471	-
Total deferred inflows of resources	<u>433,089</u>	<u>1,154,595</u>	<u>1,587,684</u>	<u>-</u>
NET POSITION				
Investment in capital assets	107,906	15,264,475	15,372,381	-
Unrestricted (deficit)	497,431	38,991,718	39,489,149	1,054,959
Total net position	<u>\$ 605,337</u>	<u>\$ 54,256,193</u>	<u>\$ 54,861,530</u>	<u>\$ 1,054,959</u>

See accompanying Notes to the Basic Financial Statements.

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Ridgecrest
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
OPERATING REVENUES:				
Charges for services	\$ 392,427	\$ 5,827,372	\$ 6,219,799	\$ 746,977
Other revenue	514	1,713	2,227	648,855
Total operating revenues	<u>392,941</u>	<u>5,829,085</u>	<u>6,222,026</u>	<u>1,395,832</u>
OPERATING EXPENSES:				
Transportation	781,906	-	781,906	-
Health	-	1,950,498	1,950,498	-
Administration	-	-	-	1,568,827
Depreciation	52,579	551,967	604,546	-
Total operating expenses	<u>834,485</u>	<u>2,502,465</u>	<u>3,336,950</u>	<u>1,568,827</u>
OPERATING INCOME (LOSS)	<u>(441,544)</u>	<u>3,326,620</u>	<u>2,885,076</u>	<u>(172,995)</u>
NONOPERATING REVENUES:				
Taxes	432,866	-	432,866	-
Intergovernmental	89,269	-	89,269	-
Use of money and property	10,397	599,416	609,813	36,438
Total nonoperating revenues	<u>532,532</u>	<u>599,416</u>	<u>1,131,948</u>	<u>36,438</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>90,988</u>	<u>3,926,036</u>	<u>4,017,024</u>	<u>(136,557)</u>
TRANSFERS:				
Transfers in	-	-	-	963,836
Transfers out	(364,450)	(494,279)	(858,729)	(591,735)
Total transfers	<u>(364,450)</u>	<u>(494,279)</u>	<u>(858,729)</u>	<u>372,101</u>
Changes in net position	<u>(273,462)</u>	<u>3,431,757</u>	<u>3,158,295</u>	<u>235,544</u>
NET POSITION:				
Beginning of year	878,799	50,824,436	51,703,235	819,415
End of year	<u>\$ 605,337</u>	<u>\$ 54,256,193</u>	<u>\$ 54,861,530</u>	<u>\$ 1,054,959</u>

City of Ridgecrest
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	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	\$ (151,566)	\$ 5,807,937	\$ 5,656,371	\$ 742,861
Payments to suppliers or employees for goods and services	(699,843)	(1,659,653)	(2,359,496)	(1,588,249)
Insurance premiums and settlements or insurance recovery	-	-	-	(3,521)
Others	514	1,713	2,227	648,855
Net cash provided by (used in) operating activities	(850,895)	4,149,997	3,299,102	(200,054)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Taxes	432,866	-	432,866	-
Intergovernmental	89,269	-	89,269	-
Interfund borrowings	-	-	-	84,650
Transfers in	-	-	-	963,836
Transfers out	(364,450)	(494,279)	(858,729)	(591,735)
Net cash provided by (used in) noncapital financing activities	157,685	(494,279)	(336,594)	456,751
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	(391,729)	(391,729)	-
Cash received from repayment of advances	-	136,338	136,338	-
Net cash provided by (used in) capital and related financing activities	-	(255,391)	(255,391)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	11,562	662,153	673,715	39,930
Net cash provided by investing activities	11,562	662,153	673,715	39,930
Net change in cash and cash equivalents	(681,648)	4,062,480	3,380,832	296,627
CASH AND CASH EQUIVALENTS:				
Beginning of year	794,944	29,008,818	29,803,762	1,942,162
End of year	<u>\$ 113,296</u>	<u>\$ 33,071,298</u>	<u>\$ 33,184,594</u>	<u>\$ 2,238,789</u>

City of Ridgecrest
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (441,544)	\$ 3,326,620	\$ 2,885,076	\$ (172,995)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	52,579	551,967	604,546	-
Changes in current assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable	(1,010,805)	(19,435)	(1,030,240)	(4,116)
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Inventories	-	-	-	(356)
Pension-related deferred outflows	336,911	898,430	1,235,341	-
OPEB-related deferred outflows	2,142	4,403	6,545	-
Accounts payable	(1,233)	51,046	49,813	7,567
Salaries payable	(15,826)	(20,038)	(35,864)	(4,219)
Other payroll deductions payable	-	-	-	(22,414)
Claims payable	-	-	-	(3,521)
Unearned revenue	466,812	-	466,812	-
Aggregate net pension liability	(649,531)	(1,732,083)	(2,381,614)	-
Net OPEB liability	(2,370)	(10,521)	(12,891)	-
Pension-related deferred inflows	412,785	1,100,761	1,513,546	-
OPEB-related deferred inflows	(815)	(1,153)	(1,968)	-
Total adjustments	(409,351)	823,377	414,026	(27,059)
Net cash provided by (used in) operating activities	\$ (850,895)	\$ 4,149,997	\$ 3,299,102	\$ (200,054)

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Fiduciary Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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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
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Ridgecrest
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$ 4,159,788	\$ 479,062
Cash and investments with fiscal agents	1,811	-
Interest receivable	6,237	1,759
Loans receivable	3,000,000	-
Capital assets:		
Non-depreciable	2,202,440	-
Depreciable, net	1,415,339	-
Total assets	10,785,615	\$ 480,821
LIABILITIES		
Due to bondholders	-	\$ 424,476
Deposits payable	2,713	-
Unearned revenue	2,308	-
Interest payable	427,489	-
Due to City	2,504,615	56,345
Bonds payable	26,190,000	-
Total liabilities	29,127,125	\$ 480,821
NET POSITION		
Net Position (Deficit):		
Held in trust for Successor Agency to Ridgecrest Redevelopment Agency	(18,342,760)	
Held in trust for Donation	1,250	
Total net position (deficit)	\$ (18,341,510)	

City of Ridgecrest
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Taxes	\$ 3,746,330
Revenue from use of money and property	14,036
Other revenue	158,056
Total additions	<u>3,918,422</u>
DEDUCTIONS:	
Community development	21,770
Depreciation expense	75,501
Interest expense	1,749,989
Transfers to City of Ridgecrest (Note 6)	577,193
Total deductions	<u>2,424,453</u>
Change in fiduciary net position	1,493,969
NET POSITION (DEFICIT):	
Beginning of year	<u>(19,835,479)</u>
End of year	<u>\$ (18,341,510)</u>

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Notes to the Basic Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Ridgecrest
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City of Ridgecrest
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City of Ridgecrest
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Units

Although the following are legally separate from the City, they have been “blended” as though they are part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

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 and the Housing Authority provides services entirely to the City. The activities of the Housing Authority are included in the special revenue fund. The Housing Authority does not issue separate financial statements.

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.

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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

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.

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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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.

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 accounts for and reports the proceeds of the City’s share of state gasoline taxes, which are restricted or committed to expenditures for the street construction and street maintenance projects.

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 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.

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, 2020

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, 2020

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 acquisition 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, 2020

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. The following timeframes are used for pension reporting:

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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. For governmental activities, the General Fund has been used to liquidate the liability for Pension.

I. Other Postemployment Benefits (“OPEB”)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s Retiree Benefits Plan (“OPEB Plan”) and additions to/deductions from OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for OPEB reporting:

<u>OPEB</u>	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

J. 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.

K. Net Position

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

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

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.

L. 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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Fund Balances (Continued)

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.

M. 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.

N. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

O. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2020

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2020. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 95

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2020.

P. Upcoming Governmental Accounting Standards Implementation

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests— An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the City’s fiscal year ending June 30, 2021.

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

GASB Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the City's fiscal year ending June 30, 2023.

GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the City's fiscal year ending June 30, 2023.

GASB Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the City's fiscal year ending June 30, 2021.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests– An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the City’s fiscal year ending June 30, 2020.

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2020:

	Primary Government			Fiduciary	
	Governmental Activities	Business-type Activities	Total	Funds	Total
Cash and investments	\$ 18,822,279	\$ 33,184,594	\$ 52,006,873	\$ 4,638,850	\$ 56,645,723
Cash and investments with fiscal agent	6	-	6	1,811	1,817
Total	\$ 18,822,285	\$ 33,184,594	\$ 52,006,879	\$ 4,640,661	\$ 56,647,540

Cash, cash equivalents, and investments, consisted of the following at June 30, 2020:

Cash and cash equivalents:	
Petty cash	\$ 1,720
Demand deposits	4,224,986
Investments:	
Local Agency Investment Fund	52,419,019
Money market funds	1,811
Total	\$ 56,647,536

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

Fair value of assets measured on a recurring basis at June 30, 2020, are as follows:

Investments measured by fair value level:	June 30, 2020	Level 1	Level 2	Level 3
Held by bond trustee:				
Money market mutual funds	\$ 1,811	\$ -	\$ 1,811	\$ -
Total investments by fair value level	\$ 1,811	\$ -	\$ 1,811	\$ -
Investments not subject to the fair value hierarchy:				
Local agency investment funds - State of CA	\$ 52,419,019			
Total investments not subject to the fair value hierarchy	\$ 52,419,019			
Total investments	\$ 52,420,830			

Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;

A. Cash Deposits

The carrying amounts of the City’s demand deposits were \$4,224,986 at June 30, 2020. Bank balances were \$4,234,268 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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

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

C. External Investment Pool

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2020 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, 2020, the City had \$52,419,019 invested in LAIF, which had invested 3.77% 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. The City valued its investments in LAIF as of June 30, 2020, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants’ total aggregate amortized cost by total aggregate fair value. The credit quality rating of LAIF is unrated as of June 30, 2020.

D. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity, the greater the sensitivity its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs.

As of June 30, 2020, the City had the following investments and maturities:

	Amount	Maturities 1 year or less
Investments:		
Local Agency Investment Fund	\$ 52,419,019	\$ 52,419,019
Money market funds	1,811	1,811
Total	\$ 52,420,830	\$ 52,420,830

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Credit Risk

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

	<u>Amount</u>	<u>Credit Quality Ratings</u>	
		<u>Moody's</u>	<u>Standard & Poor's</u>
Investments:			
Local Agency Investment Fund	\$ 52,419,019	Not Rated	Not Rated
Money market funds	1,811	Not Rated	Not Rated
Total	<u>\$ 52,420,830</u>		

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.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. City investments that are greater than 5 percent of the total investments are in either an external investment pool or mutual funds and are therefore exempt.

<u>Investment Type</u>	<u>Amount</u>	<u>Percentage of Investments</u>
Investments:		
Local Agency Investment Fund	\$ 52,419,019	100.00%
Money market funds	1,811	0.00%
Total	<u>\$ 52,420,830</u>	

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Loan Program

A. Governmental Activities

For the year ended June 30, 2020, changes in loans receivable of the City’s loan program is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Loans receivables:				
High Desert loans	\$ 209,096	\$ -	\$ (13,148)	\$ 195,948
Total	<u>\$ 209,096</u>	<u>\$ -</u>	<u>\$ (13,148)</u>	<u>\$ 195,948</u>

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, 2020, the loan balance is \$195,948.

B. Fiduciary Fund Financial Statements

For the year ended June 30, 2020, changes in loans receivable of the Fiduciary’s loan program is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Loans receivables:				
AMG Ridgecrest Pacific Associates	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Total	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>

AMG Ridgecrest Pacific Associates

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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 – Interfund Receivables, Payables, and Transfers

A. Due to/from Other Funds

At June 30, 2020, the balances of short-term interfund borrowings were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Self Insurance Workers Compensation Internal Service Fund	\$ 84,650	Overdrawn cash
	Total	\$ 84,650	

B. Transfers

Interfund transfers during the year ended June 30, 2020, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Supplemental Law Enforcement Fund	\$ 157,970	Overhead allocation
General Fund	Law Enforcement Improvement Fee Fund	39,677	Overhead allocation
General Fund	State Gas Tax Fund	216,580	Overhead allocation
General Fund	Road Maintenance and Rehabilitation Act Fund	31,908	Overhead allocation
General Fund	T.D.A. Transit Fund	246,957	Overhead allocation
General Fund	Wastewater Improvement Fund	312,941	Overhead allocation
General Fund	Human Resources and Risk Management Fund	76,234	Overhead allocation
General Fund	Fleet Maintenance Fund	76,324	Overhead allocation
	Subtotal	1,158,591	
City Debt Service Fund	General Fund	1,145,907	Debt service
City Debt Service Fund	State Gas Tax Fund	100,652	Debt service
City Debt Service Fund	Road Maintenance and Rehabilitation Act Fund	9,550	Debt service
City Debt Service Fund	T.D.A. Transit Fund	77,053	Debt service
City Debt Service Fund	Wastewater Improvement Fund	93,641	Debt service
City Debt Service Fund	Human Resources and Risk Management Fund	55,916	Debt service
City Debt Service Fund	Fleet Maintenance Fund	16,409	Debt service
	Subtotal	1,499,128	
State Gas Tax Fund	General Fund	1,261,981	Street maintenance
State Gas Tax Fund	Road Maintenance and Rehabilitation Act Fund	485,444	Street maintenance
State Gas Tax Fund	Traffic Impact Fee Fund	29,352	Street maintenance
	Subtotal	1,776,777	
Capital Improvements Fund	General Fund	65,704	Capital projects
Capital Improvements Fund	Park Development Impact Fee Fund	26,324	Capital projects
Capital Improvements Fund	Storm Drainage Facilities Fund	50,000	Capital projects
	Subtotal	142,028	
Human Resources and Risk Management Fund	General Fund	403,238	Insurance allocation
Human Resources and Risk Management Fund	State Gas Tax Fund	55,618	Insurance allocation
Human Resources and Risk Management Fund	Road Maintenance and Rehabilitation Act Fund	9,991	Insurance allocation
Human Resources and Risk Management Fund	T.D.A. Transit Fund	40,440	Insurance allocation
Human Resources and Risk Management Fund	Wastewater Improvement Fund	87,697	Insurance allocation
Human Resources and Risk Management Fund	Fleet Maintenance Fund	18,594	Insurance allocation
	Subtotal	615,578	
Self Insurance Workers Compensation Fund	Human Resources and Risk Management Fund	348,258	Claim payments
	Total	\$ 5,540,360	

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 – Interfund Receivables, Payables, and Transfers (Continued)

C. Long-Term Advances

At June 30, 2020, the balances of long-term advances were as follows:

Receivable Fund	Payable Fund	Amount
Wastewater Improvement Fund	General Fund	\$ 3,178,099
	Total	\$ 3,178,099

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, 2020, the outstanding balance of the agreement was \$3,178,099.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 137,020	\$ 15,890	\$ 152,910
2022	137,705	15,205	152,910
2023	138,394	14,517	152,911
2024	139,085	13,825	152,910
2025	139,781	13,129	152,910
2026-2030	709,458	55,094	764,552
2031-2035	727,373	37,179	764,552
2036-2040	745,740	18,812	764,552
2041-2042	303,543	2,278	305,821
Total	\$ 3,178,099	\$ 185,929	\$ 3,364,028

Note 5 – Due from Fiduciary Funds

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, 2020, the outstanding balance of the agreement was \$2,504,615. Department of Finance finally approved this loan as enforceable obligation of the Agency. However, there is not enough residual tax increment to pay the loan. Based on Health and Safety Code section 34191.4 (b) (2) that mandates on how this type of loan is paid, the City is not expecting repayment to happen until all bond obligations are paid in 2037.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Revenue from Fiduciary Fund

At June 30, 2020, the City had the following revenue from Fiduciary Funds:

Transfers In	Transfers Out	Amount	Purpose
General Fund	RDA Obligation Retirement Fund	\$ 250,000	Administration allowance
Capital Improvements Capital Projects Fund	RDA Obligation Retirement Fund	327,193	Capital projects
	Total	\$ 577,193	

Note 7 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for governmental activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Nondepreciable assets:					
Land	\$ 2,425,599	\$ 8,900	\$ -	\$ -	\$ 2,434,499
Construction in progress	4,028,410	1,921,653	-	(744,232)	5,205,831
Total nondepreciable assets	6,454,009	1,930,553	-	(744,232)	7,640,330
Depreciable assets					
Building and improvements	10,600,791	172,798	-	-	10,773,589
Machinery and equipment	8,341,526	841,811	-	-	9,183,337
Infrastructure	128,103,830	-	-	744,232	128,848,062
Subtotal	147,046,147	1,014,609	-	744,232	148,804,988
Less accumulated depreciation					
Building and improvements	(3,419,848)	(182,763)	-	-	(3,602,611)
Machinery and equipment	(7,094,484)	(362,191)	-	-	(7,456,675)
Infrastructure	(87,528,385)	(2,187,758)	-	-	(89,716,143)
Subtotal	(98,042,717)	(2,732,712)	-	-	(100,775,429)
Total depreciable assets, net	49,003,430	(1,718,103)	-	744,232	48,029,559
Total	\$ 55,457,439	\$ 212,450	\$ -	\$ -	\$ 55,669,889

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2020 are as follows:

General government	\$ 245,285
Public safety	169,669
Public works	2,187,758
Community development	65,000
Culture and leisure	65,000
Total depreciation expense	\$ 2,732,712

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital assets for business-type activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Nondepreciable assets:				
Land	\$ 1,614,217	\$ -	\$ -	\$ 1,614,217
Construction in progress	-	329,888	-	329,888
Total nondepreciable assets	1,614,217	329,888	-	1,944,105
Depreciable assets				
Building and improvements	3,337,207	38,243	-	3,375,450
Machinery and equipment	4,091,175	23,598	-	4,114,773
Infrastructure	21,182,072	-	-	21,182,072
Subtotal	28,610,454	61,841	-	28,672,295
Less accumulated depreciation				
Building and improvements	(1,779,699)	(282,002)	-	(2,061,701)
Machinery and equipment	(3,734,599)	(101,280)	-	(3,835,879)
Infrastructure	(9,125,175)	(221,264)	-	(9,346,439)
Subtotal	(14,639,473)	(604,546)	-	(15,244,019)
Total depreciable assets, net	13,970,981	(542,705)	-	13,428,276
Total	\$ 15,585,198	\$ (212,817)	\$ -	\$ 15,372,381

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2020 are as follows:

T.D.A. Transit	\$ 52,579
Wastewater Improvement	551,967
Total depreciation expense	\$ 604,546

C. Fiduciary Funds

Summary of changes in capital assets for fiduciary activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
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	(10,601,769)	(75,501)	-	(10,677,270)
Subtotal	(10,601,769)	(75,501)	-	(10,677,270)
Total depreciable assets, net	1,490,840	(75,501)	-	1,415,339
Total	\$ 3,693,280	\$ (75,501)	\$ -	\$ 3,617,779

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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, 2020 is as follows:

	Balance			Balance June 30, 2020	Classification	
	July 1, 2019	Additions	Deletions		Due within One Year	Due in more than One Year
Governmental Activities:						
2018 PERS Certificates of Participation	\$ 19,955,000	\$ -	\$ (565,000)	\$ 19,390,000	\$ 735,000	\$ 18,655,000
Plus: Bond premium	401,127	-	(14,857)	386,270	-	386,270
Compensated absences	2,093,982	907,130	(760,644)	2,240,468	819,598	1,420,870
Total governmental activities	<u>\$ 22,450,109</u>	<u>\$ 907,130</u>	<u>\$ (1,340,501)</u>	<u>\$ 22,016,738</u>	<u>\$ 1,554,598</u>	<u>\$ 20,462,140</u>

2018 PERS Certificates of Participation

On November 28, 2018, the City issued the PERS Certificates of Participation in the amount of \$19,955,000. The purpose of the bonds was to refinance a portion of the City's unfunded actuarial accrued liability with respect to its payment obligations to CalPERS. The bonds accrue interest rates between 4.263% and 5.000%. Interest on the bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2019. Principal is payable in annual installments ranging from \$30,000 to \$1,305,000, commencing June 1, 2020 through June 1, 2046. The balance at June 30, 2020, was \$19,390,000.

The future annual payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 735,000	918,912	\$ 1,653,912
2022	885,000	882,162	1,767,162
2023	680,000	837,912	1,517,912
2024	755,000	803,912	1,558,912
2025	840,000	766,162	1,606,162
2026-2030	5,150,000	3,139,696	8,289,696
2031-2035	6,390,000	1,844,093	8,234,093
2036-2040	2,575,000	684,795	3,259,795
2041-2045	1,350,000	163,380	1,513,380
2046	30,000	1,463	31,463
TOTAL	<u>\$ 19,390,000</u>	<u>\$ 10,042,487</u>	<u>\$ 29,432,487</u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Long-Term Obligations (Continued)

A. Governmental Activities (Continued)

Compensated Absences

Compensated absences at June 30, 2020, amounted to \$2,240,468. 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.

B. Fiduciary Funds

Summary of changes in long-term liabilities for the fiduciary funds for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Classification	
					Due within One Year	Due in more than One Year
Fiduciary Funds:						
Tax Allocation Bonds, Series 2018	\$ 27,565,000	\$ -	\$ (1,375,000)	\$ 26,190,000	\$ 1,673,000	\$ 24,517,000
Total fiduciary activities	\$ 27,565,000	\$ -	\$ (1,375,000)	\$ 26,190,000	\$ 1,673,000	\$ 24,517,000

2018 Tax Allocation Refunding Bonds

On May 25, 2018 the Agency issued the 2018 Tax Allocation Refunding Bonds to provide funds to refund the 1999 Tax Allocation Bonds of the Agency, to fund a debt service reserve account 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 2018.

The 2018 Tax Allocation Refunding Bonds are comprised of two serial bonds. Series 2018 A has a principal amount of \$4,314,000 with an interest rate of 2.8% and matures on March 1, 2026. Series 2018 B has a principal amount of \$24,966,000 with an interest rate of 5.19% (until April 1, 2020, at which time the rate falls to 3.76% until maturity) and matures on March 1, 2037. AS of June 30, 2020, total principal and interest remaining on the 2018 Tax Allocation Refunding Bonds is \$37,322,860.

The annual requirements to amortize the bonds outstanding at June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,673,000	1,263,069	\$ 2,936,069
2022	1,698,000	1,188,047	2,886,047
2023	1,696,000	1,112,394	2,808,394
2024	1,691,000	1,037,362	2,728,362
2025	1,685,000	962,791	2,647,791
2026-2030	7,790,000	3,666,438	11,456,438
2031-2035	7,240,000	1,727,259	8,967,259
2036-2037	2,717,000	175,500	2,892,500
TOTAL	\$ 26,190,000	\$ 11,132,860	\$ 37,322,860

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 295 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 \$2,430,000 reported at June 30, 2020. Of the total claims payable, \$771,600 is due within the next fiscal year. During the past three fiscal (claims) years two claims had exceeded the SIR and the excess insurance coverage kicked in to cover the difference. 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
2017-2018	\$ 1,730,991	\$ 1,680,112	\$ (839,103)	\$ 2,572,000
2018-2019	2,572,000	349,384	(491,384)	2,430,000
2019-2020	2,430,000	180,562	(407,562)	2,203,000

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Risk Management (Continued)

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2019, is as follows:

Total assets	\$ 965,769,045
Total deferred outflows of resources	\$ 1,227,362
Total liabilities	\$ 766,369,209
Total deferred inflows of resources	\$ 595,345
Total net position	\$ 200,031,853
Total revenues	\$1,027,441,641
Total expenses	\$ 949,980,382
Revenues over (under) expenses	\$ 77,461,259

Note 10 – Pension Plans

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 26,465	\$ 7,466	\$ 33,931
CalPERS Safety	35,865	-	35,865
Total pension contribution made after measurement date	62,330	7,466	69,796
Changes in assumptions			
CalPERS Miscellaneous	82	23	105
CalPERS Safety	2,799	-	2,799
Total change in assumption	2,881	23	2,904
Difference between expected and actual experience			
CalPERS Miscellaneous	171	48	219
CalPERS Safety	5,539	-	5,539
Total difference between expected and actual experience	5,710	48	5,758
Employer contributions in excess of proportionate share of contribution			
CalPERS Miscellaneous	5,969,630	1,683,741	7,653,371
CalPERS Safety	5,859,628	-	5,859,628
Total employer contributions in excess of proportionate share of contribution	11,829,258	1,683,741	13,512,999
Total deferred outflows of resources			
CalPERS Miscellaneous	5,996,348	1,691,278	7,687,626
CalPERS Safety	5,903,831	-	5,903,831
Total deferred outflows of resources	\$ 11,900,179	\$ 1,691,278	\$ 13,591,457

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

A. Summary (Continued)

	Governmental Activities	Business-Type Activities	Total
Net pension liabilities:			
CalPERS Miscellaneous	\$ 2,667	\$ 752	\$ 3,419
CalPERS Safety	84,835	-	84,835
Total net pension liabilities	<u>\$ 87,502</u>	<u>\$ 752</u>	<u>\$ 88,254</u>
Deferred inflows of Resources:			
Actual earnings on pension plan investments in excess of projected earnings:			
CalPERS Miscellaneous	\$ 46	\$ 14	\$ 60
CalPERS Safety	1,167	-	1,167
Total actual earnings on pension plan investments in excess of projected earnings	<u>1,213</u>	<u>14</u>	<u>1,227</u>
Adjustment due to difference in proportions			
CalPERS Miscellaneous	5,627,348	1,587,199	7,214,547
CalPERS Safety	5,366,220	-	5,366,220
Total adjustment due to difference in proportions	<u>10,993,568</u>	<u>1,587,199</u>	<u>12,580,767</u>
Total deferred inflows of resources			
CalPERS Miscellaneous	5,627,394	1,587,213	7,214,607
CalPERS Safety	5,367,387	-	5,367,387
Total deferred inflows of resources	<u>\$ 10,994,781</u>	<u>\$ 1,587,213</u>	<u>\$ 12,581,994</u>
Pension expenses:			
CalPERS Miscellaneous	\$ 1,328,620	\$ 374,740	\$ 1,703,360
CalPERS Safety	1,637,403	-	1,637,403
Total net pension expenses	<u>\$ 2,966,023</u>	<u>\$ 374,740</u>	<u>\$ 3,340,763</u>

B. General Information about Pension Plans

Plan Description

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

Employees Covered by Benefit Terms

At June 30, 2019, measurement date, the following employees were covered by the benefit terms:

	Miscellaneous	Miscellaneous PEPRA	Safety	Safety PEPRA
Active employees	38	38	16	14
Transferred and terminated employees	82	15	29	5
Retired employees and beneficiaries	122	-	50	-
Total	<u>242</u>	<u>53</u>	<u>95</u>	<u>19</u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

B. General Information about Pension Plans (Continued)

Benefit Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic and PEPRA Safety CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

	<u>Miscellaneous</u>	<u>Miscellaneous PEPRA</u>	<u>Safety</u>	<u>Safety PEPRA</u>
Benefit formula	2.7% @ 55	2.0% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50	50-57
Monthly benefits, as a % of eligible compensation	2.7%	2.0%	3.0%	2.0% to 2.7%
Required employee contribution rate	8.000%	6.750%	9.000%	12.000%
Required employer contribution rate	12.514%	6.985%	20.707%	13.034%

Contributions

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

Miscellaneous Plans	\$	33,931
Safety Plans		35,865
Total	\$	69,796

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

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Miscellaneous			
Balance at: 6/30/18 (Valuation date)	\$ 36,736,569	\$ 25,907,633	\$ 10,828,936
Balance at: 6/30/19 (Measurement date)	38,381,855	38,378,436	3,419
Net changes during 2018-2019	1,645,286	12,470,803	(10,825,517)
Safety			
Balance at: 6/30/18 (Valuation date)	\$ 30,786,968	\$ 22,480,943	\$ 8,306,025
Balance at: 6/30/19 (Measurement date)	32,458,160	32,373,325	84,835
Net changes during 2018-2019	1,671,192	9,892,382	(8,221,190)

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The City's net pension liability/(asset) for each Plan is measured as the proportionate share of the net pension liability/(asset). The net pension liability/(asset) of each of the Plans is measured as of June 30, 2019, and the total pension liability/(asset) for each Plan used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability/(asset) 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 City's proportionate share of the net pension liability/(asset) for each Plan as of June 30, 2018 and 2019 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2018	0.28734%	0.14156%	0.42890%
Proportion - June 30, 2019	0.00009%	0.00136%	0.00145%
Change - Increase/(Decrease)	<u>-0.28725%</u>	<u>-0.14020%</u>	<u>-0.42745%</u>

For the year ended June 30, 2020, the City recognized pension expense of \$1,338,018 and \$666,652, for the Miscellaneous and Safety plans, respectively. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Miscellaneous Plans</u>		
	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Pension contributions made subsequent to measurement date	\$ 33,931	\$ -
Difference between projected and actual earning on pension plan investments	-	(60)
Adjustment due to differences in proportions	-	(7,214,547)
Changes in assumptions	105	-
Difference between actual and expected experience	219	-
Difference between employer's actual contributions and proportionate share of contributions	7,653,371	-
Total	<u>\$ 7,687,626</u>	<u>\$ (7,214,607)</u>

<u>Safety Plans</u>		
	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Pension contributions made subsequent to measurement date	\$ 35,865	\$ -
Difference between projected and actual earning on pension plan investments	-	(1,167)
Adjustment due to differences in proportions	-	(5,366,220)
Changes in assumptions	2,799	-
Difference between actual and expected experience	5,539	-
Difference between employer's actual contributions and proportionate share of contributions	5,859,628	-
Total	<u>\$ 5,903,831</u>	<u>\$ (5,367,387)</u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

For the Miscellaneous Plan and Safety Plan, \$33,931 and \$35,865, respectively, was reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Miscellaneous Plans	Safety Plans
2020	\$ 117,509	\$ 199,589
2021	130,525	166,605
2022	191,042	134,158
2023	12	227
2024	-	-
Thereafter	-	-
	\$ 439,088	\$ 500,579

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65%
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

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

Discount Rate

In determining the long-term expected rate of return, CalPERS 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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11 +²</u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	7.00%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ An expected inflation of 2.00% was used for this period.

² An expected inflation of 2.92% was used for this period.

The discount rate used to measure the total pension liability was 7.15% for the plan. 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 Section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.00% 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 7.15%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. The difference was deemed immaterial to the Public Agency Cost Sharing Multiple-Employer Defined Benefit Pension Plan.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (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 position liability for the 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 1-percentage point lower or 1-percentage point higher than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
Miscellaneous	\$ 5,165,896	\$ 3,419	\$ (4,257,841)
Safety	4,533,011	84,835	(3,561,973)
Total	\$ 9,698,907	\$ 88,254	\$ (7,819,814)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

D. Payable to the Pension Plan

At June 30, 2020, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2020.

Note 11 – Postemployment Healthcare Benefits

Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
OPEB contribution made after measurement date	\$ 113,438	\$ 16,316	\$ 129,754
Change in assumption	9,165	1,319	10,484
Difference between expected and actual experience	15,121	2,175	17,296
Total deferred outflows of resources	\$ 137,724	\$ 19,810	\$ 157,534
Total OPEB Liability	\$ 684,620	\$ 98,470	\$ 783,090
Deferred inflows of Resources:			
Net difference between projected and actual earnings of OPEB Plan investments	\$ 3,271	\$ 471	\$ 3,742
Total deferred outflows of resources	\$ 3,271	\$ 471	\$ 3,742
OPEB Expense	\$ 100,868	\$ 14,508	\$ 115,376

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Postemployment Healthcare Benefits (Continued)

General Information about the OPEB Plan

Plan Description

The City provides \$128 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 2018, the required employer contributions under the CalPERS Health plan will be \$133 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.

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. As of June 30, 2018, valuation date, there were 32 participants receiving these healthcare benefits. Separate financial statements for the CERBT may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, CA 95814, or by visiting the CalPERS website at www.calpers.ca.gov.

Employees Covered

As of the July 1, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	98
Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to, but not yet receiving benefits	-
Total	135

Contribution

The obligation of the City to contribute to the plan is established and may be amended by the City Council. The contribution required to be made is based on an Actuarially Determined Contributions (i.e., as medical insurance premiums become due). For fiscal year 2020, contributions were made totaling \$129,754.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Postemployment Healthcare Benefits (Continued)

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2019, was determined using the following actuarial assumptions:

Actuarial Valuation Date	July 1, 2019
Actuarial Cost Method	Early Age Normal, Level Percentage of Pay
Amortization Method	Level Percent
Asset Valuation Method	Market Value
Inflation	2.50%
Payroll Growth	2.75% Plus Merit Scale
Discount Rate	7.00%

Actuarial Assumptions

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	58.00%	5.50%
Global Debt Securities	25.00%	2.35%
Inflation Assets	5.00%	1.50%
Commodities	3.00%	1.75%
REITs	8.00%	3.65%
	99.00%	
Long-term expected rate of return		7.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the City plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Postemployment Healthcare Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2019:

Plan's Total OPEB Liability		
Discount Rate -1% (6.0%)	Current Discount Rate (7.0%)	Discount Rate +1% (8.0%)
\$ 1,007,828	\$ 783,090	\$ 595,238

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2019:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Tread Rate	+1%
\$ 605,053	\$ 783,090	\$ 1,004,612

Change in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 1,814,199	\$ 994,476	\$ 819,723
Changes Recognized for the Measurement Period:			
Service Cost	60,362	-	60,362
Interest on the total OPEB liability	127,307	-	127,307
Changes in benefit terms	-	-	-
Difference between expected and actual experience	19,458	-	19,458
Changes in assumptions	11,794	-	11,794
Contribution from the employer	-	193,998	(193,998)
Net investment income	-	61,769	(61,769)
Administrative expenses	-	(213)	213
Benefit payments	(111,766)	(111,766)	-
Net changes during July 1, 2018 to June 30, 2019	107,155	143,788	(36,633)
Balance at June 30, 2019	\$ 1,921,354	\$ 1,138,264	\$ 783,090

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Postemployment Healthcare Benefits (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, OPEB expense in the amount of \$115,376 is included in the accompanying statement of activities.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 129,754	\$ -
Changes in assumptions	10,484	-
Differences between expected and actual experience	17,296	-
Net difference between projected and actual earnings of OPEB Plan investments	-	3,742
	\$ 157,534	\$ 3,742

Amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Amount
2021	\$ (22)
2022	(22)
2023	4,575
2024	5,615
2025	3,472
Thereafter	10,420
Total	\$ 24,038

Note 12 – Other Required Disclosures

A. Deficit Net Position/Fund Balances

At June 30, 2020, the Governmental Activities on the Statement of Net Position had an unrestricted net position deficit of (\$14,462,722).

At June 30, 2020, 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
Self Insurance Workers Compensation	Internal Service Fund	\$ 84,650
RDA Retirement Obligation	Fiduciary Fund	18,342,760

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Other Required Disclosures (Continued)

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2020, expenditures exceeded appropriations in the following function(s) of the Capital Improvements – Capital Projects Fund.

Fund	Function	Excess Expenditures
Capital Improvements - Capital Projects Fund	Culture and leisure	\$ 94
Capital Improvements - Capital Projects Fund	Capital outlay	1,017,633

Note 13 – Classification of Fund Balances

	Major Funds					Total
	General Fund	State Gas Tax Special Revenue Fund	City Debt Service Fund	Capital Improvements Capital Projects Fund	Other Governmental Funds	
Nonspendable:						
Due from Fiduciary	\$ 56,345	\$ -	\$ -	\$ -	\$ -	\$ 56,345
Total nonspendable	56,345	-	-	-	-	56,345
Restricted:						
Asset seizure	57,488	-	-	-	-	57,488
Asset Seizure - drug/gang	20,633	-	-	-	-	20,633
DARE/CHAMPS car donations	2,951	-	-	-	-	2,951
Proposition 172	158,906	-	-	-	-	158,906
Spay & neuter donations	127,261	-	-	-	-	127,261
Freedom park donation	1,430	-	-	-	-	1,430
Housing	-	-	-	-	200,680	200,680
Debt service	-	-	1,475	-	-	1,475
AB 3229	-	-	-	-	540	540
Proposition 30	21,744	-	-	-	-	21,744
Grant operations	-	-	-	-	36,520	36,520
Street construction/maintenance	-	70,801	-	-	229,018	299,819
Capital projects	-	-	-	-	4,722,791	4,722,791
Community partnership	-	-	-	-	148	148
Total restricted	390,413	70,801	1,475	-	5,189,697	5,652,386
Committed:						
Park development	-	-	-	-	17,620	17,620
Substandard street improvement	-	-	-	-	743,200	743,200
Total committed	-	-	-	-	760,820	760,820
Assigned:						
Capital improvements	-	-	-	230,460	-	230,460
Measure L	3,992,710	-	-	-	-	3,992,710
Landscaping & lighting district	-	-	-	-	100,823	100,823
Business park capital projects	-	-	-	-	40,380	40,380
Total assigned	3,992,710	-	-	230,460	141,203	4,364,373
Unassigned	3,202,799	-	-	-	-	3,202,799
Total Fund Balances	\$ 7,642,267	\$ 70,801	\$ 1,475	\$ 230,460	\$ 6,091,720	\$ 14,036,723

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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.

C. COVID-19 Pandemic

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the City could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the City and the duration cannot be estimated at this time.

Note 15 – Subsequent Events

A. Coronavirus Relief Funds Allocation

On June 29, 2020, the State approved the budget and authorized the Department of Finance to allocate \$1,289,065,000 to address the public health and public safety impacts of COVID-19 including homelessness. Pursuant to the provisions of Control Section 11.90, cities with populations between 300,000 and 500,000 were allocated \$225 million and cities with populations of less than 300,000 were allocated \$275 million. Based on the City's population, the City is allocated \$362,388 and will be received in six installments starting July 2020.

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Required Supplementary Information (Unaudited)



City of Ridgecrest
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City of Ridgecrest
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2020

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 (U.S.GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse at June 30, encumbrances outstanding at June 30, 2020 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2020 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 did not adopt a budget for the following funds: Grant Operations Special Revenue Fund, Park Development Special Revenue Fund, Business Park Special Revenue Fund, Fire Facilities Improvements Special Revenue Fund, Park Development Impact Fee Special Revenue Fund, Storm Drainage Facilities Special Revenue Fund, Community Partnership Grant Special Revenue Fund, Housing Authority Special Revenue Fund, and Sub-Standard Streets Improvements Capital Projects Fund.

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)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 12,935,475	\$ 12,935,475	\$ 12,976,980	\$ 41,505
Intergovernmental	96,025	251,698	159,584	(92,114)
License and permits	367,500	290,764	546,627	255,863
Fines and forfeitures	45,500	45,500	42,455	(3,045)
Use of money and property	247,350	247,350	251,184	3,834
Charges for services	612,564	612,564	442,465	(170,099)
Transfers from Fiduciary Fund	286,000	286,000	250,000	(36,000)
Other revenues	374,023	373,622	124,618	(249,004)
Total revenues	<u>14,964,437</u>	<u>15,042,973</u>	<u>14,793,913</u>	<u>(249,060)</u>
EXPENDITURES:				
Current:				
General government	2,477,504	2,579,344	2,130,399	448,945
Public safety	7,577,586	7,709,935	5,729,303	1,980,632
Public works	473,759	498,659	411,841	86,818
Community development	860,085	1,030,534	748,482	282,052
Culture and leisure	2,008,195	2,024,138	1,515,169	508,969
Capital outlay	339,460	355,443	226,116	129,327
Debt service:				
Principal	136,339	136,339	-	136,339
Total expenditures	<u>13,872,928</u>	<u>14,334,392</u>	<u>10,761,310</u>	<u>3,573,082</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,091,509</u>	<u>708,581</u>	<u>4,032,603</u>	<u>3,324,022</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,210,944	1,210,944	1,158,591	(52,353)
Transfers Out	(3,455,025)	(3,521,019)	(2,876,830)	644,189
Total other financing sources (uses)	<u>(2,244,081)</u>	<u>(2,310,075)</u>	<u>(1,718,239)</u>	<u>591,836</u>
Net change in fund balances	<u>\$ (1,152,572)</u>	<u>\$ (1,601,494)</u>	2,314,364	<u>\$ 3,915,858</u>
FUND BALANCES:				
Beginning of year			<u>5,327,903</u>	
End of year			<u>\$ 7,642,267</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – State Gas Tax Special Revenue Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 690,746	\$ 690,746	\$ 617,201	\$ (73,545)
Use of money and property	-	-	94	94
Other revenues	-	-	1,907	1,907
Total revenues	<u>690,746</u>	<u>690,746</u>	<u>619,202</u>	<u>(71,544)</u>
EXPENDITURES:				
Current:				
Public works	2,741,500	2,735,933	1,137,857	1,598,076
Capital outlay	1,085,321	1,255,552	830,769	424,783
Total expenditures	<u>3,991,485</u>	<u>3,991,485</u>	<u>1,968,626</u>	<u>2,022,859</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,300,739)</u>	<u>(3,300,739)</u>	<u>(1,349,424)</u>	<u>1,951,315</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	3,515,483	3,515,483	1,776,777	(1,738,706)
Transfers Out	(272,198)	(272,198)	(372,850)	(100,652)
Total other financing sources (uses)	<u>3,243,285</u>	<u>3,243,285</u>	<u>1,403,927</u>	<u>(1,839,358)</u>
Net change in fund balances	<u>\$ (57,454)</u>	<u>\$ (57,454)</u>	54,503	<u>\$ 111,957</u>
FUND BALANCES:				
Beginning of year			<u>16,298</u>	
End of year			<u>\$ 70,801</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
Last Ten Fiscal Years
For the Year Ended June 30, 2020

Miscellaneous Plan

Measurement period, year ended	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u> ¹
Plan's proportion of the net pension liability	0.000090%	0.287338%	0.279350%	0.27877%	0.28936%	0.10180%
Plan's proportionate share of the net pension liability	\$ 3,419	\$ 10,828,936	\$ 11,012,111	\$ 9,684,180	\$ 7,938,471	\$ 6,467,833
Plan's covered-employee payroll	\$ 3,886,380	\$ 3,773,184	\$ 3,663,286	\$ 3,556,588	\$ 3,452,998	\$ 3,478,615
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	0.09%	287.00%	300.61%	272.29%	229.90%	185.93%
Plan's fiduciary net position	\$ 38,378,436	\$ 25,907,633	\$ 25,164,465	\$ 23,176,340	\$ 24,196,699	\$ 25,018,992
Plan's fiduciary net position as a percentage of the total pension liability	99.99%	70.52%	69.56%	70.53%	75.30%	79.46%
Plan's proportionate share of aggregate employer contributions	\$ 12,043,206	\$ 917,505	\$ 876,322	\$ 815,999	\$ 271,845	\$ 623,008

¹ Information only presented from the implementation year

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
Last Ten Fiscal Years
For the Year Ended June 30, 2020

	Safety Plan					
Measurement period, year ended	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u> ¹
Plan's proportion of the net pension liability	0.001360%	0.141559%	0.140367%	0.14474%	0.14702%	0.14700%
Plan's proportionate share of the net pension liability	\$ 84,835	\$ 8,306,025	\$ 8,387,220	\$ 7,496,576	\$ 6,058,020	\$ 6,215,700
Plan's covered-employee payroll	\$ 1,329,174	\$ 2,630,609	\$ 2,553,989	\$ 2,479,601	\$ 2,407,380	\$ 2,454,879
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	6.38%	315.75%	328.40%	302.33%	251.64%	253.20%
Plan's fiduciary net position	\$ 32,373,325	\$ 22,480,943	\$ 21,056,916	\$ 19,655,968	\$ 19,646,042	\$ 17,982,414
Plan's fiduciary net position as a percentage of the total pension liability	99.74%	73.02%	71.51%	72.39%	76.43%	74.31%
Plan's proportionate share of aggregate employer contributions	\$ 9,358,380	\$ 912,811	\$ 854,722	\$ 801,776	\$ 747,875	\$ 768,496

¹ Information only presented from the implementation year

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions
Last Ten Fiscal Years
For the Year Ended June 30, 2020

Miscellaneous Plan

Fiscal Year:	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14¹</u>
Contractually determined contribution (actuarially determined)	\$ 33,931	\$ 1,041,407	\$ 917,505	\$ 876,322	\$ 815,999	\$ 271,845	\$ 623,008
Contributions in relation to the actuarially determined contributions	(33,931)	(12,043,206)	(917,505)	(876,322)	(815,999)	(271,845)	(623,008)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$(11,001,799)</u>	<u>\$ -</u>				
Covered payroll	\$ 4,605,966	\$ 4,471,812	\$ 4,341,565	\$ 4,215,111	\$ 4,092,341	\$ 3,973,147	\$ 3,857,424
Contributions as a percentage of covered payroll	0.74%	269.31%	21.13%	20.79%	7.53%	7.46%	32.34%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2020 were derived from the June 30, 2018 funding

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2018 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation	2.63%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 and 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

¹ Information only presented from the implementation year

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions (Continued)
Last Ten Fiscal Years
For the Year Ended June 30, 2020

Safety Plan							
Fiscal Year:	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14¹
Contractually determined contribution (actuarially determined)	\$ 35,865	\$ 1,019,977	\$ 912,811	\$ 854,722	\$ 801,776	\$ 747,875	\$ 768,496
Contributions in relation to the actuarially determined contributions	(35,865)	(9,358,380)	(912,811)	(854,722)	(801,776)	(747,875)	(768,496)
Contribution deficiency (excess)	\$ -	\$ (8,338,403)	\$ -				
Covered payroll	\$ 1,369,049	\$ 1,329,174	\$ 1,290,460	\$ 1,252,874	\$ 1,216,383	\$ 1,177,974	\$ 1,094,057
Contributions as a percentage of covered payroll	2.62%	704.07%	70.74%	68.22%	7.53%	7.46%	32.34%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2020 were derived from the June 30, 2018 funding

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2018 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
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Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 and
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

¹ Information only presented from the implementation year

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Net OPEB Liabilities and Related Ratios
Last Ten Fiscal Years
For the Year Ended June 30, 2020

	2020	2019	2018
For the Measurement Period:	<u>2018-2019</u>	<u>2017-2018</u>	<u>2016-17¹</u>
Total OPEB Liability:			
Service Cost	\$ 60,362	\$ 58,604	\$ 54,770
Interest on the total OPEB liability	127,307	121,944	116,263
Changes in benefit terms	-	-	-
Difference between expected and actual experience	19,458	-	-
Changes in assumptions	11,794	-	-
Contribution from the employer	-	-	-
Benefit payments	(111,766)	(99,616)	(87,805)
Net changes in Total OPEB Liability	<u>107,155</u>	<u>80,932</u>	<u>83,228</u>
Beginning of Year	<u>1,814,199</u>	<u>1,733,267</u>	<u>1,650,039</u>
End of Year	<u><u>\$ 1,921,354</u></u>	<u><u>\$ 1,814,199</u></u>	<u><u>\$ 1,733,267</u></u>
Plan Fiduciary Net Position:			
Employer contribution	\$ 193,998	\$ 188,388	\$ 143,667
Employee contributions	-	-	-
Net investment income	61,769	67,059	74,643
Administrative expenses	(213)	(1,560)	(381)
Benefit payments	(111,766)	(99,616)	(87,805)
Net changes in Fiduciary Net Position	<u>143,788</u>	<u>154,271</u>	<u>130,124</u>
Beginning of Year	<u>994,476</u>	<u>840,205</u>	<u>710,081</u>
End of Year	<u><u>\$ 1,138,264</u></u>	<u><u>\$ 994,476</u></u>	<u><u>\$ 840,205</u></u>
Net OPEB Liability	\$ 783,090	\$ 819,723	\$ 893,062
Fiduciary Net Position as a % of Total OPEB Liability	59.24%	54.82%	48.48%
Covered Payroll	<u><u>\$ 5,476,274</u></u>	<u><u>\$ 5,499,000</u></u>	<u><u>\$ 5,499,000</u></u>
Net OPEB Liability as a % of Payroll	14.30%	14.91%	16.24%

¹ Information only presented from the implementation year

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedule of OPEB Contributions
Last Ten Fiscal Years
For the Year Ended June 30, 2020

For the Measurement Period:	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17¹</u>
Actuarially Determined Contributions	\$ 129,754	\$ 148,942	\$ 147,061	\$ 143,667
Contributions in relation to the actuarially determined contribution	<u>129,754</u>	<u>193,998</u>	<u>188,388</u>	<u>143,667</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (45,056)</u>	<u>\$ (41,327)</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,640,562</u>	<u>\$ 5,476,274</u>	<u>\$ 5,499,000</u>	<u>\$ 5,499,000</u>
Contributions as a percentage of covered payroll	2.30%	3.54%	3.43%	2.61%

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Supplementary Information



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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Non-Major Governmental Funds



City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020

	Special Revenue Funds					
	Road Maintenance and Rehabilitation Act Fund	Grant Operations Special Revenue Fund		Park Development	TDA Street Fund	Business Park
ASSETS						
Cash and investments	\$ 148,908	\$ 162,106	\$ 17,559	\$ 67	\$ 40,243	
Interest	1,988	530	61	-	137	
Loans	-	-	-	-	-	
Deposits	-	-	-	-	-	
Total assets	\$ 229,479	\$ 162,636	\$ 17,620	\$ 67	\$ 40,380	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 677	\$ -	\$ -	\$ -	
Salaries payable	528	-	-	-	-	
Unearned revenue	-	125,439	-	-	-	
Total liabilities	528	126,116	-	-	-	
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	
Total deferred inflows of resources	-	-	-	-	-	
Fund Balances:						
Restricted	228,951	36,520	-	67	-	
Committed	-	-	17,620	-	-	
Assigned	-	-	-	-	40,380	
Total fund balances	228,951	36,520	17,620	67	40,380	
Total liabilities, deferred inflows of resources and fund balances	\$ 229,479	\$ 162,636	\$ 17,620	\$ 67	\$ 40,380	

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2020

Special Revenue Funds

	Supplemental Law Enforcement	Landscaping and Lighting	Drainage Assessments Benefits AD	Fire Facilities Improvements	Traffic Impact Fee
ASSETS					
Cash and investments	\$ -	\$ 108,410	\$ 19,792	\$ 186,161	\$ 2,057,076
Interest	540	393	69	614	7,009
Loans	-	-	-	-	-
Deposits	-	-	-	-	-
Total assets	\$ 540	\$ 108,803	\$ 19,861	\$ 186,775	\$ 2,064,085
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 7,980	\$ -	\$ -	\$ 207
Salaries payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	7,980	-	-	207
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	540	-	19,861	186,775	2,063,878
Committed	-	-	-	-	-
Assigned	-	100,823	-	-	-
Total fund balances	540	100,823	19,861	186,775	2,063,878
Total liabilities, deferred inflows of resources and fund balances	\$ 540	\$ 108,803	\$ 19,861	\$ 186,775	\$ 2,064,085

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2020

Special Revenue Funds

	Park Development Impact Fee	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant	Housing Authority
ASSETS					
Cash and investments	\$ 222,897	\$ 234,317	\$ 1,986,454	\$ 147	\$ 199,199
Interest	851	900	6,858	1	1,481
Loans	-	-	-	-	195,948
Deposits	-	-	-	-	-
Total assets	\$ 223,748	\$ 235,217	\$ 1,993,312	\$ 148	\$ 396,628
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	195,948
Total deferred inflows of resources	-	-	-	-	195,948
Fund Balances:					
Restricted	223,748	235,217	1,993,312	148	200,680
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	223,748	235,217	1,993,312	148	200,680
Total liabilities, deferred inflows of resources and fund balances	\$ 223,748	\$ 235,217	\$ 1,993,312	\$ 148	\$ 396,628

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2020

	Capital Projects Funds	
	Sub-Standard Streets Improvements	Total Other Governmental Funds
ASSETS		
Cash and investments	\$ 730,491	\$ 6,113,827
Interest	2,468	23,900
Loans	-	195,948
Deposits	10,241	10,241
Total assets	\$ 743,200	\$ 6,422,499
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 8,864
Salaries payable	-	528
Unearned revenue	-	125,439
Total liabilities	-	134,831
 Deferred Inflows of Resources:		
Unavailable revenue	-	195,948
Total deferred inflows of resources	-	195,948
 Fund Balances:		
Restricted	-	5,189,697
Committed	743,200	760,820
Assigned	-	141,203
Total fund balances	743,200	6,091,720
Total liabilities, deferred inflows of resources and fund balances	\$ 743,200	\$ 6,422,499

(Concluded)

City of Ridgecrest
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				
	Road Maintenance and Rehabilitation Act Fund	Grant Operations Special Revenue Fund	Park Development	TDA Street Fund	Business Park
REVENUES:					
Intergovernmental	\$ 592,789	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-	-
Assessment levied	-	-	-	-	-
Use of money and property	7,376	-	332	-	760
Other revenues	-	-	-	-	-
Total revenues	600,165	-	332	-	760
EXPENDITURES:					
Current:					
General government	-	5,972	-	-	-
Public works	64,678	-	-	-	-
Community development	-	-	-	-	-
Total expenditures	64,678	5,972	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	535,487	(5,972)	332	-	760
OTHER FINANCING SOURCES (USES):					
Transfers Out	(536,893)	-	-	-	-
Total other financing sources (uses)	(536,893)	-	-	-	-
Net changes in fund balances	(1,406)	(5,972)	332	-	760
FUND BALANCES:					
Beginning of year	230,357	42,492	17,288	67	39,620
End of year	<u>\$ 228,951</u>	<u>\$ 36,520</u>	<u>\$ 17,620</u>	<u>\$ 67</u>	<u>\$ 40,380</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, 2020

Special Revenue Funds

	Supplemental Law Enforcement	Landscaping and Lighting	Drainage Assessments Benefits AD	Fire Facilities Improvements	Traffic Impact Fee
REVENUES:					
Intergovernmental	\$ 155,948	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	39,729	202,297
Assessment levied	-	21,631	5,251	-	-
Use of money and property	1,654	3,037	337	3,068	38,026
Other revenues	-	-	-	-	-
Total revenues	157,602	24,668	5,588	42,797	240,323
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public works	-	47,816	1,924	-	67,772
Community development	-	1,195	-	-	-
Total expenditures	-	49,011	1,924	-	67,772
REVENUES OVER (UNDER) EXPENDITURES	157,602	(24,343)	3,664	42,797	172,551
OTHER FINANCING SOURCES (USES):					
Transfers Out	(157,970)	-	-	-	(29,352)
Total other financing sources (uses)	(157,970)	-	-	-	(29,352)
Net changes in fund balances	(368)	(24,343)	3,664	42,797	143,199
FUND BALANCES:					
Beginning of year	908	125,166	16,197	143,978	1,920,679
End of year	\$ 540	\$ 100,823	\$ 19,861	\$ 186,775	\$ 2,063,878

(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, 2020

Special Revenue Funds

	Park Development Impact Fee	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant	Housing Authority
REVENUES:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
License and permits	-	66,188	156,384	-	-
Assessment levied	-	-	-	-	-
Use of money and property	4,707	4,428	36,623	4	14,106
Other revenues	-	-	-	-	13,482
Total revenues	4,707	70,616	193,007	4	27,588
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Total expenditures	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	4,707	70,616	193,007	4	27,588
OTHER FINANCING SOURCES (USES):					
Transfers Out	(26,324)	(39,677)	(50,000)	-	-
Total other financing sources (uses)	(26,324)	(39,677)	(50,000)	-	-
Net changes in fund balances	(21,617)	30,939	143,007	4	27,588
FUND BALANCES:					
Beginning of year	245,365	204,278	1,850,305	144	173,092
End of year	\$ 223,748	\$ 235,217	\$ 1,993,312	\$ 148	\$ 200,680

(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, 2020

	Capital Projects Funds	
	Sub-Standard Streets Improvements	Total Other Governmental Funds
REVENUES:		
Intergovernmental	\$ -	\$ 748,737
License and permits	-	464,598
Assessment levied	-	26,882
Use of money and property	13,390	127,848
Other revenues	28,800	42,282
Total revenues	42,190	1,410,347
EXPENDITURES:		
Current:		
General government	-	5,972
Public works	-	182,190
Community development	-	1,195
Total expenditures	-	189,357
REVENUES OVER (UNDER) EXPENDITURES	42,190	1,220,990
OTHER FINANCING SOURCES (USES):		
Transfers Out	-	(840,216)
Total other financing sources (uses)	-	(840,216)
Net changes in fund balances	42,190	380,774
FUND BALANCES:		
Beginning of year	701,010	5,710,946
End of year	\$ 743,200	\$ 6,091,720

(Concluded)

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
City Debt Service Fund – Debt Service Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 3,896	\$ 3,896
Transfers from Fiduciary Fund	751,932	751,932	-	751,932
Total revenues	<u>751,932</u>	<u>751,932</u>	<u>3,896</u>	<u>755,828</u>
EXPENDITURES:				
Current:				
General government	5,500	5,500	-	5,500
Debt service:				
Principal	1,090,000	1,090,000	565,000	525,000
Interest	1,168,595	1,168,595	934,129	234,466
Total expenditures	<u>2,264,095</u>	<u>2,264,095</u>	<u>1,499,129</u>	<u>764,966</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,512,163)</u>	<u>(1,512,163)</u>	<u>(1,495,233)</u>	<u>1,520,794</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,499,128	1,499,128
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,499,128</u>	<u>1,499,128</u>
Net change in fund balance	<u>\$ (2,264,095)</u>	<u>\$ (2,264,095)</u>	3,895	<u>\$ 2,264,094</u>
FUND BALANCE:				
Beginning of year			<u>(2,420)</u>	
End of year			<u>\$ 1,475</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvements - Capital Projects Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 623,162	\$ 1,237,922	\$ 614,760
Use of money and property	6,000	6,000	5,046	(954)
Transfers from Fiduciary Fund	-	408,339	327,193	(81,146)
Total revenues	<u>6,000</u>	<u>1,037,501</u>	<u>1,570,161</u>	<u>532,660</u>
EXPENDITURES:				
Current:				
Culture and leisure	-	20,707	20,801	(94)
Capital outlay	150,000	870,644	1,888,277	(1,017,633)
Total expenditures	<u>150,000</u>	<u>891,351</u>	<u>1,909,078</u>	<u>(1,017,727)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(144,000)</u>	<u>146,150</u>	<u>(338,917)</u>	<u>(485,161)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	150,000	142,028	142,028	-
Total other financing sources (uses)	<u>150,000</u>	<u>142,028</u>	<u>142,028</u>	<u>-</u>
Net change in fund balance	<u>\$ 6,000</u>	<u>\$ 288,178</u>	(196,889)	<u>\$ (485,161)</u>
FUND BALANCE:				
Beginning of year			<u>427,349</u>	
End of year			<u>\$ 230,460</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Maintenance and Rehabilitation Act - Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 506,189	\$ 506,189	\$ 592,789	\$ 86,600
Use of money and property	2,000	2,000	7,376	5,376
Total revenues	<u>508,189</u>	<u>508,189</u>	<u>600,165</u>	<u>91,976</u>
EXPENDITURES:				
Current:				
Public works	152,953	152,953	64,678	88,275
Community development	104,000	104,000	-	104,000
Total expenditures	<u>256,953</u>	<u>256,953</u>	<u>64,678</u>	<u>192,275</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>251,236</u>	<u>251,236</u>	<u>535,487</u>	<u>284,251</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(123,527)	(123,527)	(536,893)	(413,366)
Total other financing sources (uses)	<u>(123,527)</u>	<u>(123,527)</u>	<u>(536,893)</u>	<u>(413,366)</u>
Net change in fund balances	<u>\$ 127,709</u>	<u>\$ 127,709</u>	(1,406)	<u>\$ (129,115)</u>
FUND BALANCE:				
Beginning of year			<u>230,357</u>	
End of year			<u>\$ 228,951</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Supplemental Law Enforcement - Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 155,948	\$ 15,948
Use of money and property	1,000	1,000	1,654	654
Total revenues	141,000	141,000	157,602	16,602
OTHER FINANCING SOURCES (USES):				
Transfers Out	(140,000)	(140,000)	(157,970)	(17,970)
Total other financing sources (uses)	(140,000)	(140,000)	(157,970)	(17,970)
Net change in fund balances	\$ 1,000	\$ 1,000	(368)	\$ (1,368)
FUND BALANCE:				
Beginning of year			908	
End of year			\$ 540	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Landscaping and Lighting - Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessment levied	\$ 68,916	\$ 68,916	\$ 21,631	
Use of money and property	1,500	1,500	3,037	1,537
Total revenues	<u>70,416</u>	<u>70,416</u>	<u>24,668</u>	<u>1,537</u>
EXPENDITURES:				
Current:				
Public works	65,919	66,219	47,816	18,403
Community development	2,996	2,696	1,195	1,501
Total expenditures	<u>68,915</u>	<u>68,915</u>	<u>49,011</u>	<u>19,904</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,501</u>	<u>1,501</u>	<u>(24,343)</u>	<u>21,441</u>
Net change in fund balances	<u>\$ 1,501</u>	<u>\$ 1,501</u>	<u>(24,343)</u>	<u>\$ 21,441</u>
FUND BALANCE:				
Beginning of year			<u>125,166</u>	
End of year			<u>\$ 100,823</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Drainage Benefit Assessment District – Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessment levied	\$ 5,268	\$ 5,268	\$ 5,251	
Use of money and property	100	100	337	237
Total revenues	<u>5,368</u>	<u>5,368</u>	<u>5,588</u>	<u>237</u>
EXPENDITURES:				
Current:				
Public works	5,268	5,268	1,924	3,344
Total expenditures	<u>5,268</u>	<u>5,268</u>	<u>1,924</u>	<u>3,344</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>100</u>	<u>100</u>	<u>3,664</u>	<u>3,581</u>
Net change in fund balances	<u>\$ 100</u>	<u>\$ 100</u>	3,664	<u>\$ 3,581</u>
FUND BALANCE:				
Beginning of year			<u>16,197</u>	
End of year			<u>\$ 19,861</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Traffic Impact Fee - Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
License and permits	\$ -	\$ -	\$ 202,297	\$ 202,297
Use of money and property	23,000	23,000	38,026	15,026
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>240,323</u>	<u>217,323</u>
EXPENDITURES:				
Current:				
Public works	-	1,659,099	67,772	1,591,327
Total expenditures	<u>-</u>	<u>1,659,099</u>	<u>67,772</u>	<u>1,591,327</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>23,000</u>	<u>(1,636,099)</u>	<u>172,551</u>	<u>1,808,650</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(100,000)	(100,000)	(29,352)	70,648
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(29,352)</u>	<u>70,648</u>
Net change in fund balances	<u>\$ (77,000)</u>	<u>\$ (1,736,099)</u>	143,199	<u>\$ 1,879,298</u>
FUND BALANCE:				
Beginning of year			<u>1,920,679</u>	
End of year			<u>\$ 2,063,878</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Law Enforcement Improvement Fee - Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
License and permits	\$ 48,000	\$ 48,000	\$ 66,188	\$ 18,188
Use of money and property	4,199	4,199	4,428	229
Total revenues	<u>52,199</u>	<u>52,199</u>	<u>70,616</u>	<u>18,417</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(110,000)	(110,000)	(39,677)	70,323
Total other financing sources (uses)	<u>(110,000)</u>	<u>(110,000)</u>	<u>(39,677)</u>	<u>70,323</u>
Net change in fund balances	<u>\$ (57,801)</u>	<u>\$ (57,801)</u>	30,939	<u>\$ 88,740</u>
FUND BALANCE:				
Beginning of year			<u>204,278</u>	
End of year			<u>\$ 235,217</u>	

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Internal Service Funds



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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INTERNAL SERVICE FUND FINANCIAL STATEMENTS

Internal Service Funds of the City are outlined below:

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

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, 2020

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
ASSETS				
Current assets:				
Cash and investments	\$ 1,981,561	\$ -	\$ 257,228	\$ 2,238,789
Interest receivable	7,455	-	761	8,216
Inventories	-	-	14,670	14,670
Total current assets	1,993,132	-	272,659	2,265,791
Noncurrent assets:				
Capital assets:				
Depreciable	-	-	412,893	412,893
Less: accumulated depreciation	-	-	(412,893)	(412,893)
Total capital assets	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	1,993,132	-	272,659	2,265,791
LIABILITIES				
Current Liabilities:				
Accounts payable	81,696	-	14,158	95,854
Salaries payable	312	-	411	723
Other payroll deductions payable	18,650	-	-	18,650
Due to other funds	-	84,650	-	84,650
Claims payable - due within one year	303,287	-	-	303,287
Total current liabilities	403,945	84,650	14,569	503,164
Noncurrent liabilities:				
Claims payable - due in more than one year	707,668	-	-	707,668
Total noncurrent liabilities	707,668	-	-	707,668
Total liabilities	1,111,613	84,650	14,569	1,210,832
NET POSITION				
Unrestricted (deficit)	881,519	(84,650)	258,090	1,054,959
Total net position	\$ 881,519	\$ (84,650)	\$ 258,090	\$ 1,054,959

City of Ridgecrest
Combining Statements of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2020

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
OPERATING REVENUES:				
Charges for services	\$ 296,251	\$ -	\$ 450,726	\$ 746,977
Other revenue	648,855	-	-	648,855
Total operating revenues	<u>945,106</u>	<u>-</u>	<u>450,726</u>	<u>1,395,832</u>
OPERATING EXPENSES:				
Administration	828,641	407,561	332,625	1,568,827
Total operating expenses	<u>828,641</u>	<u>407,561</u>	<u>332,625</u>	<u>1,568,827</u>
OPERATING INCOME (LOSS)	<u>116,465</u>	<u>(407,561)</u>	<u>118,101</u>	<u>(172,995)</u>
NONOPERATING REVENUES:				
Intergovernmental	-	-	-	-
Investment income	33,426	-	3,012	36,438
Total nonoperating revenues	<u>33,426</u>	<u>-</u>	<u>3,012</u>	<u>36,438</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>149,891</u>	<u>(407,561)</u>	<u>121,113</u>	<u>(136,557)</u>
TRANSFERS:				
Transfers in	615,578	348,258	-	963,836
Transfers out	(480,408)	-	(111,327)	(591,735)
Total transfers	<u>135,170</u>	<u>348,258</u>	<u>(111,327)</u>	<u>372,101</u>
Changes in net position	285,061	(59,303)	9,786	235,544
NET POSITION:				
Beginning of year	596,458	(25,347)	248,304	819,415
End of year	<u>\$ 881,519</u>	<u>\$ (84,650)</u>	<u>\$ 258,090</u>	<u>\$ 1,054,959</u>

City of Ridgecrest
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2020

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user departments	\$ 292,135	\$ -	\$ 450,726	\$ 742,861
Payments to suppliers or employees for goods and services	(814,669)	(432,908)	(340,672)	(1,588,249)
Insurance premiums and settlements and insurance recovery	(3,521)	-	-	(3,521)
Others	648,855	-	-	648,855
Net cash provided by (used in) operating activities	122,800	(432,908)	110,054	(200,054)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund borrowings	-	84,650	-	84,650
Transfers in	615,578	348,258	-	963,836
Transfers out	(480,408)	-	(111,327)	(591,735)
Net cash provided by (used in) noncapital financing activities	135,170	432,908	(111,327)	456,751
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	36,451	-	3,479	39,930
Net cash provided by investing activities	36,451	-	3,479	39,930
Net change in cash and cash equivalents	294,421	-	2,206	296,627
CASH AND CASH EQUIVALENTS				
Beginning of year	1,687,140	-	255,022	1,942,162
End of year	<u>\$ 1,981,561</u>	<u>\$ -</u>	<u>\$ 257,228</u>	<u>\$ 2,238,789</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 116,465	\$ (407,561)	\$ 118,101	\$ (172,995)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in current assets and liabilities:				
Accounts receivable	(4,116)	-	-	(4,116)
Inventories	-	-	(356)	(356)
Accounts payable	38,142	(25,347)	(5,228)	7,567
Salaries payable	(1,756)	-	(2,463)	(4,219)
Claims payable	(3,521)	-	-	(3,521)
Other payroll deductions payable	(22,414)	-	-	(22,414)
Total adjustments	<u>6,335</u>	<u>(25,347)</u>	<u>(8,047)</u>	<u>(27,059)</u>
Net cash provided by (used in) operating activities	\$ 122,800	\$ (432,908)	\$ 110,054	\$ (200,054)

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Fiduciary Funds



City of Ridgecrest
Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2020

	Private Purpose Trust Funds		Total
	Donations	RDA Obligation Retirement	
ASSETS			
Cash and investments	\$ 4,256	\$ 4,155,532	\$ 4,159,788
Investments with fiscal agents	-	1,811	1,811
Accounts receivable	-	-	-
Interest receivable	15	6,222	6,237
Loans receivable	-	3,000,000	3,000,000
Capital assets:			
Non-depreciable	-	2,202,440	2,202,440
Depreciable, net	-	1,415,339	1,415,339
Total assets	4,271	10,781,344	10,785,615
LIABILITIES			
Accounts payable	-	-	-
Deposits payable	713	2,000	2,713
Unearned revenue	2,308	-	2,308
Interest payable	-	427,489	427,489
Due to City of Ridgecrest	-	2,504,615	2,504,615
Long-term debt	-	26,190,000	26,190,000
Total liabilities	3,021	29,124,104	29,127,125
NET POSITION			
Held in trust	1,250	(18,342,760)	(18,341,510)
Total net position	\$ 1,250	\$ (18,342,760)	\$ (18,341,510)

City of Ridgecrest
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the Year Ended June 30, 2020

	Private Purpose Trust Funds		
	Donations	RDA Obligation Retirement	Total
ADDITIONS:			
Taxes	\$ -	\$ 3,746,330	\$ 3,746,330
Revenue from use of money and property	81	13,955	14,036
Other revenue	-	158,056	158,056
Total additions	81	3,918,341	3,918,422
DEDUCTIONS:			
Community development	-	21,770	21,770
Depreciation expense	-	75,501	75,501
Interest expense	-	1,749,989	1,749,989
Transfers to City of Ridgecrest (Note 6)	-	577,193	577,193
Total deductions	-	2,424,453	2,424,453
Changes in net position	81	1,493,888	1,493,969
NET POSITION:			
Beginning of year	1,169	(19,836,648)	(19,835,479)
End of year	\$ 1,250	\$ (18,342,760)	\$ (18,341,510)

City of Ridgecrest
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 471,479	\$ 7,583	\$ -	\$ 479,062
Interest receivable	3,010	-	(1,251)	1,759
Total assets	\$ 474,489	\$ 7,583	\$ (1,251)	\$ 480,821
Liabilities:				
Due to City of Ridgecrest	\$ 56,345	\$ -	\$ -	\$ 56,345
Due to bondholders - special assessment district	418,144	6,332	-	424,476
Total liabilities	\$ 474,489	\$ 6,332	\$ -	\$ 480,821

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Statistical Section



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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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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Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
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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				
	2020	2019	2018	2017	2016
Governmental activities					
Net investment in capital assets,	\$ 55,669,889	\$ 55,457,439	\$ 55,677,430	\$ 48,401,633	\$ 43,739,184
Restricted	6,794,005	6,634,279	6,470,708	11,058,233	11,197,956
Unrestricted	<u>(14,462,722)</u>	<u>(14,904,898)</u>	<u>(14,913,324)</u>	<u>(12,569,000)</u>	<u>(13,765,063)</u>
Total governmental activities net position	<u>48,001,172</u>	<u>47,165,746</u>	<u>47,234,814</u>	<u>46,890,866</u>	<u>41,172,077</u>
Business type activities					
Net investment in capital assets	15,372,381	15,585,198	16,263,175	16,710,100	14,635,228
Restricted	-	-	-	-	-
Unrestricted	<u>39,501,322</u>	<u>36,118,037</u>	<u>29,419,315</u>	<u>23,924,994</u>	<u>21,515,449</u>
Total business type activities net position	<u>54,873,703</u>	<u>51,595,110</u>	<u>45,682,490</u>	<u>40,635,094</u>	<u>36,150,677</u>
Primary government					
Net investment in capital assets	71,042,270	70,913,438	71,940,605	65,111,733	58,374,412
Restricted	6,794,005	6,634,279	6,470,708	11,058,233	11,197,956
Unrestricted	<u>25,038,600</u>	<u>21,213,139</u>	<u>14,505,991</u>	<u>11,355,994</u>	<u>7,750,386</u>
Total primary government net position	<u>102,874,875</u>	<u>\$ 98,760,856</u>	<u>\$ 92,917,304</u>	<u>\$ 87,525,960</u>	<u>\$ 77,322,754</u>

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

	Fiscal Years				
	2015	2014	2013	2012	2011
Governmental activities					
Net investment in capital assets	\$ 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	<u>(16,350,067)</u>	<u>(4,801,114)</u>	<u>3,974,360</u>	<u>2,126,223</u>	<u>11,269,841</u>
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					
Net investment in capital assets	15,069,345	15,581,116	16,054,395	16,378,348	16,045,080
Restricted	-	-	-	-	-
Unrestricted	<u>18,473,732</u>	<u>18,060,765</u>	<u>16,389,245</u>	<u>15,849,625</u>	<u>9,755,416</u>
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					
Net investment in capital assets	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	<u>2,123,665</u>	<u>13,259,651</u>	<u>20,363,605</u>	<u>17,975,848</u>	<u>21,025,257</u>
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 2
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	2020	2019	2018	2017	2016
Expenses					
Governmental activities:					
General government	\$ 3,533,339	\$ 4,913,832	\$ 5,019,286	\$ 1,751,017	\$ 1,754,299
Public safety	7,672,712	7,393,899	7,079,047	7,311,427	6,684,042
Public works	3,918,806	3,854,999	5,049,067	4,109,004	3,545,280
Transportation	-	-	87,535	82,051	2,213,317
Health	-	-	1,011,653	-	-
Community development	813,425	764,184	-	1,089,482	1,018,186
Culture and leisure	1,609,986	1,692,123	1,776,087	1,892,820	1,426,011
Interest and fiscal agent fees	916,918	1,097,275	227,286	255,588	275,499
Total governmental activities expenses	18,465,186	19,716,312	20,249,961	16,491,389	16,916,634
Business type activities:					
TDA Transit	831,517	270,484	552,170	849,257	832,756
Wastewater	2,493,260	814,134	1,579,721	1,599,732	2,496,953
Solid Waste Collection	-	-	-	-	-
Total business type activities expenses	3,324,777	1,084,618	2,131,891	2,448,989	3,329,709
Total primary government expenses	\$ 21,789,963	\$ 20,800,930	\$ 22,381,852	\$ 18,940,378	\$ 20,246,343
Program Revenues					
Governmental activities:					
Charges for services:					
General government	238,529	230,989	236,180	291,687	267,637
Public safety	291,783	327,538	205,734	334,668	292,613
Public works	7,007	381,776	497,833	4,765	-
Transportation	-	-	-	-	-
Health	-	-	(9,478)	-	-
Community development	550,707	5,336	-	468,418	704,566
Culture and leisure	186,472	290,578	344,560	333,364	368,473
Operating grants and contributions	1,499,442	1,957,254	1,230,709	1,328,471	1,647,328
Capital grants and contributions	1,237,922	274,427	699,272	2,196,184	1,042,058
Total governmental activities program revenues	4,011,862	3,467,898	3,204,810	4,957,557	4,322,675
Business type activities:					
Charges for services:					
TDA Transit	229,494	302,057	208,178	309,271	252,822
Wastewater	5,827,372	6,025,138	6,259,227	6,084,876	5,803,024
Solid Waste Collection	-	-	-	-	-
Operating grants and contributions	89,269	149,429	87,869	451,898	93,577
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	6,146,135	6,476,624	6,555,274	6,846,045	6,149,423
Total primary government program revenues	\$ 10,157,997	\$ 9,944,522	\$ 9,760,084	\$ 11,803,602	\$ 10,472,098
Net (Expense)/Revenue					
Governmental activities	(14,453,324)	(16,248,414)	(17,045,151)	(11,533,832)	(12,593,959)
Business type activities	2,821,358	5,392,006	4,423,383	4,397,056	2,819,714
Total primary government net expense	\$ (11,631,966)	\$ (10,856,408)	\$ (12,621,768)	\$ (7,136,776)	\$ (9,774,245)

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

	Fiscal Years				
	2015	2014	2013	2012	2011
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
Health	-	5,270	76,939	-	63,565
Community development	817,626	703,912	1,178,359	4,963,100	3,394,765
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	-	-
Health	-	-	-	41,754	-
Community development	287,611	-	357,550	225,504	517,003
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 (Continued)
Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years				
	2020	2019	2018	2017	2016
General Revenues and					
Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	2,571,075	2,392,910	2,326,379	1,976,015	2,125,926
Sales taxes	8,148,306	8,111,952	7,783,312	6,535,498	5,974,873
Transient occupancy taxes	1,411,102	1,458,498	1,553,230	1,585,442	1,443,149
Special assessments	520,280	546,580	532,936	392,664	1,639,143
Other taxes	697,697	776,234	767,820	709,003	714,218
Investment earnings	344,353	338,153	156,521	86,111	33,919
Miscellaneous	138,941	175,031	371,280	192,484	1,124,780
Loss from dissolution of former RDA	-	-	-	-	-
Revenues from Fiduciary Fund	577,193	1,719,172	4,562,229	5,085,152	3,735,484
Transfers	858,729	681,948	111,008	690,252	1,037,827
Total governmental activities	15,267,676	16,200,478	18,164,715	17,252,621	17,829,319
Business type activities:					
Other taxes	595,799	666,486	505,553	618,970	721,500
Investment earnings	609,813	633,302	306,226	147,005	84,815
Miscellaneous	2,227	10,907	12,553	11,638	19,398
Capital Contribution	-	-	-	-	-
Transfers	(858,729)	(681,948)	(111,008)	(690,252)	(1,037,827)
Total business type activities	349,110	628,747	713,324	87,361	(212,114)
Total primary government	\$ 15,616,786	\$ 16,829,225	\$ 18,878,039	\$ 17,339,982	\$ 17,617,205
Change in Net Position					
Governmental activities	814,352	(47,936)	1,119,564	5,718,789	5,235,360
Business type activities	3,170,468	6,020,753	5,136,707	4,484,417	2,607,600
Total primary government	\$ 3,984,820	\$ 5,972,817	\$ 6,256,271	\$ 10,203,206	\$ 7,842,960

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

	Fiscal Years				
	2015	2014	2013	2012	2011
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
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	15,631,562	12,159,382	11,944,616	682,770	16,582,992
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	28,699	402,332	312,713	4,864,039	(221,568)
Total primary government	\$ 15,660,261	\$ 12,561,714	\$ 12,257,329	\$ 5,546,809	\$ 16,361,424
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	\$ 9,741,746	\$ (755,640)	\$ 1,810,710	\$ (9,488,179)	\$ (1,679,588)

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

	Fiscal Years				
	2020	2019	2018	2017	2016
General fund					
Nonspendable	\$ 56,345	\$ 56,345	\$ 56,345	\$ 56,345	\$ 232
Restricted	390,413	512,181	-	480,047	341,946
Committed	-	-	-	-	-
Assigned	3,992,710	2,445,622	-	957,258	357,412
Unassigned	3,251,417	2,313,755	2,629,252	(18,602)	1,017
Total general fund	7,690,885	5,327,903	2,685,597	1,475,048	700,607
All other governmental funds					
Nonspendable	-	-	-	4,629,159	5,114,159
Restricted	5,271,109	4,811,665	4,193,637	4,881,004	4,488,041
Committed	760,820	718,298	630,079	630,079	577,399
Assigned	371,663	771,031	704,038	437,944	676,411
Unassigned	-	(148,821)	334,739	(75,206)	(36,194)
Total all other governmental fund	\$ 6,403,592	\$ 6,152,173	\$ 5,862,493	\$ 10,502,980	\$ 10,819,816
TOTAL FUND BALANCES	\$ 14,094,477	\$ 11,480,076	\$ 8,548,090	\$ 11,978,028	\$ 11,520,423

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

	Fiscal Years				
	2015	2014	2013	2012	2011
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	(2,300,838)	(2,533,123)	(2,491,783)	(4,300,138)	(613,171)
Total general fund	(1,001,031)	(2,318,911)	(2,189,606)	(4,230,471)	(72,658)
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 fund	\$ 9,694,301	\$ 10,504,930	\$ 11,379,446	\$ 10,748,029	\$ 48,809,440
TOTAL FUND BALANCES	\$ 8,693,270	\$ 8,186,019	\$ 9,189,840	\$ 6,517,558	\$ 48,736,782

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

	Fiscal Years				
	2020	2018	2017	2016	2015
Revenues					
Taxes	\$ 12,976,980	\$ 13,200,593	\$ 13,152,082	\$ 11,510,228	\$ 10,968,507
Intergovernmental	2,763,444	1,874,641	1,353,224	2,965,293	2,128,892
Licenses, permits and fees	1,011,225	782,372	913,327	796,224	2,299,752
Fines and forfeitures	42,455	56,368	45,540	70,153	57,869
Use of money and property	26,882	441,312	284,202	271,516	220,630
Charges for services	388,068	513,062	491,351	548,420	552,666
Assessment levied	442,465	86,386	72,369	32,068	19,676
Transfers from Fiduciary Fund	577,193	1,719,172	4,562,229	5,085,152	3,735,484
Other revenue	168,807	247,768	378,442	241,083	1,141,106
Total revenues	<u>18,397,519</u>	<u>18,921,674</u>	<u>21,252,766</u>	<u>21,520,137</u>	<u>21,124,582</u>
Expenditures					
General Government	2,126,058	12,897,324	2,097,342	1,859,295	1,840,348
Public safety	5,709,016	15,444,495	6,424,222	6,562,421	7,000,933
Public works	1,719,311	1,820,244	2,690,681	1,473,982	356,541
Transportation	-	-	-	-	2,206,292
Community development	746,586	701,492	906,075	922,933	1,109,245
Health	-	-	18,499	34,707	-
Culture and leisure	1,524,484	1,673,952	1,557,797	1,591,654	1,371,883
Capital outlay	2,945,162	2,855,637	4,814,881	7,488,021	4,274,384
Debt service:					
Principal	565,000	-	5,440,000	485,000	470,000
Interest	934,129	1,018,345	325,328	262,216	281,766
Cost of Issuance	-	-	-	-	-
Total expenditures	<u>16,269,746</u>	<u>36,411,489</u>	<u>24,274,825</u>	<u>20,680,229</u>	<u>18,911,392</u>
Excess of revenues over (under) expenditures	<u>2,127,773</u>	<u>(17,489,815)</u>	<u>(3,022,059)</u>	<u>839,908</u>	<u>2,213,190</u>
Other financing sources (uses)					
Proceeds from capital lease	-	-	-	-	-
Bond discount	-	-	-	-	-
Issuance of long-term debt	-	19,955,000	-	-	-
Premium on issuance of long-term debt	-	401,127	-	-	-
Transfers in	4,576,524	2,926,834	2,981,036	3,329,759	3,546,397
Transfers out	(4,089,896)	(2,861,160)	(3,388,915)	(3,712,062)	(2,932,464)
Total other financing sources (uses)	<u>486,628</u>	<u>20,421,801</u>	<u>(407,879)</u>	<u>(382,303)</u>	<u>613,933</u>
Net change in fund balances	<u>\$ 2,614,401</u>	<u>\$ 2,931,986</u>	<u>\$ (3,429,938)</u>	<u>\$ 457,605</u>	<u>\$ 2,827,123</u>
Debt service as a percentage of non-capital expenditures	12.7%	3.1%	29.6%	5.7%	5.1%

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

	Fiscal Years				
	2014	2013	2012	2011	2010
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)
Issuance of long-term debt	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-
Transfers in	3,424,771	2,771,099	3,211,991	5,288,101	14,026,383
Transfers out	<u>(2,902,679)</u>	<u>(2,344,830)</u>	<u>(2,672,523)</u>	<u>(8,137,761)</u>	<u>(14,131,473)</u>
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
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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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	<u>Business Licenses</u>	<u>Franchise Fees</u>	<u>Property Tax</u> ¹	<u>Sales Tax</u> ³	<u>Transient Occupancy</u>	<u>Gas Tax</u> ²	<u>TOTAL</u>
2019-2020	175,233	674,181	2,666,212	8,058,076	1,411,102	1,168,459	14,153,263
2018-2019	145,475	762,399	2,478,324	8,026,538	1,458,498	528,170	13,399,405
2017-2018	144,584	752,898	2,398,569	7,711,121	1,553,230	537,556	13,097,958
2016-2017	144,905	696,403	2,058,828	6,452,685	1,585,442	459,629	11,397,892
2015-2016	149,850	702,751	2,125,926	5,974,873	1,443,149	549,595	10,946,144
2014-2015	153,909	691,617	1,600,406	5,694,928	1,218,081	755,236	10,114,177
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

NOTES:

- 1) Property tax amounts include state reimbursement of homeowners property tax relief and real property transfer tax and property tax in lieu of MVLF. 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) The City passed "Measure L" allowing an additional increase of 0.75% in the local sale tax rate. This local measure became effective on October 1, 2012 and ended on March 31, 2017 when it was replaced by "Measure V" allowing an increase 1% in the local sales tax rate. Measure V becomes effective April 1, 2017 and will sunset on March 31, 2025

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

<u>CATEGORY</u>	Fiscal Years				
	2020	2019	2018	2017	2016
Residential	1,405,112,355	1,327,387,621	1,251,771,276	1,167,123,275	1,068,010,028
Commercial	257,498,876	252,686,511	252,639,635	240,625,807	225,510,393
Industrial	24,495,492	21,080,342	18,153,574	18,977,532	18,074,075
Government	5,001	4,906	5,113	5,017	59,571
Institutional	10,952,339	14,610,423	14,315,723	12,330,675	11,065,209
Miscellaneous	174,332	170,914	167,563	164,278	161,811
Recreational	11,950,739	8,541,854	8,765,625	10,172,213	8,412,087
Vacant Land	56,966,180	56,437,924	56,019,484	51,949,910	55,352,678
SBE Non-Unitary	1,089	1,089	1,089	1,089	800
Unsecured	34,674,769	34,404,914	35,138,901	33,221,298	33,975,856
Exempt	(5,049,156)	(5,049,156)	(5,138,156)	(5,632,678)	(5,519,156)
Unknown	-	-	-	-	-
TOTALS	1,801,831,172	1,715,326,498	1,636,977,983	1,534,571,094	1,420,622,508
Total Direct Rate	0.06442%	0.06443%	0.06443%	0.06442%	0.06443%

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 (Continued)
Last Ten Fiscal Years

<u>CATEGORY</u>	Fiscal Years				
	2015	2014*	2013	2012	2011
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 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					
2019-2020	0.05190%	0.00000%			0.05190%		-		0.06442%	
2018-2019	0.05190%	0.00000%			0.05190%		-		0.06443%	
2017-2018	0.05190%	0.00000%			0.05190%		-		0.06443%	
2016-2017	0.00066%	0.00000%			0.00066%		-		0.06442%	
2015-2016	0.00066%	0.00000%			0.00066%		-		0.06443%	
2014-2015	0.00066%	0.00000%			0.00066%		-		0.06443%	
2013-2014	0.00066%	0.00000%			0.00066%		-		0.06459%	
2012-2013	0.00066%	0.00000%			0.00066%		-		0.68945%	
2011-2012	0.00066%	0.00000%			0.00066%		1.00000%		0.69386%	
2010-2011	0.00066%	0.00000%			0.00066%		1.00000%		0.68764%	
10 Year Detail Breakdown of the Property Tax Dollar										
Agency	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
City of Ridgecrest¹	0.05190	0.05190	0.05190	0.05190	0.05190	0.05190	0.05190	0.05468	0.05469	0.05469
Sierra Sands Child Dev	0.00000	0.00509	0.00000	0.00000	0.00509	0.00509	0.00509	0.00000	0.00509	0.00509
County Advertising	0.00074	0.00074	0.00075	0.00075	0.00074	0.00072	0.00069	0.00069	0.00070	0.00070
East Kern Reservation Conservation	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	0.13010	0.12500	0.13010	0.15040	0.12500	0.12510	0.12510	0.12712	0.12210	0.12211
Kern County Fire Fund	0.10580	0.10580	0.10580	0.08550	0.10580	0.10580	0.10580	0.10580	0.10580	0.10580
Kern Community College	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770
Kern County General Fund	0.14110	0.14110	0.14110	0.14110	0.14110	0.14110	0.14110	0.14140	0.14130	0.14130
Kern County Water Agency	0.00718	0.00718	0.00718	0.00718	0.00718	0.00718	0.00718	0.00718	0.00719	0.00718
Sierra Unified School	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47561	0.47560	0.47560	0.47560
TOTAL PROP. 13 RATE⁴	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Kern Community College	0.03303	0.03367	0.03625	0.01318	0.01357	0.01045	0.01264	0.00850	0.00906	0.01012
Sierra Sand Unified School District	0.05533	0.05158	0.06669	0.06412	0.06697	0.06163	0.06261	0.05698	0.05833	0.05688
Total Voter Approved Rate³	0.08836	0.08525	0.10294	0.07730	0.08055	0.07208	0.07525	0.06548	0.06739	0.06700
TOTAL TAX RATE	1.08836	1.08525	1.10294	1.07730	1.08055	1.07208	1.07525	1.06548	1.06739	1.06700

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
- 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
- 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
- 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
- 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

City of Ridgecrest
Schedule 8
Top Ten Principal Property Taxpayers
Fiscal Year 2020 and Ten Years Prior

	<u>2019-2020</u>			<u>2010-2011</u>		
	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
Walmart Stores Inc	1	\$ 20,604,546	1.14%	2	\$ 10,352,645	0.71%
K Partners Ridgecrest I LP	2	18,730,212	1.04%	1	15,848,829	1.09%
Home Depot Dev Maryland Inc	3	8,103,064	0.45%	3	10,065,518	0.69%
Naval Weapons Federal Credit Union	4	7,417,370	0.41%			
La Mirage Condos LLC	5	7,272,575	0.40%			
Peekay Investments Properties LLC	6	7,053,839	0.39%			
El Rey Properties	7	6,291,963	0.35%			
Benderson Randall 1993-1 Trust	8	6,000,000	0.33%			
China Lake and Ridgecrest LLC	9	5,900,000	0.33%	10	6,140,731	0.42%
Ridgecrest Capital LP	10	5,896,589	0.33%			
Ridgecrest Regional Hospital				4	9,486,115	0.65%
New Albertson's				5	8,359,457	0.58%
Carriage Inn				6	8,150,354	0.56%
Ridgecrest Heritage Inn				7	6,850,216	0.47%
First Berkshire Properties				8	6,575,834	0.45%
Pam Ridgecrest Venture LLC				9	6,411,654	0.44%
Top Ten Totals		<u>\$ 93,270,158</u>	<u>5.18%</u>		<u>\$ 88,241,353</u>	<u>6.08%</u>
CITY TOTALS		1,801,831,172			1,452,356,482	

Source: HdL Coren & Cone

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

Fiscal Year Ended <u>June 30</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2020	409,041	401,150	98.07%	(1,000)	400,150	97.83%
2019	407,240	406,920	99.92%	(736)	406,184	99.74%
2018	408,548	410,279	100.42%	(1,562)	408,718	100.04%
2017	419,957	416,387	99.15%	(776)	415,611	98.97%
2016	415,173	321,769	77.50%	1,603	323,372	77.89%
2015	428,703	332,893	77.65%	1,778	334,670	78.07%
2014	436,307	347,104	79.56%	2,320	349,425	80.09%
2013	480,951 ¹	408,417	84.92%	31,039	439,455	91.37%
2012	10,336,490	10,192,452	98.61%	69,477	10,261,929	99.28%
2011	10,148,466	9,799,545	96.56%	94,130	9,893,675	97.49%

NOTES:

1) The amounts presented include City property taxes and Redevelopment Agency tax increment for all fiscal years except in fiscal year 2012/2013 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.

Source: Kern County Auditor-Controller

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

GOVERNMENTAL ACTIVITIES								
Fiscal Year	General Obligation Bonds	Redevelopment Bonds ^b	Special Assessment Bonds	Loans Payable	Capital Lease	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
2020	19,390,000	-	-	-	-	19,390,000	1.94%	\$ 661
2019	19,955,000	-	-	-	-	19,955,000	2.06%	\$ 672
2018	-	-	-	-	-	-	0.00%	\$ -
2017	5,440,000	-	-	-	-	5,440,000	0.61%	\$ 189
2016	5,925,000	-	-	-	-	5,925,000	0.72%	\$ 209
2015	6,395,000	-	-	-	-	6,395,000	0.80%	\$ 228
2014	6,845,000	-	-	-	112,689	6,957,689	0.87%	\$ 245
2013	7,275,000	-	-	-	219,790	7,494,790	0.90%	\$ 262
2012	7,685,000	-	-	-	343,981	8,028,981	0.99%	\$ 283
2011	8,080,000	34,280,000	-	-	483,399	42,843,399	5.43%	\$ 1,525

NOTES:

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

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

Fiscal Year	GOVERNMENTAL ACTIVITIES				Total	Percentage of Taxable Assessed Property Values ^a	Per Capita ^b
	General Obligation Bonds	Redevelopment Bonds ^c	Special Assessment Bonds				
2020	19,390,000	-	-		19,390,000	1.08%	\$ 661
2019	19,955,000	-	-		19,955,000	1.16%	\$ 672
2018	-	-	-		-	0.00%	\$ -
2017	5,440,000	-	-		5,440,000	0.35%	\$ 189
2016	5,925,000	-	-		5,925,000	0.42%	\$ 209
2015	6,395,000	-	-		6,395,000	0.44%	\$ 228
2014	6,845,000	-	-		6,845,000	0.48%	\$ 241
2013	7,275,000	-	-		7,275,000	0.50%	\$ 254
2012	7,685,000	-	-		7,685,000	0.52%	\$ 271
2011	8,080,000	34,280,000	-		42,360,000	2.92%	\$ 1,508

NOTES:

- a) See Schedule 6 - Assessed Value and Actual Value of Taxable Property
- b) See Schedule 15 - Demographic and Economic Statistics for personal income and population data
- c) As of February 1, 2012 all redevelopment agencies in California ceased to exist per AB X1 26. The Ridgecrest Redevelopment Agencies's obligations were transferred to the Successor Agency.

City of Ridgecrest
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

	Debt Outstanding 6/30/2020	% Applicable ¹	City's Share of Debt as of 6/30/20
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Kern Community College District Safety, Repair & Improvement District	\$ 117,836,081	1.955%	\$ 2,303,695
Kern Community College District School Facilities Improvement District No. 1	75,430,000	1.943%	1,465,605
Sierra Sands Joint Unified School District	17,563,360	76.928%	13,511,142
	<hr/>		<hr/>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 17,280,442
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Kern County Certificates of Participation	85,799,565	1.885%	1,617,322
Kern County Pension Obligation Bonds	179,861,441	1.885%	3,390,388
Kern County Board of Education Certificates of Participation	35,000,000	1.885%	659,750
Kern County Community College District Certificates of Participation	27,470,000	1.755%	482,099
Kern County Community College District Benefit Obligations	76,755,000	1.755%	1,347,050
Sierra Sands Joint Unified School District General Fund Obligations	12,233,467	76.928%	9,410,961
City of Ridgecrest	19,390,000	100.000%	19,390,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 36,297,570
OVERLAPPING TAX INCREMENT DEBT	26,190,000	100.000%	\$ 26,190,000
TOTAL DIRECT DEBT			\$ 19,390,000
TOTAL OVERLAPPING DEBT			\$ 60,378,012
COMBINED TOTAL DEBT			<u>\$ 79,768,012</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.

Source: MuniServices, LLC

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

Legal Debt Margin Calculation	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Assessed value	\$ 1,801,831,172	\$ 1,715,326,498	\$ 1,636,977,983	\$ 1,534,571,094	\$ 1,420,622,508
Debt limit (15% of assessed value)	270,274,676	257,298,975	245,546,697	230,185,664	213,093,376
Debt applicable to limit:					
General obligation bonds	19,390,000	19,955,000	-	5,440,000	5,925,000
Less: Amount set aside for repayment of general obligation debt	6	1,444,523	4,201	752,188	751,359
Total net debt applicable to limit	19,389,994	18,510,477	(4,201)	4,687,812	5,173,641
Legal Debt Margin	250,884,682	238,788,498	245,550,898	225,497,852	207,919,735
Total debt applicable to the limit as a percentage of debt limit	7.17%	7.19%	0.00%	2.04%	2.43%

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 (Continued)
Last Ten Fiscal Years

Legal Debt Margin Calculation	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
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	751,356	751,356	751,356	751,356	4,247,727
Total net debt applicable to limit	5,643,644	6,093,644	6,523,644	6,933,644	38,112,273
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	2.60%	2.83%	2.98%	3.11%	17.49%

NOTES:

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

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

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

SPECIAL ASSESSMENT BONDS

Fiscal <u>Year</u>	Special Assessment <u>Collections</u>	Current Account <u>Balance</u>	Debt Service		<u>Coverage</u>
			<u>Principal</u>	<u>Interest</u>	
2020	-	24,659	-	-	-
2019	-	24,659	-	-	-
2018	-	24,659	-	-	-
2017	-	24,659	-	-	-
2016	-	24,659	-	-	-
2015	-	24,659	-	-	-
2014	-	24,659	-	-	-
2013	-	24,659	-	-	-
2012	-	24,659	-	-	-
2011	-	24,659	-	-	-

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>
2020	29,350	997,195,013	33,976	35.9	5,615	6.70%
2019	29,712	970,609,926	32,667	35.5	5,593	2.30%
2018	28,822	892,632,904	30,971	35.1	5,579	2.70%
2017	28,349	825,463,347	29,118	35.4	5,495	7.00%
2016	28,064	796,099,346	28,367	35.6	5,384	6.90%
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%

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

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

n/a = not available

Source: MuniServices, LLC
www.cde.ca.gov

**City of Ridgecrest
Schedule 16
Principal Employers
Fiscal Year 2020 and Ten Years Prior**

<u>Employer</u>	<u>2019-2020</u>			<u>2010-2011</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*	7,995	1	66.63%	6,604	1	41.53%
Ridgecrest Regional Hospital (Includes Bella Sera)	840	2	7.00%	491	5	3.09%
Searles Valley Minerals	700	3	5.83%	663	3	4.17%
Sierra Sands Unified School District	527	4	4.39%	600	4	3.77%
Wal-Mart	333	5	2.78%	218	7	1.37%
Albertson's Inc (2 Locations)	173	6	1.44%	164	9	1.03%
Cerro Coso Community College	152	7	1.27%	170	8	1.07%
Alta One Credit Union (2 Locations in Ridgecrest)	123	8	1.03%	151	10	0.95%
City of Ridgecrest**	116	9	0.97%			
Home Depot	116	10	0.97%			
TUV Industry Services ***				752	2	4.73%
Jacobs Technology				360	6	2.26%
Total Top Employers	<u>11,075</u>		<u>92.29%</u>	<u>10,173</u>		<u>56.99%</u>
			Total City Employment**			12,000
						15,900

NOTES:

* Includes civilians, military, and contractors

** Includes full time and part time

*** Seasonal employer with up to 752 employees and 250 FTE's year round/

(1) Total city employment provided by Edd Labor Force Data. 2008-09 data was unavailable

(-) No data available.

Source: MuniServices LLC

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

FUNCTION/PROGRAM	Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
City Council	5	5	5	5	5	5	5	5	5	5
City Manager	1	1	1	1	1.4	1.5	1	1	1	3
City Clerk	1	1	1	1	1.05	1	1	1	1	1
Finance	5	5	5	6	6	5.5	5.5	5	6	6
Information Technology	2	2	2	2	2	2	2	2	3	3
Human Resources	1	1	1	1	1	1.5	1.5	1	0	1.5
Community Development	4	3	2	5.5	4.55	4.5	5	5	6	8
Planning Commissioners	5	5	5	5	5	5	5	5	5	5
Public Safety										
Police Officers-Sworn	32	32	32	32	32	32	32	31	31	34
Other Full Time Employees	19	19	19	19	17	17	17	14.5	16	16
PACT Volunteers	50	60	79	84	82	89	83	45	50	9
Public Works										
Engineering	5	4	4	5	4	4	3	3	4	4
Maintenance	9	7	7	7	7	7	7	6	7	8
Transit Services	8	8	8	8	8	8	8	8	7	7
Wastewater/Sewer	5	5	5	5	5	5	5	4	4	6
Culture & Recreation	19	19.5	20.2	19.2	30	27	24	23	39	32.5

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

FUNCTION/PROGRAM	Fiscal Years				
	2020	2019	2018	2017	2016
Police					
Physical Arrests	2,273	2,539	2,609	2,972	1,495
Parking Violations	75	161	293	195	126
Traffic Violations	677	592	478	325	408
Community Development					
Building Permits Issued	929	2,395	759	1,655	1,305
Building Permits Valuation (in millions)	21	12	20	17	21
Building Inspections Performed	1,687	1,533	1,924	3,523	2,718
Planning Permits Issued	70	78	127	see note b	see note b
Public Services					
Street Resurfacing (miles)	8	5	7	9	7
Street Light Replacement ^a	n/a	n/a	n/a	n/a	n/a
Potholes Filled	1,200	1,250	1,540	1,650	1,800
Waste Water Average Daily					
Treatment (millions of gallons)	2	2	2	2	2
Transit Route (Service) Miles	76,777	96,315	143,290	98,317	97,006
Transit Passenger Count	9,165	11,537	12,151	15,957	13,629
Parks & Recreation					
Sports Field Participation	49,210	135,869	130,869	129,869	103,449
Community Center/Gym/Pool Participation	60,289	67,707	69,707	69,707	76,259
Other Participation	45,110	65,605	65,605	65,605	36,094

NOTES:

- a) Street light replacement is done by Southern California Edison
- b) Unable to get the data due to departure of the City Planner as part of cost cutting measure

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

FUNCTION/PROGRAM	Fiscal Years				
	2015	2014	2013	2012	2011
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	2	2	3	3
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	2	2	3	3
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
- b) Unable to get the data due to departure of the City Planner as part of cost cutting measure

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

FUNCTION/PROGRAM	Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	20	20	20	20	20	18	17	17	10	13
Motorcycle unit	4	4	4	4	4	5	8	7	3	6
K-9 unit	1	1	1	1	1	1	1	1	1	1
Streets										
Streets (centerline miles) ¹	126	216	216	216	216	216	216	132	131	130
Streetlights ²	1546	1540	1540	1540	1540	1502	1469	1520	1523	1524
Traffic Signals										
CalTrans maintained	7	7	7	7	7	7	7	7	7	7
City of Ridgecrest maintained	14	14	14	14	12	12	10	9	9	9
Culture & Recreation										
Total Park Acreage	46.88	46.88	46.88	46.88	46.88	46.88	46.88	46.88	46.88	46.88
Parks ¹	3	5	5	5	5	5	5	5	5	5
Baseball Fields	5	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	0	0	0	0	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	142	142	142	142	142*	170	170
Storm Sewers (miles)	5	5	5	5	5	5	5	5	5	5
Treatment Capacity (millions of gallons/day)	3.7	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Transit Services										
Minibuses										
Fixed Route	7	8	8	8	8	8	7	6	0	0
Dial A Ride	3	2	1	1	1	2	2	3	5	5
Bus Shelters	10	10	10	10	9	8	8	5	5	5

NOTE:

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

1) FY 2020 streets miles were converted to Centerline Miles while the prior fiscal years were measured using lane miles.

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