



# City of Ridgecrest

**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended June 30, 2022**



# City of Ridgecrest, California



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2022

Prepared by the Finance Department

Cheri Freese, Finance Director  
Kelly Brewton, Assistant Finance Director  
Kristin Fields, Payroll Technician  
Andrea Hockett, Jr. Accountant  
Michelle Rand, Accounts Payable Technician  
Kerisa Isaac, Account Clerk I



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For the Year Ended June 30, 2022

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# ***CITY OF RIDGECREST***

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100 West California Avenue, Ridgecrest, CA 93555-4054  
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January 30, 2023

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

Attached herein we hereby submit the Annual Comprehensive Financial Report (ACFR) of the City of Ridgecrest, California (City) for the Fiscal Year ended June 30, 2022. 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 of providing this report is to inform the Mayor and City Council of the previous fiscal year's financial and administrative activities. 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 the City's financial practices, 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, the 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 ACFR.

## **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 a 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 was 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 primary 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, 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*

While experiencing the COVID-19 pandemic, the City has remained vigilant to protect the improvements that have been made in its financial position and continues to make improvements. Transient Occupancy Tax (TOT) and sales tax revenues are more sensitive to the economic swings; and represent 61% of the total General Fund revenue. Fortunately for the City, the employment outlook is stable. Based on the Employment Development Department (EDD) Labor Force data, the City's unemployment has decreased from 5.3% last year to 1.6%. California's unemployment rate is 4.0%, while Kern County's rate is 6.8%.

As a result of the June 5, 2012 election, the City successfully passed a local option sales tax called Measure L. This measure added .75% to the sales tax making it a total of 8%. It became effective on October 1, 2012 and ended on March 31, 2017, when Measure V, a 1% local option sales tax, began. The City received \$6.3 million in Measure L and V funds for fiscal year 2022.

The City saw an increase in community development and new construction for 2022. There was an increase in building permits issued and a decrease 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
2013	705	1,603	5 M
2014	1,020	1,925	9 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
2021	1,334	2,928	25 M
2022	1,441	2,962	17M



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## ***Economic Development***

In FY 2022 (July 2022-July 2023) the City of Ridgecrest continues to build on the economic development momentum following the 2019 earthquakes and aftermath from the COVID pandemic. Over the past year, Ridgecrest has experienced consistent growth with the completion and approval of several ongoing and planned projects.

The major economic development accomplishments for FY 2022 include the following:

- In partnership with the City's major employer, NAWS China Lake, earthquake recovery/rebuild projects on the military installation are tracking on schedule. To date, \$1B in work has been completed, with many projects nearing completion in 2022 or early 2023. A ribbon cutting ceremony is scheduled for December 1, 2022 to open the chapel/gym facility; a tentative ceremony date is in the works for the P1903 project, which is scheduled to complete in November 2022. Remaining projects underway are scheduled to reach completion by end of calendar year 2023.
- As a result of the earthquake recovery efforts, the Temporary Employee Housing tract is expected to reach maximum capacity (1,350 beds) for a period of nine months, peaking in July 2023. This does not include all contractors involved in recovery efforts – some are housed at alternative sites in Ridgecrest.
- Race Communications has commenced the buildout of fiber-optic infrastructure within City limits to provide high-speed internet services to the community. Services are offered to residents/businesses as buildout progresses. To date 50% of the jurisdiction has access to Race Communications high-speed internet services, with full completion expected by Summer 2023.
- Local businesses that opened to the community within the last year include Desert Brew (coffee shop), Billiards (family friendly pool hall), and Tumble 395 (gymnastics studio).
- Numerous fast-casual chains have completed construction and are now open to the public including Arby's, KFC, Panda Express, Chipotle, Starbucks, and Dutch Bros.
- The Oasis Complex has completed Phase I of construction which included two fast-casual restaurant pads (Starbucks & Chipotle). Phase II will include the entertainment complex and retail pads and is projected to begin construction by Q1 or Q2 of 2023.
- In September 2022, the Ridgecrest Community Garden celebrated its 2-year anniversary and held a grand opening for the expanded Herbal Zen Garden.
- In November 2022, the California Welcome Center (Ridgecrest) will be celebrating its 1-year anniversary in conjunction with the 9th Annual Ridgecrest Petroglyph Festival.
- The 76-unit affordable housing development, Mojave View Apartments, is currently under construction and includes public improvements to the area per the Affordable Housing Sustainable Communities Grant which are required to be completed by 2025.
- Holiday Inn Express & Suites (103 room) is nearing completion with a projected opening date of October 2022.
- Construction has commenced on the Towne Place Suites (96 room) development. Build-out is projected to take approximately 18 months to completion.



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To date, additional projects that have been brought to the Planning Commission for approval during FY 2022 include the following:

- EV Charge Park & Coffee: development of a vacant general commercial zoned parcel to construct electric vehicle charging stations, covered parking, and drive-thru coffee shop building with exterior seating & restrooms. Approved by Planning Commission in July 2022.
- Oasis Motel Expansion: the addition of 14 short-term housing units to 1.39-acre vacant commercial zoned site for expansion of existing motel. Building material will be 3D-printed and composed of 60% recycled plastic. Approved by Planning Commission in June 2022.
- Home 2 Suites & Woodspring Suites: development of 3.72 acres of vacant general commercial zoned land to construct two hotels. (1) Home 2 Suites by Hilton will include 107 guest rooms, an indoor pool, and outdoor amenity area. (2) Woodspring Suites will include 123 guest rooms. The project will have shared parking facilities including 11 EV/Clean Air Vanpool spaces. Scheduled to go to Planning Commission for public hearing and site plan review in October 2022.

The City of Ridgecrest contracts with HdL Consultants to identify potential economic development opportunities and continue outreach efforts for recruitment of businesses to Ridgecrest. As part of these outreach efforts, City representatives attend annual ICSC conference(s) to promote the Ridgecrest market, network with industry representatives, and build relationships important for long-term negotiations. Many of the accomplishments listed above are a direct result of this long-term process of recruitment.

## ***Property Tax***

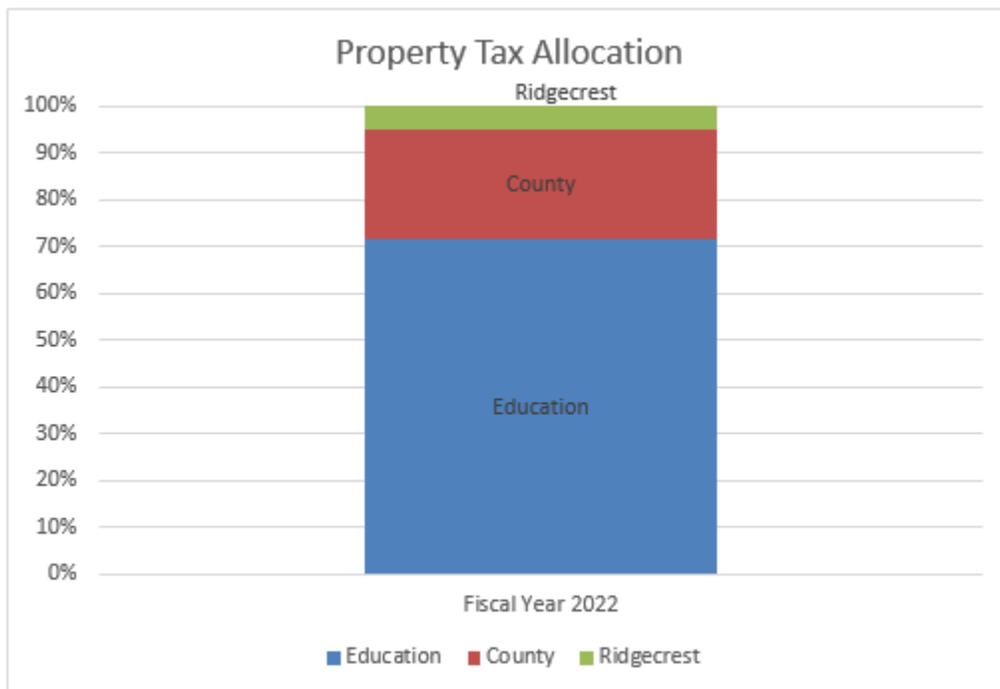
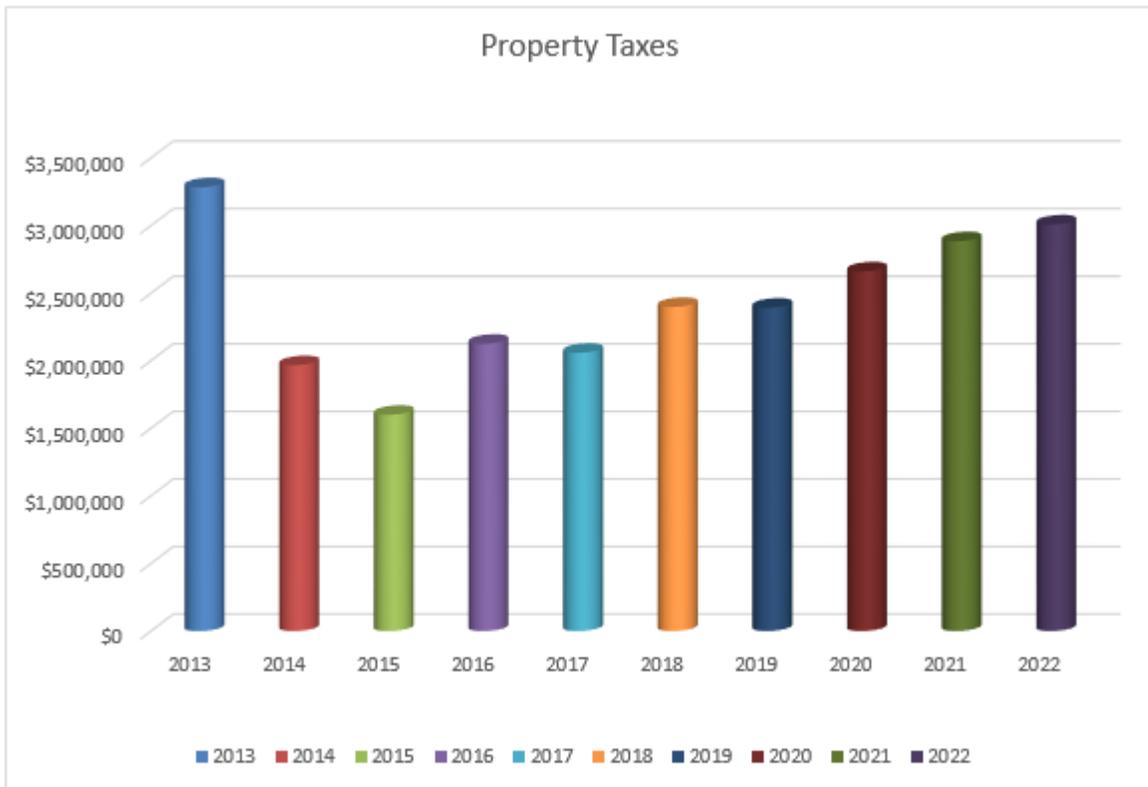
Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (moveable property) located within the City. Property is assessed by the County Assessor at a tax rate of 1.0% of the assessed value. The City receives about 5% of the 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 an 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 \$290,000 for the previous year’s RDA pass-thru. Additionally, FY 2015 property tax was reduced by 18.6% due to the continued \$290,000 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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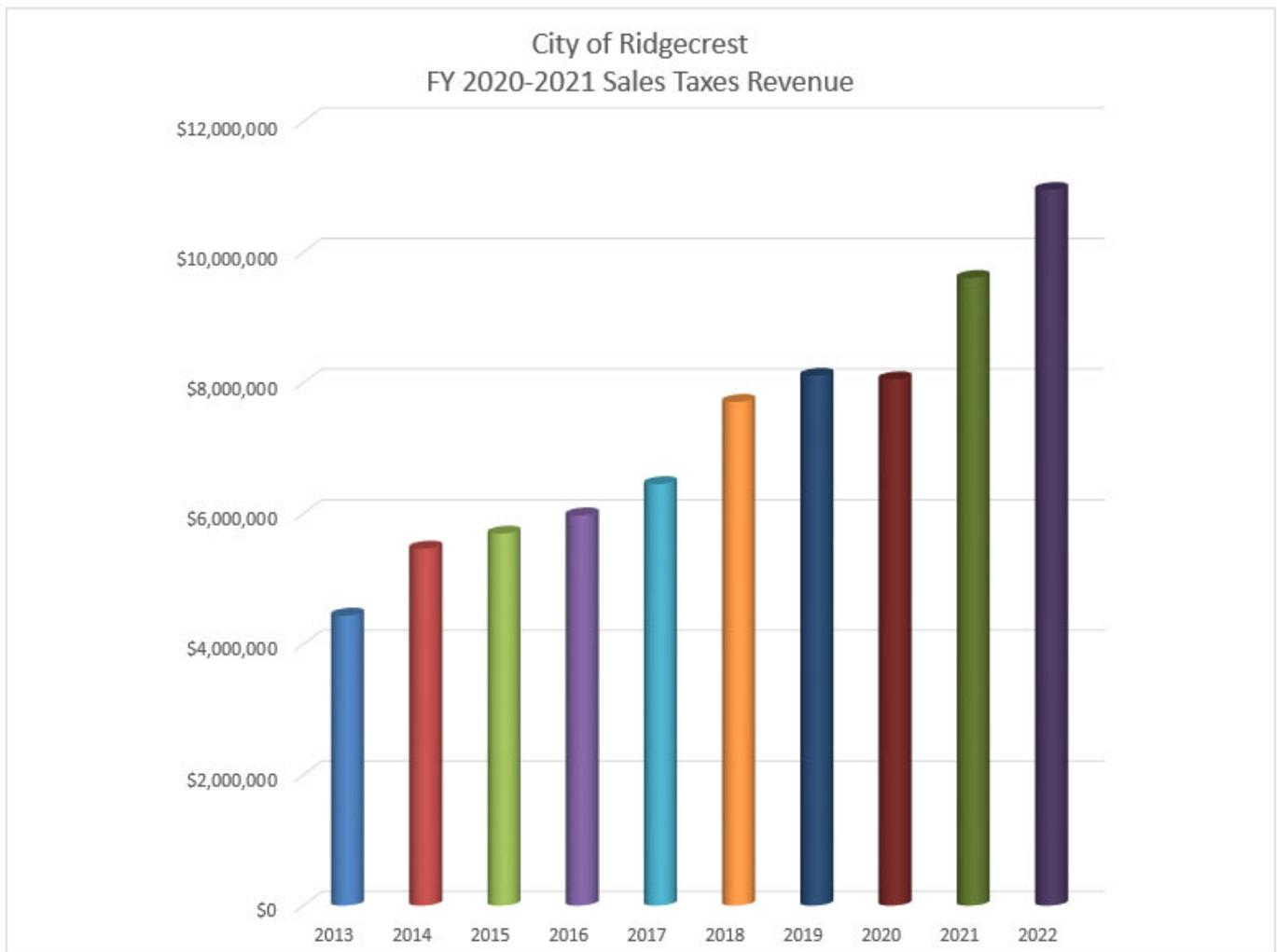
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## Sales Tax

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 in November of 2016, allowing the city to increase the sales tax by 1% for a term of 8 years. Sales tax increased by 14.02% in FY 2022 from the prior year due to combination of moderate growth in overall sales tax receipts and the continuation of Measure V. In the last ten years, the City's sales tax revenue has continuously climbed at an average rate of 13.75%, 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 the 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 \$34,185 in FY 2022, \$12,659 more than the City received in FY 2021.

The State started the split in FY 2006. The property tax in lieu of VLF component remained stable in FY 2022 in the amount of \$2186129.19, an increase of \$264,167 from FY 2021. This amount is included in the property tax revenue category instead of the VLF revenue category.



## Transient Occupancy Tax

The City’s third-largest revenue source, transient occupancy tax (TOT), is imposed on occupants of hotels, motels, inns, tourist homes 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).



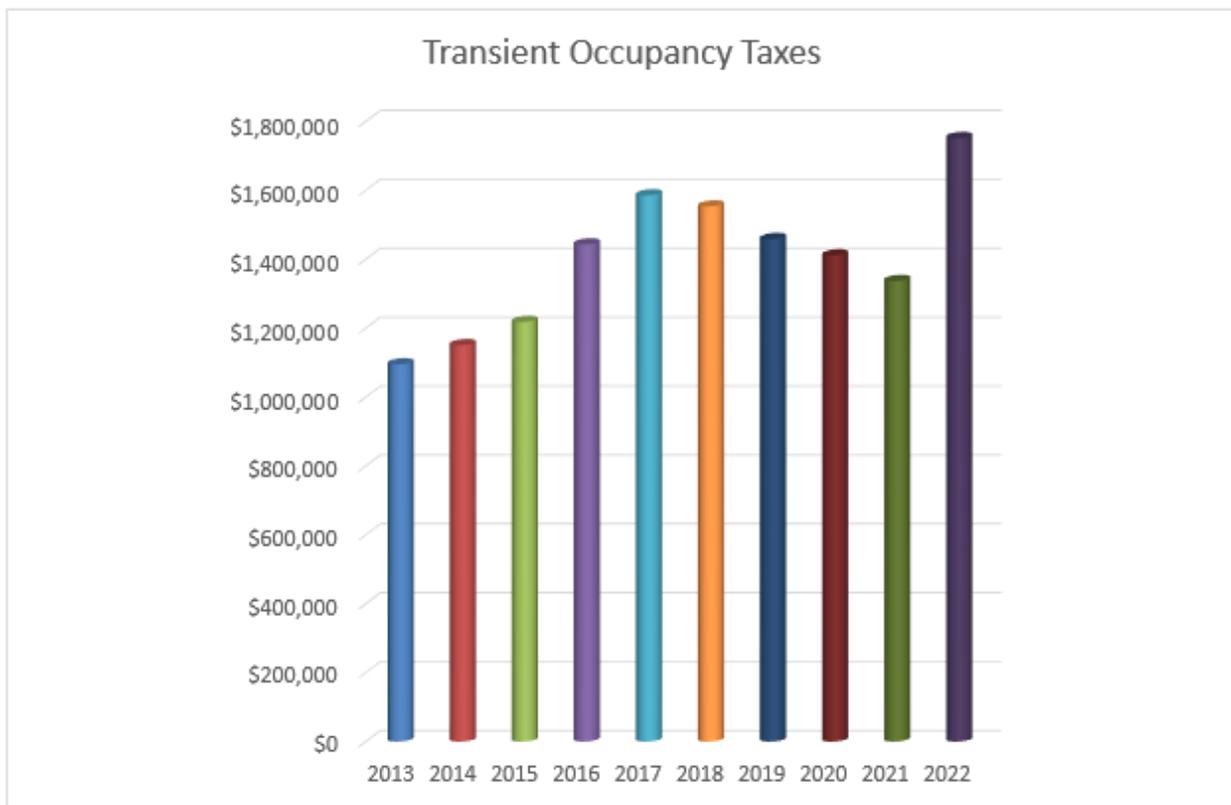
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In the past years, TOT collections provide funding for such economic development initiatives as the RACVB, the Chamber of Commerce, the City's Community and Economic Development program; as well as other city services. However, funding of these programs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

TOT has averaged a 4.88% growth rate for the last ten fiscal years. 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 and FY 2021 saw an average decline in TOT of 4.25%. The City suspects that the declines for these years are primarily due to the COVID-19 pandemic, and the accompanying travel restrictions. FY 2022 saw an increase in TOT of 31.02%. The City believes this increase was due to lifted travel restrictions from COVID-19 and an increase of base travel for the reconstruction due to 2019 Earthquake damage.

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.



## ***Business License Taxes***

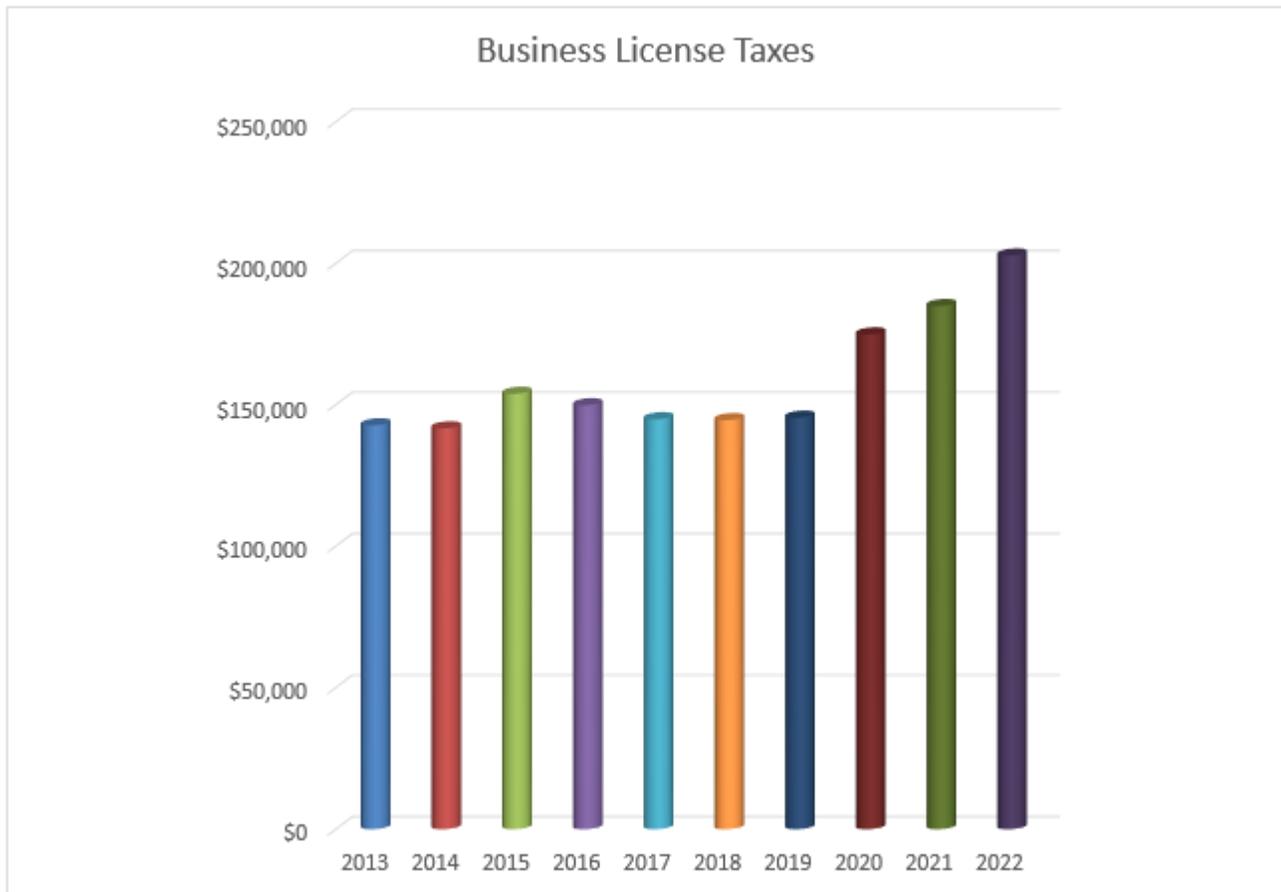
Another significant source of City revenue is the Business License Tax. This Tax is not regulatory in nature. It is based on unit count as opposed to the more common gross receipt ordinances by other cities throughout the state.

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% in business licenses from FY 2019. This is largely due to a 15% increase of the business license tax, the first increase since 1988. FY 2021 saw an increase of 5.75% and FY 2022 saw an increase of 7%. The City plans to continue increasing the tax based on CPI. With the mild improvement in the economy, the City expects to see a minimal increase over the next few years. Over the last ten years, the City's business license tax revenue has increased an average of 3.43% 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, 2022 are disclosed in the notes to the financial statements. Appropriations for FY 2022 will provide the 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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the 18<sup>th</sup> 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 ACFR. 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 ACFR 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. Measure V, which was approved by the voters in November 2016, will continue at a rate of 1% for 8 years. FY 2021-22 sales tax is trending higher than previous years due to increasing retail options and a positive economic outlook. Transient Occupancy Tax (TOT) is expected to make marginal gains. The building of two new hotel chains and the Oasis Complex is expected to provide jobs in 2021-2022.

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.

On the positive side, after many years of disputes and discussions, the Department of Finance has reversed their position on the \$3 million loan that funded the senior housing project as well as \$290,403 in litigation cost. The city will be receiving the funding in FY 2023.

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 three 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 2023 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 costs. 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 2023 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 2022 ACFR 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 ACFR 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 not have 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,

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Ronald Strand  
City Manager

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Cheri Freese  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Ridgecrest  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO

# City of Ridgecrest Organization Chart





## **City of Ridgecrest**

### **Annual Comprehensive Financial Report**

#### **Principal Officials**

Eric A. Bruen – Mayor  
Scott Hayman – Mayor Pro-Tempore  
Solomon P. Rajaratnam – Vice Mayor  
Kyle Blades – Council Member  
Peggy Breeden – Council Member

#### **City Staff**

Ronald Strand – City Manager/RRSA Executive Director  
Jed McLaughlin – Chief of Police  
Cheri Freese – Finance Director/City-Agency Treasurer  
Travis Reed – Public Works Director  
Ricca Charlon – City Clerk  
Nerissa Wegener – Parks & Recreation Director

## INDEPENDENT AUDITORS' REPORT

200 E. Sandpointe Avenue, Suite 600  
Santa Ana, California 92707



[www.pungroup.cpa](http://www.pungroup.cpa)



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

### Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above 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, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audits 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of a Matter

#### *Implementation of GASB Statement No. 87*

As described in Note 1E, 1P, and 4 to the financial statements, the City implemented GASB Statement No. 87, *Leases*. The implementation of GASB Statement No. 87 requires the City to record leases receivable and corresponding lease-related deferred inflows of resources for all leases in excess of one year. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **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.

### **Supplementary Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and *Government Auditing Standards*. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Santa Ana, California  
January 30, 2023

City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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**City of Ridgecrest**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2022**

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This portion of the City's Annual Comprehensive Financial Report (ACFR) presents Management's discussion and analysis of the City of Ridgecrest's (hereinafter "City") financial activities for the fiscal year ended June 30, 2022, as well as the budget for FY22. We encourage readers to consider this information in conjunction with the other portions of the City's ACFR, including the financial statements which immediately follow.

**FINANCIAL HIGHLIGHTS**

The City's government-wide total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) at the close of the fiscal year by \$134 million, which is 23% more than 2021. Of this amount, \$56 million is in unrestricted net position, which is available to meet the City's ongoing commitments to citizens and creditors.

The City's government-wide net position increased by \$16.3 million, and business type by \$8.7 million, for a total increase of \$25 million. This growth is primarily attributed to the Measure V sales tax, budgeting conservative revenue estimates, along with controlled appropriations to ensure increased fund balance.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's financial statements, which follow, consisting of: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. Accordingly, readers of the City's financial statements should consider the accompanying notes as an integral part of the financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide the reader with a broad overview of the City's finances in a manner similar to private-sector businesses.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between assets/deferred outflows and liabilities/deferred inflows representing *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. The *Statement of Activities* presents information showing how the City's net position changed during the most recent 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 related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods (e.g. compensated absence expense and certain pension-related liabilities).

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, cultural and leisure services, and community development. Business-type activities include operations of the waste-water plant 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 fund financial statements provide more detailed information about the City's specific sources of funding and spending for particular purposes. Like other governmental agencies, the City 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 detailed information about each of the City's most significant funds, called Major Funds.

**City of Ridgecrest**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaced the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, while all Non-Major Funds are summarized and presented in a single column.

*Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements. Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenses, and changes in fund balance with the government-wide financial statements can be found on pages 32 and 33. 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 three major funds are: General 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 non-major governmental fund is provided in the form of combining statements on pages 110-115.

*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. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 55-90.

**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, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Below is a table showing the City's net position for the fiscal year ended June 30, 2022, with comparative data for the fiscal year ended June 30, 2021.

**Statement of Net Position (condensed)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current Assets	\$ 31,031,700	\$ 23,242,921	\$ 45,950,232	\$ 41,473,441	\$ 76,981,932	\$ 64,716,362
Noncurrent Assets	\$ 7,154,674	\$ 215,080	\$ 4,123,085	\$ 2,366,910	\$ 11,277,759	\$ 2,581,990
Capital Assets	55,142,182	56,589,811	15,215,765	15,088,300	70,357,947	71,678,111
Total Assets	93,328,556	80,047,812	65,289,082	58,928,651	158,617,638	138,976,463
Deferred Outflows of Resources	5,012,231	6,815,833	2,681,061	3,017,201	7,693,292	9,833,034
Current Liabilities	6,581,437	5,701,456	969,074	883,190	7,550,511	6,584,646
Long-term Liabilities	21,102,830	22,146,148	194,357	375,772	21,297,187	22,521,920
Total Liabilities	27,684,267	27,847,604	1,163,431	1,258,962	28,847,698	29,106,566
Deferred Inflows of Resources	2,650,638	7,352,490	662,637	3,248,121	3,313,275	10,600,611
Net Investment in Capital Assets	55,142,182	56,589,811	15,215,765	15,088,300	70,357,947	71,678,111
Restricted	7,795,261	5,761,956	-	-	7,795,261	5,761,956
Unrestricted	5,068,439	(10,688,216)	50,928,310	42,350,469	55,996,749	31,662,253
Total Net Position	\$ 68,005,882	\$ 51,663,551	\$ 66,144,075	\$ 57,438,769	\$ 134,149,957	\$ 109,102,320

The chart above reflects the City's combined net position (governmental and business-type activities), which totals \$134 million on June 30, 2022 and \$109 million on June 30, 2021.

52.45% 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.

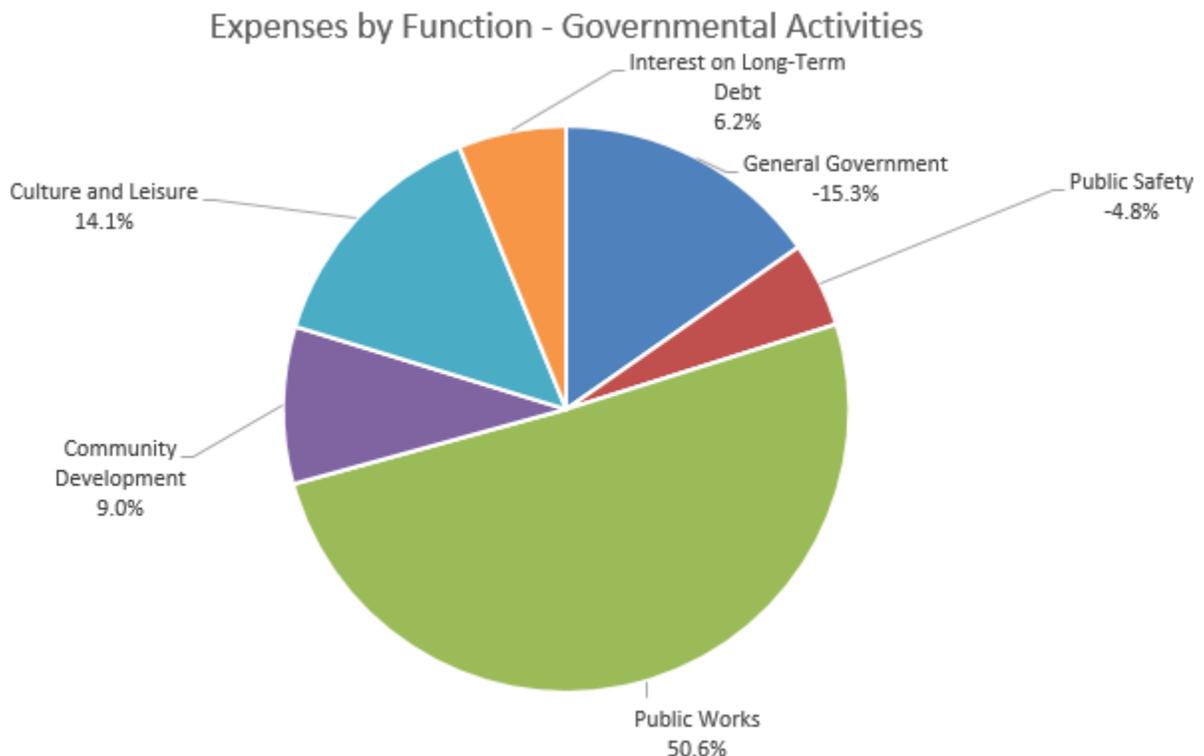
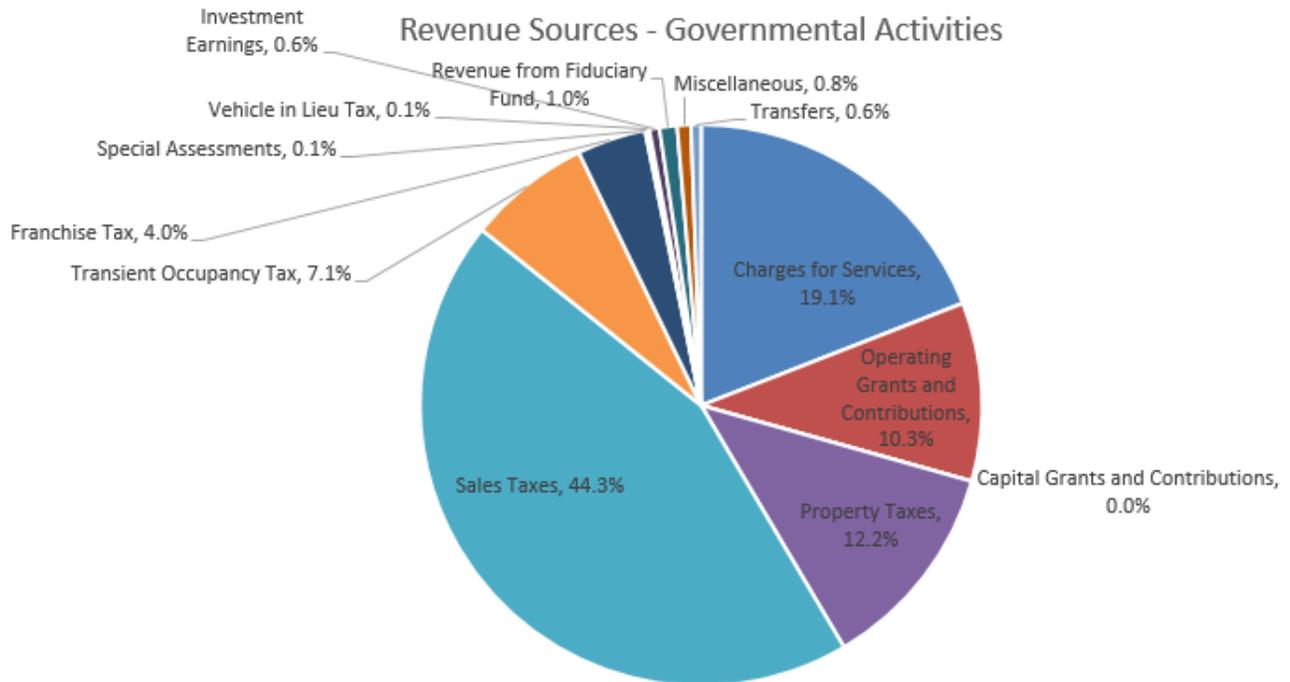
The remaining amount of the City's net position (47.55%) represents resources that are subject to external restrictions (e.g., capital projects, community development, debt services, and special projects) and resources that are unrestricted to meet the City's ongoing obligations to citizens and creditors.

At the end of the FY 2021-22, 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 \$25 million during the fiscal year, a 23% 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, 2022**

**Governmental Activities**

Governmental activities increased the City's net position by \$16 million. The increase in the net position for governmental activities is attributed to increased 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, 2022**

**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. 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 include 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. A majority of the revenue increase can be attributed to tax revenues for the year increasing due rising costs due to inflation. The decrease in expenses was largely due to an auditor journal entry which re allocated pensions costs.

**Statement of Activities**

	Governmental Activities		Business Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 4,721,293	\$ 1,617,722	\$ 7,224,173	\$ 6,779,507	\$ 11,945,466	\$ 8,397,229
Operating grants and contributions	2,544,996	1,636,261	154,889	149,111	2,699,885	1,785,372
Capital grants and contributions	-	1,727,612	-	-	-	1,727,612
Total program revenues	7,266,289	4,981,595	7,379,062	6,928,618	14,645,351	11,910,213
<b>General revenues:</b>						
Taxes:						
Property taxes	3,008,839	2,884,710	-	-	3,008,839	2,884,710
Sales taxes	10,955,498	9,608,803	-	-	10,955,498	9,608,803
Transient Occupancy Tax	1,751,721	1,336,952	-	-	1,751,721	1,336,952
Franchise Tax	980,064	963,826	-	-	980,064	963,826
Special Assessments	29,228	847,761	-	-	29,228	847,761
Vehicle in lieu tax	34,185	21,526	-	116,741	34,185	138,267
Total Taxes	16,759,535	15,663,578	-	116,741	16,759,535	15,780,319
Investment earnings	142,019	115,320	159,136	199,998	301,155	315,318
Transfers from Fiduciary Fund	250,000	251,486	-	-	250,000	251,486
Miscellaneous	196,279	971,568	252,652	240,303	448,931	1,211,871
Gain (loss) on disposal of assets	-	(3,235)	-	-	-	-
<b>Transfers</b>	141,652	894,313	(141,652)	(894,313)	-	-
<b>Total general revenues and transfers</b>	17,489,485	17,893,030	270,136	(337,271)	17,759,621	17,555,759
<b>Total revenues</b>	24,755,774	22,874,625	7,649,198	6,591,347	32,404,972	29,465,972
<b>Expenses:</b>						
General government	(2,156,848)	2,940,494	-	-	(2,156,848)	2,940,494
Public safety	(682,802)	8,275,604	-	-	(682,802)	8,275,604
Public works	7,129,835	4,415,605	-	-	7,129,835	4,415,605
Community Development	1,264,593	991,673	-	-	1,264,593	991,673
Culture & Leisure	1,990,216	1,624,180	-	-	1,990,216	1,624,180
Interest on long-term debt	868,449	903,407	-	-	868,449	903,407
Transit	-	-	(1,461,529)	1,057,420	(1,461,529)	1,057,420
Waste Water	-	-	405,421	2,956,688	405,421	2,956,688
<b>Total expenses</b>	8,413,443	19,150,963	(1,056,108)	4,014,108	7,357,335	23,165,071
<b>Change in net position</b>	16,342,331	3,723,662	8,705,306	2,577,239	25,047,637	6,300,901
Net position, beginning of year	51,663,551	47,939,889	57,438,769	54,861,530	109,102,320	102,801,419
<b>Net position, end of year</b>	<b>\$68,005,882</b>	<b>\$51,663,551</b>	<b>\$66,144,075</b>	<b>\$57,438,769</b>	<b>\$134,149,957</b>	<b>\$109,102,320</b>

**City of Ridgecrest**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

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**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 \$2.58 million over the prior year.

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.

### **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.

**City of Ridgecrest**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

The following schedule is a summary of governmental fund revenues for fiscal year ended June 30, 2022, 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 19-20 Amount	Percent of Total	FY 20-21 Amount	Percent of Total	FY 21-22 Amount	Percent of Total
Taxes	\$ 12,976,980	70.5%	\$ 14,977,624	68.3%	\$ 17,045,507	69.2%
Intergovernmental	2,763,444	15.0%	3,945,653	18.0%	3,254,124	13.2%
Licenses, Permits & Fees	1,011,225	5.5%	1,493,009	6.8%	1,750,147	7.1%
Fines and Forfeitures	42,455	0.2%	72,893	0.3%	81,580	0.3%
Assessment levied	26,882	0.1%	27,122	0.1%	29,228	0.1%
Use of Money & Property	388,068	2.1%	231,702	1.1%	453,242	1.8%
Charges for Services	442,465	2.4%	528,631	2.4%	1,351,176	5.5%
Transfers form Fiduciary Fund	577,193	3.1%	251,486	1.1%	250,000	1.0%
Other Revenues	168,807	0.9%	395,851	1.8%	402,547	1.6%
<b>Total</b>	<b>\$ 18,397,519</b>	<b>100.0%</b>	<b>\$ 21,923,971</b>	<b>100.0%</b>	<b>\$ 24,617,551</b>	<b>100.0%</b>

As of the end of the current year, the City of Ridgecrest's governmental funds reported combined ending fund balances of \$23.57 million, an increase of \$5.92 million in comparison to the FY 2020-2021 ending fund balance. Of this ending balance, the unassigned fund balance is \$8.69 million, the assigned fund balance is \$7.9 million, the restricted fund balance is \$6.08 million and the committed fund balance is \$850,878.

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. The total committed fund balance within the governmental funds is \$850,878 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 assigned fund balance of \$7,900,108, \$7,199,527 is set aside for Capital Improvements and Measure L/V funded street maintenance. The remaining funds are set aside for the Landscape and Lighting district and business park capital projects.

Restricted Fund Balance includes amounts that are restricted to a specific purpose either by formal action of City Council, or externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Of the restricted fund balance of \$6,075,361, \$5,302,035 is set aside for capital projects.

**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. The final budgeted revenues received were within acceptable budget variance. The 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 are a result of carry-over obligations and commitments from the previous fiscal year. The General fund received an excess of \$5.16 million in resources over charges to appropriations. This increased the General Fund balance to \$17.45 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.

**City of Ridgecrest**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2022**

The City has met its goal to build its fund balance to equal at least six months' worth of its annual expenditures, and is now planning to develop a policy for spending the excess funds on capital improvement projects.

	For the Fiscal Year Ended June 30, 2020				For the Fiscal Year Ended June 30, 2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
<b>REVENUES:</b>								
Taxes	14,146,597	14,350,209	17,045,507	2,695,298	13,138,314	13,138,314	14,977,624	1,839,310
Intergovernmental	491,441	561,441	313,949	(247,492)	445,135	527,941	963,045	435,104
Licenses and permits	532,500	532,500	804,524	272,024	512,500	512,500	738,970	226,470
Fines and forfeitures	46,250	46,250	81,580	35,330	45,500	45,493	72,893	27,400
Use of money and property	416,130	416,130	402,362	(13,768)	256,400	257,100	188,313	(68,787)
Charges for services	626,516	626,516	1,351,176	724,660	580,928	580,928	528,631	(52,297)
Transfers from Fiduciary Fund	250,000	250,000	250,000	-	286,000	286,000	250,000	(36,000)
Other revenues	234,400	234,400	353,845	119,445	353,300	353,300	314,753	(38,547)
<b>Total revenues</b>	<b>16,743,834</b>	<b>17,017,446</b>	<b>20,602,943</b>	<b>3,585,497</b>	<b>15,618,077</b>	<b>15,701,576</b>	<b>18,034,229</b>	<b>2,332,653</b>
<b>EXPENDITURES:</b>								
Current:								
General government	2,748,179	3,032,708	2,419,074	613,634	2,526,559	2,408,448	2,144,669	263,779
Public safety	6,871,324	6,934,293	5,587,410	1,346,883	8,012,189	7,471,081	6,603,020	868,061
Public works	604,277	912,456	315,392	597,064	820,621	798,383	454,476	343,907
Community development	1,363,415	1,827,354	1,031,402	795,952	968,065	1,042,604	797,980	244,624
Culture and leisure	1,876,462	2,074,803	1,794,774	280,029	2,133,100	2,041,104	1,555,030	486,074
Capital Outlay	792,600	928,709	604,514	324,195	315,500	612,621	138,387	474,234
Debt Service:								
Principal					137,020	137,020	-	137,020
<b>Total expenditures</b>	<b>14,256,257</b>	<b>15,710,323</b>	<b>11,752,566</b>	<b>3,957,757</b>	<b>14,913,054</b>	<b>14,511,261</b>	<b>11,693,562</b>	<b>2,817,699</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,487,577</b>	<b>1,307,123</b>	<b>8,850,377</b>	<b>7,543,254</b>	<b>705,023</b>	<b>1,190,315</b>	<b>6,340,667</b>	<b>5,150,352</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers In	967,452	1,255,249	-	(1,255,249)	1,055,490	1,125,813	1,052,972	(72,841)
Transfers Out	(7,304,543)	(7,925,997)	(3,687,266)	4,238,731	(3,804,936)	(6,281,218)	(2,805,003)	3,476,215
<b>Total other financing sources (uses)</b>	<b>(6,337,091)</b>	<b>(6,670,748)</b>	<b>(3,687,266)</b>	<b>2,983,482</b>	<b>(2,749,446)</b>	<b>(5,155,405)</b>	<b>(1,752,031)</b>	<b>3,403,374</b>
<b>Net change in fund balances</b>	<b>(3,849,514)</b>	<b>(5,363,625)</b>	<b>5,163,111</b>	<b>10,526,736</b>	<b>(2,044,423)</b>	<b>(3,965,090)</b>	<b>4,588,636</b>	<b>8,553,726</b>
<b>FUND BALANCES:</b>								
Beginning of year			12,288,903				7,700,267	
End of year			17,452,014				12,288,903	

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The City's investment in capital assets for its Governmental and Business-Type activities as of June 30, 2022, amounts to \$70.36 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 decreased by about \$1.3 million from the prior year. 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, 2022**

	Government Activities	Business-Type Activities	Total
<i>Non-Depreciable Assets:</i>			
Land	\$ 2,434,499	\$ 1,614,217	\$ 4,048,716
Construction in process	8,038,157	836,936	8,875,093
Total non-depreciable assets, net	<u>10,472,656</u>	<u>2,451,153</u>	<u>12,923,809</u>
<i>Depreciable Assets:</i>			
Buildings and improvements	10,873,302	3,375,450	14,248,752
Machinery and equipment	10,025,001	4,694,778	14,719,779
Infrastructure	130,017,437	21,182,072	151,199,509
	<u>150,915,740</u>	<u>29,252,300</u>	<u>180,168,040</u>
Less accumulated depreciation	<u>(106,246,214)</u>	<u>(16,487,688)</u>	<u>(122,733,902)</u>
Total depreciable assets, net	<u>44,669,526</u>	<u>12,764,612</u>	<u>57,434,138</u>
<b>Total capital assets</b>	<u><u>\$ 55,142,182</u></u>	<u><u>\$ 15,215,765</u></u>	<u><u>\$ 70,357,947</u></u>

Additional information about the capital assets can be found in Note 8 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 \$18.5 million. Long Term Debt for Business-type activities has a balance of \$122,926, and Long Term Debt for Fiduciary Funds has a balance of \$21.1 million from the 2018 Tax Allocation Refunding Bond to provide funds to refund the 2010 Tax Allocation Bonds.

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due within one year	Due in more than one year
<i>Governmental Activities</i>						
2018 PERS COP	18,655,000	-	(885,000)	17,770,000	680,000	17,090,000
Plus: Bond Premium	371,413	-	(14,857)	356,556	-	356,556
Compensated Absences	2,235,549	574,163	(1,045,467)	1,764,245	634,897	1,129,348
Total Government Activities	<u>21,261,962</u>	<u>574,163</u>	<u>(1,945,324)</u>	<u>19,890,801</u>	<u>1,314,897</u>	<u>18,575,904</u>
<i>Business-type Activities</i>						
Compensated Absences	174,596	173,592	(156,155)	192,033	69,107	122,926
Total Business-type Activities	<u>174,596</u>	<u>173,592</u>	<u>(156,155)</u>	<u>192,033</u>	<u>69,107</u>	<u>122,926</u>
<i>Fiduciary Funds</i>						
Tax Allocation Bonds, Series 2018	24,517,000	-	(1,698,000)	22,819,000	1,696,000	21,123,000
	<u>24,517,000</u>	<u>-</u>	<u>(1,698,000)</u>	<u>22,819,000</u>	<u>1,696,000</u>	<u>21,123,000</u>
<b>Total</b>	<u><u>\$ 45,953,558</u></u>	<u><u>\$ 747,755</u></u>	<u><u>\$ (3,799,479)</u></u>	<u><u>\$ 42,901,834</u></u>	<u><u>\$ 3,080,004</u></u>	<u><u>\$ 39,821,830</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's 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, 2022**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Many factors from previous years continue to impact the next fiscal year, both positively and negatively. Measure V, which was approved by the voters in November 2016, will continue at a rate of 1% for 8 years. FY 2021-22 sales tax is trending higher than previous years due to increasing retail options and a positive economic outlook. Transient Occupancy Tax (TOT) is expected to make marginal gains. The building of two new hotel chains and the Oasis Complex is expected to provide jobs in 2021-2022.

On the negative side, before ABIX 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.

On the positive side, after many years of disputes and discussions, the Department of Finance has reversed their position on the \$3 million loan that funded the senior housing project as well as \$290,403 in litigation cost. The city will be receiving the funding in FY 2023.

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 three 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 2023 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 costs. 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 2023 to improve fund balance in order to bolster reserves in the general fund.

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.

**REQUESTS FOR INFORMATION**

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

City of Ridgecrest  
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For the Year Ended June 30, 2022

**Basic Financial Statements**



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City of Ridgecrest  
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**Government-Wide Financial Statements**



**City of Ridgecrest**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 30,289,389	\$ 42,560,708	\$ 72,850,097
Cash and investments with fiscal agents	2,476	-	2,476
Receivables:			
Accounts	669,724	424,036	1,093,760
Taxes	2,522,216	-	2,522,216
Loans	15,104	-	15,104
Leases	195,744	-	195,744
Interest	56,907	70,500	127,407
Due from Fiduciary	15,104	137,705	152,809
Deposits	10,241	-	10,241
Internal balances	(2,757,283)	2,757,283	-
Inventories	12,078	-	12,078
Prepaid items	-	-	-
Total current assets	<u>31,031,700</u>	<u>45,950,232</u>	<u>76,981,932</u>
Noncurrent assets:			
Due from Fiduciary Fund	41,241	1,345,898	1,387,139
Loans receivable	153,337	-	153,337
Leases receivable	515,625	-	515,625
Net pension liability (asset)	6,444,471	2,777,187	9,221,658
Capital assets:			
Nondepreciable	10,472,656	2,451,153	12,923,809
Depreciable, net	44,669,526	12,764,612	57,434,138
Total capital assets, net	<u>55,142,182</u>	<u>15,215,765</u>	<u>70,357,947</u>
Total noncurrent assets	<u>62,296,856</u>	<u>19,338,850</u>	<u>81,635,706</u>
<b>Total assets</b>	<u>93,328,556</u>	<u>65,289,082</u>	<u>158,617,638</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related deferred outflows	4,852,996	2,647,284	7,500,280
OPEB-related deferred outflows	159,235	33,777	193,012
<b>Total deferred outflows of resources</b>	<u>5,012,231</u>	<u>2,681,061</u>	<u>7,693,292</u>

**City of Ridgecrest**  
**Statement of Net Position (Continued)**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,404,806	190,705	1,595,511
Interest payable	69,826	-	69,826
Salaries payable	326,352	29,391	355,743
Other payroll deductions payable	31,616	-	31,616
Deposits payable	552,907	-	552,907
Unearned revenue	2,525,308	679,871	3,205,179
Claims payable - due within one year	355,725	-	355,725
Compensated absences - due within one year	634,897	69,107	704,004
Long-term debt - due within one year	680,000	-	680,000
Total current liabilities	<u>6,581,437</u>	<u>969,074</u>	<u>7,550,511</u>
Long-term liabilities:			
Claims payable - due in more than one year	2,190,181	-	2,190,181
Net OPEB liability	336,745	71,431	408,176
Compensated absences - due in more than one year	1,129,348	122,926	1,252,274
Long-term debt - due in more than one year	17,446,556	-	17,446,556
Total long-term liabilities	<u>21,102,830</u>	<u>194,357</u>	<u>21,297,187</u>
<b>Total liabilities</b>	<u>27,684,267</u>	<u>1,163,431</u>	<u>28,847,698</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related deferred inflows	1,721,606	614,650	2,336,256
OPEB-related deferred inflows	226,223	47,987	274,210
Lease-related deferred inflows	702,809	-	702,809
<b>Total deferred inflows of resources</b>	<u>2,650,638</u>	<u>662,637</u>	<u>3,313,275</u>
<b>NET POSITION</b>			
Net investment in capital assets	<u>55,142,182</u>	<u>15,215,765</u>	<u>70,357,947</u>
Restricted for:			
Special projects	1,075,287	-	1,075,287
Capital projects	5,956,249	-	5,956,249
Other purpose	763,725	-	763,725
Total restricted	<u>7,795,261</u>	<u>-</u>	<u>7,795,261</u>
Unrestricted (deficit)	<u>5,068,439</u>	<u>50,928,310</u>	<u>55,996,749</u>
<b>Total net position</b>	<u>\$ 68,005,882</u>	<u>\$ 66,144,075</u>	<u>\$ 134,149,957</u>

**City of Ridgecrest**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

<b>Functions/Programs</b>	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ (2,156,848)	\$ 4,735,253	\$ 2,320	\$ -	\$ 4,737,573
Public safety	(682,802)	-	1,227,281	-	1,227,281
Public works	7,129,835	-	1,315,395	-	1,315,395
Community development	1,264,593	(13,960)	-	-	(13,960)
Culture and leisure	1,990,216	-	-	-	-
Interest on long-term debt	868,449	-	-	-	-
<b>Total governmental activities</b>	<b>8,413,443</b>	<b>4,721,293</b>	<b>2,544,996</b>	<b>-</b>	<b>7,266,289</b>
<b>Business-Type activities:</b>					
TDA transit	(1,461,529)	521,664	154,889	-	676,553
Wastewater improvement	405,421	6,702,509	-	-	6,702,509
<b>Total business-type activities</b>	<b>(1,056,108)</b>	<b>7,224,173</b>	<b>154,889</b>	<b>-</b>	<b>7,379,062</b>
<b>Total primary government</b>	<b>\$ 7,357,335</b>	<b>\$ 11,945,466</b>	<b>\$ 2,699,885</b>	<b>\$ -</b>	<b>\$ 14,645,351</b>

**City of Ridgecrest**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2022**

<b>Functions/Programs</b>	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ 6,894,421	\$ -	\$ 6,894,421
Public safety	1,910,083	-	1,910,083
Public works	(5,814,440)	-	(5,814,440)
Community development	(1,278,553)	-	(1,278,553)
Culture and leisure	(1,990,216)	-	(1,990,216)
Interest on long-term debt	(868,449)	-	(868,449)
<b>Total governmental activities</b>	<b>(1,147,154)</b>	<b>-</b>	<b>(1,147,154)</b>
<b>Business-Type activities:</b>			
TDA transit	-	2,138,082	2,138,082
Wastewater improvement	-	6,297,088	6,297,088
<b>Total business-type activities</b>	<b>-</b>	<b>8,435,170</b>	<b>8,435,170</b>
<b>Total primary government</b>	<b>(1,147,154)</b>	<b>8,435,170</b>	<b>7,288,016</b>
<b>General revenues:</b>			
Taxes:			
Property taxes	3,008,839	-	3,008,839
Sales taxes	10,955,498	-	10,955,498
Transient occupancy tax	1,751,721	-	1,751,721
Franchise tax	980,064	-	980,064
Special assessments	29,228	-	29,228
Vehicle in lieu tax	34,185	-	34,185
<b>Total taxes</b>	<b>16,759,535</b>	<b>-</b>	<b>16,759,535</b>
Investment earnings	142,019	159,136	301,155
Revenue from Fiduciary Fund	250,000	-	250,000
Miscellaneous	196,279	252,652	448,931
<b>Transfers</b>	<b>141,652</b>	<b>(141,652)</b>	<b>-</b>
<b>Total general revenues and transfers</b>	<b>17,489,485</b>	<b>270,136</b>	<b>17,759,621</b>
<b>Change in net position</b>	<b>16,342,331</b>	<b>8,705,306</b>	<b>25,047,637</b>
<b>Net position - beginning of year</b>	<b>51,663,551</b>	<b>57,438,769</b>	<b>109,102,320</b>
<b>Net position - end of year</b>	<b>\$ 68,005,882</b>	<b>\$ 66,144,075</b>	<b>\$ 134,149,957</b>

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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.

***American Rescue Plan Act Special Revenue Fund*** - This fund accounts for all revenues and expenditures of the American Rescue Plan Act funding received by the City.

***Gas Tax Special Revenue Fund*** - This fund accounts for all revenues and expenditures of State Gas Tax funding received by the City.

***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.

***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.

***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, 2022**

	Major Funds				
	General Fund	American Rescue Plan Act Special Revenue Fund	State Gas Tax Special Revenue Fund	Capital Improvements Capital Projects Fund	City Debt Service Fund
<b>ASSETS</b>					
Cash and investments	\$ 16,056,007	\$ 2,286,862	\$ 71,133	\$ 711,158	\$ 1,513,209
Cash and investments with fiscal agent	-	-	-	-	2,476
Receivables:					
Accounts	416,461	-	50,820	40,000	-
Taxes	2,522,216	-	-	-	-
Interest	30,048	4,215	-	-	5,409
Loans	-	-	-	-	-
Leases	711,369	-	-	-	-
Due from other funds	2,808,737	-	-	-	-
Deposits	-	-	-	-	-
Due from Fiduciary	56,345	-	-	-	-
<b>Total assets</b>	<b>\$ 22,601,183</b>	<b>\$ 2,291,077</b>	<b>\$ 121,953</b>	<b>\$ 751,158</b>	<b>\$ 1,521,094</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 568,738	\$ -	\$ 15,143	\$ 59,400	\$ 737,313
Salaries payable	312,304	-	11,571	-	-
Other payroll deductions payable	31,616	-	-	-	-
Due to other funds	-	-	842,409	-	783,781
Deposits payable	513,040	-	-	39,867	-
Unearned revenue	117,288	2,281,476	-	-	-
Advances from other funds	2,903,374	-	-	-	-
<b>Total liabilities</b>	<b>4,446,360</b>	<b>2,281,476</b>	<b>869,123</b>	<b>99,267</b>	<b>1,521,094</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	-
Lease-related	702,809	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>702,809</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	56,345	-	-	-	-
Restricted	763,725	9,601	-	-	-
Committed	-	-	-	-	-
Assigned	7,199,527	-	-	651,891	-
Unassigned	9,432,417	-	(747,170)	-	-
<b>Total fund balances</b>	<b>17,452,014</b>	<b>9,601</b>	<b>(747,170)</b>	<b>651,891</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 21,898,374</b>	<b>\$ 2,291,077</b>	<b>\$ 121,953</b>	<b>\$ 751,158</b>	<b>\$ 1,521,094</b>

(Continued)

**City of Ridgecrest  
Balance Sheet (Continued)  
Governmental Funds  
June 30, 2022**

	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>		
Cash and investments	\$ 6,289,489	\$ 26,927,858
Cash and investments with fiscal agent	-	2,476
Receivables:		
Accounts	92,272	599,553
Taxes	-	2,522,216
Interest	11,913	51,585
Loans	168,441	168,441
Leases	-	711,369
Due from other funds	-	2,808,737
Deposits	10,241	10,241
Due from Fiduciary	-	56,345
<b>Total assets</b>	<b>\$ 6,572,356</b>	<b>\$ 33,858,821</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 591	\$ 1,381,185
Salaries payable	2,418	326,293
Other payroll deductions payable	-	31,616
Due to other funds	72,759	1,698,949
Deposits payable	-	552,907
Unearned revenue	126,544	2,525,308
Advances from other funds	-	2,903,374
<b>Total liabilities</b>	<b>202,312</b>	<b>9,419,632</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue	168,441	168,441
Lease-related	-	702,809
<b>Total deferred inflows of resources</b>	<b>168,441</b>	<b>871,250</b>
<b>Fund Balances:</b>		
Nonspendable	-	56,345
Restricted	5,302,035	6,075,361
Committed	850,878	850,878
Assigned	48,690	7,900,108
Unassigned	-	8,685,247
<b>Total fund balances</b>	<b>6,201,603</b>	<b>23,567,939</b>
<b>Total liabilities, deferred inflows     of resources and fund balances</b>	<b>\$ 6,572,356</b>	<b>\$ 33,858,821</b>

(Concluded)

City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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**City of Ridgecrest**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2022**

<b>Total Fund Balances - Total Governmental Funds</b>	<u>\$ 23,567,939</u>
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Capital assets, nondepreciable	10,472,656
Capital assets, depreciable	<u>44,669,526</u>
	<u>55,142,182</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	(680,000)
Long-term debt - due in more than one year	(17,446,556)
Compensated absences - due within one year	(634,897)
Compensated absences - due in more than one year	(1,129,348)
Claims payable - due within one year (net of \$114,183 in internal service funds)	(355,725)
Claims payable - due in more than one year (net of \$1,239,678 in internal service funds)	(2,190,181)
Less claims payable included in the internal service funds	<u>1,353,861</u>
	<u>(21,082,846)</u>
Aggregate net pension liability (asset) is not due and payable in the current period and therefore is not required to be reported in the governmental funds.	
	<u>6,444,471</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>(336,745)</u>
Actuarially determined deferred outflows of resources are reported in the government-wide statements:	
Pension-related deferred outflows	4,852,996
OPEB-related deferred outflows	<u>159,235</u>
	<u>5,012,231</u>
Actuarially determined deferred inflows of resources are reported in the government-wide statements:	
Pension-related deferred inflows	(1,721,606)
OPEB-related deferred inflows	<u>(226,223)</u>
	<u>(1,947,829)</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>(69,826)</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>168,441</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>1,107,864</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 68,005,882</u></u>

**City of Ridgecrest**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	Major Funds				
	General Fund	American Rescue Plan Act Special Revenue Fund	State Gas Tax Special Revenue Fund	Capital Improvements Capital Projects Fund	City Debt Service Fund
<b>REVENUES:</b>					
Taxes	\$ 17,045,507	\$ -	\$ -	\$ -	\$ -
Intergovernmental	313,949	1,184,003	670,758	305,528	-
License and permits	804,524	-	-	-	-
Fines and forfeitures	81,580	-	-	-	-
Assessment levied	-	-	-	-	-
Use of money and property	402,362	9,601	-	544	11,869
Charges for services	1,351,176	-	-	-	-
Revenue from Fiduciary Fund	250,000	-	-	-	-
Other revenues	353,845	-	541	-	-
<b>Total revenues</b>	<b>20,602,943</b>	<b>1,193,604</b>	<b>671,299</b>	<b>306,072</b>	<b>11,869</b>
<b>EXPENDITURES:</b>					
Current:					
General government	2,419,074	-	352,660	-	-
Public safety	5,587,410	-	-	-	-
Public works	315,392	788,389	1,392,635	2,049,638	-
Community development	1,031,402	-	-	-	-
Culture and leisure	1,794,774	-	-	-	-
Capital outlay	604,514	-	609,332	-	-
Debt service:					
Principal	-	-	-	-	885,000
Interest and fiscal charges	-	-	-	-	886,994
<b>Total expenditures</b>	<b>11,752,566</b>	<b>788,389</b>	<b>2,354,627</b>	<b>2,049,638</b>	<b>1,771,994</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,850,377</b>	<b>405,215</b>	<b>(1,683,328)</b>	<b>(1,743,566)</b>	<b>(1,760,125)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	1,231,900	2,001,314	1,502,317
Transfers out	(3,687,266)	(395,614)	(145,966)	-	-
<b>Total other financing sources (uses)</b>	<b>(3,687,266)</b>	<b>(395,614)</b>	<b>1,085,934</b>	<b>2,001,314</b>	<b>1,502,317</b>
<b>Net changes in fund balances</b>	<b>5,163,111</b>	<b>9,601</b>	<b>(597,394)</b>	<b>257,748</b>	<b>(257,808)</b>
<b>FUND BALANCES (DEFICIT):</b>					
Beginning of year	12,288,903	-	(149,776)	394,143	257,808
End of year	<u>\$ 17,452,014</u>	<u>\$ 9,601</u>	<u>\$ (747,170)</u>	<u>\$ 651,891</u>	<u>\$ -</u>

**City of Ridgecrest**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>		
Taxes	\$ -	\$ 17,045,507
Intergovernmental	779,886	3,254,124
License and permits	945,623	1,750,147
Fines and forfeitures	-	81,580
Assessment levied	29,228	29,228
Use of money and property	28,866	453,242
Charges for services	-	1,351,176
Revenue from Fiduciary Fund	-	250,000
Other revenues	48,161	402,547
<b>Total revenues</b>	1,831,764	24,617,551
<b>EXPENDITURES:</b>		
Current:		
General government	35,144	2,806,878
Public safety	-	5,587,410
Public works	144,178	4,690,232
Community development	2,243	1,033,645
Culture and leisure	-	1,794,774
Capital outlay	-	1,213,846
Debt service:	-	-
Principal	-	885,000
Interest and fiscal charges	-	886,994
<b>Total expenditures</b>	181,565	18,898,779
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	1,650,199	5,718,772
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	7,234	4,742,765
Transfers out	(313,134)	(4,541,980)
<b>Total other financing sources (uses)</b>	(305,900)	200,785
<b>Net changes in fund balances</b>	1,344,299	5,919,557
<b>FUND BALANCES (DEFICIT):</b>		
Beginning of year	4,857,304	17,648,382
End of year	\$ 6,201,603	\$ 23,567,939

**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, 2022**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	5,919,557
<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>		
		1,214,793
<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>		
		(2,662,422)
<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		885,000
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>		
		11,079,276
<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>		
		140,836
<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		471,304
<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>		
		3,688
<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>		
		(13,960)
<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>		
		(710,598)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>16,342,331</u></b>

City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

**Proprietary Fund Financial Statements**



City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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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  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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**City of Ridgecrest**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Business-Type Activities - Enterprise Funds		Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement		
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ -	\$ 42,560,708	\$ 42,560,708	\$ 3,361,531
Receivables:				
Accounts	313,097	110,939	424,036	70,171
Taxes	-	-	-	5,322
Interest	-	70,500	70,500	-
Due from Fiduciary	-	137,705	137,705	-
Inventories	-	-	-	12,078
<b>Total current assets</b>	<b>313,097</b>	<b>42,879,852</b>	<b>43,192,949</b>	<b>3,449,102</b>
<b>Noncurrent assets:</b>				
Advances to other funds	-	2,903,374	2,903,374	-
Due from Fiduciary	-	1,345,898	1,345,898	-
Net pension liability (asset)	1,262,358	1,514,829	2,777,187	-
Capital assets:				
Non-depreciable	-	2,451,153	2,451,153	-
Depreciable	1,419,679	27,832,621	29,252,300	412,893
Less: accumulated depreciation	(1,280,514)	(15,207,174)	(16,487,688)	(412,893)
Total capital assets	139,165	15,076,600	15,215,765	-
<b>Total noncurrent assets</b>	<b>1,401,523</b>	<b>20,840,701</b>	<b>22,242,224</b>	<b>-</b>
<b>Total assets</b>	<b>1,714,620</b>	<b>63,720,553</b>	<b>65,435,173</b>	<b>3,449,102</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related deferred outflows	1,203,311	1,443,973	2,647,284	-
OPEB-related deferred outflows	11,773	22,004	33,777	-
<b>Total deferred outflows of resources</b>	<b>1,215,084</b>	<b>1,465,977</b>	<b>2,681,061</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	1,353	189,352	190,705	23,621
Accrued expenses	10,621	18,770	29,391	59
Due to other funds	146,091	-	146,091	963,697
Unearned revenue	679,871	-	679,871	-
Compensated absences - due within one year	7,954	61,153	69,107	-
Claims payable - due within one year	-	-	-	114,183
<b>Total current liabilities</b>	<b>845,890</b>	<b>269,275</b>	<b>1,115,165</b>	<b>1,101,560</b>
<b>Noncurrent liabilities:</b>				
Aggregate net pension liability - due in more than one year	-	-	-	-
Net OPEB liability - due in more than one year	24,899	46,532	71,431	-
Compensated absences - due in more than one year	14,149	108,777	122,926	-
Claims payable - due in more than one year	-	-	-	1,239,678
<b>Total noncurrent liabilities</b>	<b>39,048</b>	<b>155,309</b>	<b>194,357</b>	<b>1,239,678</b>
<b>Total liabilities</b>	<b>884,938</b>	<b>424,584</b>	<b>1,309,522</b>	<b>2,341,238</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related deferred inflows	279,386	335,264	614,650	-
OPEB-related deferred inflows	16,727	31,260	47,987	-
<b>Total deferred inflows of resources</b>	<b>296,113</b>	<b>366,524</b>	<b>662,637</b>	<b>-</b>
<b>NET POSITION</b>				
Investment in capital assets	139,165	15,076,600	15,215,765	-
Unrestricted	1,609,488	49,318,822	50,928,310	1,107,864
<b>Total net position</b>	<b>\$ 1,748,653</b>	<b>\$ 64,395,422</b>	<b>\$ 66,144,075</b>	<b>\$ 1,107,864</b>

See accompanying Notes to the Basic Financial Statements.

City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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**City of Ridgecrest**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-Type Activities - Enterprise Funds		Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement		
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 521,664	\$ 6,702,509	\$ 7,224,173	\$ 1,674,992
Other revenue	-	252,652	252,652	438,926
<b>Total operating revenues</b>	<u>521,664</u>	<u>6,955,161</u>	<u>7,476,825</u>	<u>2,113,918</u>
<b>OPERATING EXPENSES:</b>				
Transportation	(1,735,361)	-	(1,735,361)	-
Health	-	(646,894)	(646,894)	-
Administration	245,682	447,032	692,714	2,775,914
Depreciation	28,150	605,283	633,433	-
<b>Total operating expenses</b>	<u>(1,461,529)</u>	<u>405,421</u>	<u>(1,056,108)</u>	<u>2,775,914</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,983,193</u>	<u>6,549,740</u>	<u>8,532,933</u>	<u>(661,996)</u>
<b>NONOPERATING REVENUES:</b>				
Intergovernmental	154,889	-	154,889	-
Use of money and property	128	159,008	159,136	10,531
<b>Total nonoperating revenues</b>	<u>155,017</u>	<u>159,008</u>	<u>314,025</u>	<u>10,531</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>2,138,210</u>	<u>6,708,748</u>	<u>8,846,958</u>	<u>(651,465)</u>
<b>TRANSFERS:</b>				
Transfers in	33,439	41,966	75,405	6,478
Transfers out	(48,630)	(168,427)	(217,057)	(65,611)
<b>Total transfers</b>	<u>(15,191)</u>	<u>(126,461)</u>	<u>(141,652)</u>	<u>(59,133)</u>
<b>Changes in net position</b>	2,123,019	6,582,287	8,705,306	(710,598)
<b>NET POSITION:</b>				
Beginning of year	(374,366)	57,813,135	57,438,769	1,818,462
End of year	<u>\$ 1,748,653</u>	<u>\$ 64,395,422</u>	<u>\$ 66,144,075</u>	<u>\$ 1,107,864</u>

**City of Ridgecrest**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-Type Activities - Enterprise Funds		Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers and users	\$ 484,843	\$ 6,971,589	\$ 7,456,432	\$ 1,890,950
Payments to suppliers or employees for goods and services	(924,123)	(2,505,000)	(3,429,123)	(2,857,562)
Insurance premiums and settlements and insurance recoveries, net	-	-	-	973,250
Other operating revenue	-	252,652	252,652	438,926
<b>Net cash provided by (used in) operating activities</b>	<b>(439,280)</b>	<b>4,719,241</b>	<b>4,279,961</b>	<b>445,564</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Intergovernmental	154,889	-	154,889	-
Interfund borrowings	146,091	-	146,091	311,027
Transfers in	33,439	41,966	75,405	6,478
Transfers out	(48,630)	(168,427)	(217,057)	(65,611)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>285,789</b>	<b>(126,461)</b>	<b>159,328</b>	<b>251,894</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(102,962)	(657,936)	(760,898)	-
Cash received from repayment of advances	-	1,158,717	1,158,717	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(102,962)</b>	<b>500,781</b>	<b>397,819</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	437	116,143	116,580	7,297
<b>Net cash provided by investing activities</b>	<b>437</b>	<b>116,143</b>	<b>116,580</b>	<b>7,297</b>
<b>Net change in cash and cash equivalents</b>	<b>(256,016)</b>	<b>5,209,704</b>	<b>4,953,688</b>	<b>704,755</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	256,016	37,351,004	37,607,020	2,656,776
End of year	\$ -	\$ 42,560,708	\$ 42,560,708	\$ 3,361,531

**City of Ridgecrest**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-type Activities - Enterprise Funds		Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 1,983,193	\$ 6,549,740	\$ 8,532,933	\$ (661,996)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	28,150	605,283	633,433	-
Changes in current assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable	(33,423)	269,080	235,657	215,958
Inventories	-	-	-	4,073
Pension-related deferred outflows	156,837	188,205	345,042	-
OPEB-related deferred outflows	(2,091)	(6,811)	(8,902)	-
Accounts payable	(14,731)	19,225	4,494	8,945
Accrued expenses	5,434	10,247	15,681	(94,666)
Claims payable	-	-	-	973,250
Unearned revenue	(3,398)	-	(3,398)	-
Compensated absences	22,103	169,930	192,033	-
Aggregate net pension liability	(1,383,464)	(1,660,156)	(3,043,620)	-
Net OPEB liability	(17,659)	(20,249)	(37,908)	-
Pension-related deferred inflows	(1,196,513)	(1,435,815)	(2,632,328)	-
OPEB-related deferred inflows	16,282	30,562	46,844	-
<b>Total adjustments</b>	<b>(2,422,473)</b>	<b>(1,830,499)</b>	<b>(4,252,972)</b>	<b>1,107,560</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (439,280)</b>	<b>\$ 4,719,241</b>	<b>\$ 4,279,961</b>	<b>\$ 445,564</b>

City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

**Fiduciary Fund Financial Statements**



City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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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.

***Custodial Funds*** - To account for collections received from special assessment districts and their disbursement to bondholders.

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Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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**City of Ridgecrest**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	Private Purpose Trust Fund	Custodial Funds
<b>ASSETS</b>		
Cash and investments	\$ 4,080,301	\$ 484,504
Interest receivable	2,731	912
Loans receivable	3,000,000	-
Capital assets:		
Non-depreciable	2,202,440	-
Depreciable, net	1,264,337	-
<b>Total assets</b>	<u>10,549,809</u>	<u>485,416</u>
<b>LIABILITIES</b>		
Deposits payable	5,021	-
Unearned revenue	-	-
Interest payable	377,241	-
Due to City	1,483,603	56,345
Bonds payable, due in one year	1,696,000	-
Bonds payable, due in more than one year	21,123,000	-
<b>Total liabilities</b>	<u>24,684,865</u>	<u>56,345</u>
<b>NET POSITION</b>		
<b>Net Position (Deficit):</b>		
Restricted for individuals, organizations and/or other governments	(14,135,056)	429,071
<b>Total net position (deficit)</b>	<u>\$ (14,135,056)</u>	<u>\$ 429,071</u>

**City of Ridgecrest**  
**Statement of Change in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	Private Purpose Trust Fund	Custodial Funds
<b>ADDITIONS:</b>		
Taxes	\$ 3,924,682	\$ -
Revenue from use of money and property	5,642	1,874
Other revenue	28,000	-
<b>Total additions</b>	<b>3,958,324</b>	<b>1,874</b>
<b>DEDUCTIONS:</b>		
Community development	15,248	-
Depreciation expense	75,501	-
Interest expense	856,182	-
Payments to City of Ridgecrest (Note 6)	250,000	-
<b>Total deductions</b>	<b>1,196,931</b>	<b>-</b>
<b>Change in fiduciary net position</b>	<b>2,761,393</b>	<b>1,874</b>
<b>NET POSITION (DEFICIT):</b>		
Beginning of year, as restated (Note 15)	(16,896,449)	427,197
End of year	<b>\$ (14,135,056)</b>	<b>\$ 429,071</b>

City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

**Notes to the Basic Financial Statements**



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Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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**City of Ridgecrest**  
**Index to the Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**City of Ridgecrest**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**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 City has operational responsibility for the Housing Authority. The activities of the Housing Authority are blended into the Housing Authority 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 a consumption of net assets that applies 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, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Accounting and Measurement Focus (Continued)**

**Deferred Inflows of Resources** represent an acquisition of net assets that applies 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, 2022**

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**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.

**American Rescue Plan Act Special Revenue Fund** - This fund accounts for all revenues and expenditures of the American Rescue Plan Act funding received for COVID-19 recovery assistance by the City.

**Gas Tax Special Revenue Fund** - This fund accounts for all revenues and expenditures of State gas tax and per gallon excise taxes on gasoline and diesel fuel and registration taxes on motor vehicles due to the passing of SB1 or the Road Repair and Accountability Act of 2017 funding received by the City to be used for street-related projects.

**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.

**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.

**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.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Accounting and Measurement Focus (Continued)**

**Proprietary Fund Financial Statements (Continued)**

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.

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 custodial 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 custodial funds account for collections received from special assessment districts and their disbursement to bondholders. The custodial 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 economic resources measurement focus.

**C. Cash, Cash Equivalents and Investments**

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, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**C. Cash, Cash Equivalents and Investments (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. Leases**

The City is a lessor for leases of land and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the average of the LAIF rate and the incremental borrowing rate (IBR) provided by our financial institution at July 1, 2021 for existing leases or the current rate at the time a new lease is executed.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**F. 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.

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

**G. 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.

**H. 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.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**H. Compensated Absences (Continued)**

**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.

**I. 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:

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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 five 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.

**J. 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.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**J. Other Postemployment Benefits (“OPEB”) (Continued)**

The following timeframes are used for OPEB reporting:

<u>OPEB</u>	
Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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 five 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.

**K. Property Taxes**

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

**L. 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.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**M. Fund Balances**

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

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

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

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

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

*Unassigned* – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned for those purposes, it may be necessary to report negative unassigned fund balance in that particular fund.

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

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

**N. Use of Estimates**

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

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**O. 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.

**P. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2022**

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, 2022. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

During fiscal year ended June 30, 2022, the City implemented the following new GASB Pronouncements:

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. 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 also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a moderate effect on the City’s financial statements for the fiscal year ended 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. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.

**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. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**P. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2022 (Continued)**

**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. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.

**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. Implementation of this Statement did not have a significant effect on the City’s financial statements for the fiscal year ended June 30, 2022.

**Q. 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. 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. 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.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Q. Upcoming Governmental Accounting Standards Implementation (Continued)**

**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. 99** – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

**GASB Statement No. 100** – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the City’s fiscal year ending June 30, 2024.

**GASB Statement No. 101** – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2025.

**Note 2 – Cash and Investments**

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2022:

	<b>Primary Government</b>			<b>Fiduciary Funds</b>	<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>		
Cash and investments	\$ 30,289,389	\$ 42,560,708	\$ 72,850,097	\$ 4,564,805	\$ 77,414,902
Cash and investments with fiscal agent	2,476	-	2,476	-	2,476
<b>Total</b>	<b>\$ 30,291,865</b>	<b>\$ 42,560,708</b>	<b>\$ 72,852,573</b>	<b>\$ 4,564,805</b>	<b>\$ 77,417,378</b>

Cash, cash equivalents, and investments, consisted of the following at June 30, 2022:

<b>Cash and cash equivalents:</b>	
Petty cash	\$ 1,120
Demand deposits	7,782,338
<b>Investments:</b>	
Local Agency Investment Fund	69,631,444
Money market funds	2,476
<b>Total</b>	<b>\$ 77,417,378</b>

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Cash and Investments (Continued)**

Fair value of assets measured on a recurring basis at June 30, 2022, are as follows:

<b>Investments measured by fair value level:</b>	<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Held by bond trustee:				
Money market mutual funds	\$ 2,476	\$ -	\$ 2,476	\$ -
<b>Total investments by fair value level</b>	<u>\$ 2,476</u>	<u>\$ -</u>	<u>\$ 2,476</u>	<u>\$ -</u>
<b>Investments not subject to the fair value hierarchy:</b>				
Local Agency Investment Fund - State of CA	\$ 69,631,444			
<b>Total investments not subject to the fair value hierarchy</b>	<u>\$ 69,631,444</u>			
<b>Total investments</b>	<u>\$ 69,633,920</u>			

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 \$7,782,338 at June 30, 2022. Bank balances were \$6,654,695 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below.

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

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

**B. Investments**

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

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

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

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 2 – Cash and Investments (Continued)**

**C. External Investment Pool**

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2022 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, 2022, the City had \$69,631,444 invested in LAIF, which had invested 1.88% 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, 2022, 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, 2022.

**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, 2022, the City had the following investments and maturities:

	Amount	Maturities 1 year or less
<b>Investments:</b>		
Local Agency Investment Fund	\$ 69,631,444	\$ 69,631,444
Money market funds	2,476	2,476
<b>Total</b>	\$ 69,633,920	\$ 69,633,920

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**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 &amp; Poor's</u>
<b>Investments:</b>			
Local Agency Investment Fund	\$ 69,631,444	Not Rated	Not Rated
Money market funds	2,476	Not Rated	Not Rated
<b>Total</b>	<u>\$ 69,633,920</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>
<b>Investments:</b>		
Local Agency Investment Fund	\$ 69,631,444	100.00%
Money market funds	2,476	0.00%
<b>Total</b>	<u>\$ 69,633,920</u>	

**Note 3 – Loan Program**

**A. Governmental Activities**

For the year ended June 30, 2022, changes in loans receivable of the City's loan program were as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Loan receivable:				
High Desert loans	\$ 183,545	\$ -	\$ (15,104)	\$ 168,441
<b>Total</b>	<u>\$ 183,545</u>	<u>\$ -</u>	<u>\$ (15,104)</u>	<u>\$ 168,441</u>

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 3 – Loan Program (Continued)**

**A. Governmental Activities (Continued)**

**High Desert Loan**

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 through 2033 and bears interest of the 3% compounded annually. As of June 30, 2022, the loan balance is \$168,441.

**B. Fiduciary Activities Financial Statements**

For the year ended June 30, 2022, changes in loans receivable of the Private Purpose Trust Fund’s loan program is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Loans receivables:				
AMG Ridgecrest Pacific Associates	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Total	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000

**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.

**Note 4 – Leases Receivable and Related Deferred Inflows of Resources**

The City leases easements to third parties. Leases receivable consist of agreements with third parties for the “right-to-use” the underlying asset at various locations owned by the City. The remaining terms of the agreements are 5 years. The calculated interest rates used match the City’s incremental borrowing rate at July 1, 2021.

For the fiscal year ended June 30, 2022, the City recognized \$200,803 in lease revenue and \$22,041 in interest revenue, and the outstanding receivable amount is \$711,369.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 4 – Leases Receivable and Related Deferred Inflows of Resources (Continued)**

A summary of changes in leases receivable for the fiscal year ended June 30, 2022 is as follows:

Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts due within one year	Amounts due in more than one year
\$ 903,612	\$ -	\$ (192,243)	\$ 711,369	\$ 195,744	\$ 515,625

As of June 30, 2022, the required payments for these leases, including interest, are:

Year Ending June 30	Lease Receivable	Interest	Total
2023	\$ 195,744	\$ 18,540	\$ 214,284
2024	201,658	12,626	214,284
2025	207,750	6,534	214,284
2026	106,217	925	107,142
Total	\$ 711,369	\$ 38,625	\$ 749,994

As of June 30, 2022, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30	Total
2023	\$ 200,803
2024	200,803
2025	200,803
2026	100,400
Total	\$ 702,809

**Note 5 – Interfund Receivables, Payables, and Transfers**

**A. Due to/from Other Funds**

At June 30, 2022, the balances of short-term interfund borrowings were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	City Debt Service Fund	\$ 783,781	Debt service
General Fund	Road Maintenance and Rehabilitation Act Fund	72,759	Overdrawn cash
General Fund	State Gas Tax Fund	842,409	Overdrawn cash
General Fund	T.D.A. Transit Fund	146,091	Overdrawn cash
General Fund	Self Insurance Workers Compensation Internal Service Fund	963,697	Overdrawn cash
<b>Total</b>		<b>\$ 2,808,737</b>	

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 5 – Interfund Receivables, Payables, and Transfers (Continued)**

**B. Transfers**

Interfund transfers during the year ended June 30, 2022, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
City Debt Service Fund	General Fund	\$ 1,024,481	Debt service
City Debt Service Fund	State Gas Tax Fund	145,966	Debt service
City Debt Service Fund	Road Maintenance and Rehabilitation Act Fund	49,202	Debt service
City Debt Service Fund	T.D.A. Transit Fund	48,630	Debt service
City Debt Service Fund	Wastewater Improvement Fund	168,427	Debt service
City Debt Service Fund	Human Resources and Risk Management Fund	24,217	Debt service
City Debt Service Fund	Fleet Maintenance Fund	41,394	Debt service
	<b>Subtotal</b>	<u>1,502,317</u>	
State Gas Tax Fund	General Fund	1,203,170	Street maintenance
State Gas Tax Fund	Road Maintenance and Rehabilitation Act Fund	28,730	Street maintenance
	<b>Subtotal</b>	<u>1,231,900</u>	
Capital Improvements Capital Projects Fund	General Fund	1,898,874	Capital projects
Capital Improvements Capital Projects Fund	Traffic Impact Fee Fund	62,556	Capital projects
Capital Improvements Capital Projects Fund	Storm Drainage Facilities Fund	39,884	Capital projects
	<b>Subtotal</b>	<u>2,001,314</u>	
T.D.A. Transit Enterprise Fund	American Rescue Plan Act Fund	33,439	Bonus allocation
	<b>Subtotal</b>	<u>33,439</u>	
Wastewater Improvement Enterprise Fund	American Rescue Plan Act Fund	41,966	Bonus allocation
	<b>Subtotal</b>	<u>41,966</u>	
Road Maintenance and Rehabilitation Fund	American Rescue Plan Act Fund	7,234	Bonus allocation
	<b>Subtotal</b>	<u>7,234</u>	
Human Resources and Risk Management Fund	Fleet Maintenance Fund	2,172	Insurance allocation
	<b>Subtotal</b>	<u>2,172</u>	
Fleet Maintenance Fund	American Rescue Plan Act Fund	4,306	
	<b>Subtotal</b>	<u>4,306</u>	
	<b>Total</b>	<u>\$ 4,824,648</u>	

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 5 – Interfund Receivables, Payables, and Transfers (Continued)**

**C. Long-Term Advances**

At June 30, 2022, the balances of long-term advances were as follows:

Receivable Fund	Payable Fund	Amount
Wastewater Improvement Fund	General Fund	\$ 2,903,374
	<b>Total</b>	<b>\$ 2,903,374</b>

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, 2022, the outstanding balance of the agreement was \$2,903,374.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 138,394	\$ 14,516	\$ 152,910
2024	139,085	13,825	152,910
2025	139,781	13,129	152,910
2026	140,480	12,430	152,910
2027	141,182	11,728	152,910
2028-2032	716,571	47,981	764,552
2033-2037	734,665	29,887	764,552
2038-2042	753,216	11,336	764,552
<b>Total</b>	<b>\$ 2,903,374</b>	<b>\$ 154,832</b>	<b>\$ 3,058,206</b>

**Note 6 – Due from Private Purpose Trust Fund**

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 five 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. The California Department of Finance approved this loan as an enforceable obligation of the Agency. However, there is not enough annual residual tax increment to pay the loan currently. 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 after all Private Purpose Trust Fund bond obligations are paid off in 2037. At June 30, 2022, the outstanding balance of the agreement was \$1,539,948.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 7 – Revenue from Private Purpose Trust Fund**

At June 30, 2022, the City had the following revenue from Fiduciary Funds:

Receiving Fund	Paying Fund	Amount	Purpose
General Fund	RDA Obligation Retirement Fund	\$ 250,000	Administration allowance
	<b>Total</b>	<b>\$ 250,000</b>	

**Note 8 – Capital Assets**

**A. Governmental Activities**

Summary of changes in capital assets for governmental activities for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
<b>Nondepreciable assets:</b>					
Land	\$ 2,434,499	\$ -	\$ -	\$ -	\$ 2,434,499
Construction in progress	7,537,732	500,425	-	-	8,038,157
<b>Total nondepreciable assets</b>	<b>9,972,231</b>	<b>500,425</b>	<b>-</b>	<b>-</b>	<b>10,472,656</b>
<b>Depreciable assets</b>					
Building and improvements	10,873,302	-	-	-	10,873,302
Machinery and equipment	9,310,633	714,368	-	-	10,025,001
Infrastructure	130,017,437	-	-	-	130,017,437
<b>Subtotal</b>	<b>150,201,372</b>	<b>714,368</b>	<b>-</b>	<b>-</b>	<b>150,915,740</b>
<b>Less accumulated depreciation</b>					
Building and improvements	(3,792,921)	(191,418)	-	(139,934)	(4,124,273)
Machinery and equipment	(7,960,161)	(508,795)	-	-	(8,468,956)
Infrastructure	(91,830,710)	(1,962,209)	-	139,934	(93,652,985)
<b>Subtotal</b>	<b>(103,583,792)</b>	<b>(2,662,422)</b>	<b>-</b>	<b>-</b>	<b>(106,246,214)</b>
<b>Total depreciable assets, net</b>	<b>46,617,580</b>	<b>(1,948,054)</b>	<b>-</b>	<b>-</b>	<b>44,669,526</b>
<b>Total</b>	<b>\$ 56,589,811</b>	<b>\$ (1,447,629)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 55,142,182</b>

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2022 are as follows:

General government	\$ 233,772
Public safety	148,793
Public works	2,099,895
Community development	120,130
Culture and leisure	59,832
<b>Total depreciation expense</b>	<b>\$ 2,662,422</b>

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 8 – Capital Assets (Continued)**

**B. Business-Type Activities**

Summary of changes in capital assets for business-type activities for the year ended June 30, 2022 is as follows:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>
<b>Nondepreciable assets:</b>				
Land	\$ 1,614,217	\$ -	\$ -	\$ 1,614,217
Construction in progress	522,719	314,217	-	836,936
<b>Total nondepreciable assets</b>	<b>2,136,936</b>	<b>314,217</b>	<b>-</b>	<b>2,451,153</b>
<b>Depreciable assets</b>				
Building and improvements	3,375,450	-	-	3,375,450
Machinery and equipment	4,248,097	446,681	-	4,694,778
Infrastructure	21,182,072	-	-	21,182,072
<b>Subtotal</b>	<b>28,805,619</b>	<b>446,681</b>	<b>-</b>	<b>29,252,300</b>
<b>Less accumulated depreciation</b>				
Building and improvements	(2,344,340)	(40,509)	-	(2,384,849)
Machinery and equipment	(3,943,415)	(131,082)	-	(4,074,497)
Infrastructure	(9,566,500)	(461,842)	-	(10,028,342)
<b>Subtotal</b>	<b>(15,854,255)</b>	<b>(633,433)</b>	<b>-</b>	<b>(16,487,688)</b>
<b>Total depreciable assets, net</b>	<b>12,951,364</b>	<b>(186,752)</b>	<b>-</b>	<b>12,764,612</b>
<b>Total</b>	<b>\$ 15,088,300</b>	<b>\$ 127,465</b>	<b>\$ -</b>	<b>\$ 15,215,765</b>

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2022 are as follows:

T.D.A. Transit	\$ 28,150
Wastewater Improvement	605,283
<b>Total depreciation expense</b>	<b>\$ 633,433</b>

**C. Fiduciary Funds**

Summary of changes in capital assets for fiduciary activities for the year ended June 30, 2022 is as follows:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>
<b>Nondepreciable assets:</b>				
Land	\$ 2,202,440	\$ -	\$ -	\$ 2,202,440
<b>Total nondepreciable assets</b>	<b>2,202,440</b>	<b>-</b>	<b>-</b>	<b>2,202,440</b>
<b>Depreciable assets</b>				
Building and improvements	12,092,609	-	-	12,092,609
<b>Subtotal</b>	<b>12,092,609</b>	<b>-</b>	<b>-</b>	<b>12,092,609</b>
<b>Less accumulated depreciation</b>				
Building and improvements	(10,752,771)	(75,501)	-	(10,828,272)
<b>Subtotal</b>	<b>(10,752,771)</b>	<b>(75,501)</b>	<b>-</b>	<b>(10,828,272)</b>
<b>Total depreciable assets, net</b>	<b>1,339,838</b>	<b>(75,501)</b>	<b>-</b>	<b>1,264,337</b>
<b>Total</b>	<b>\$ 3,542,278</b>	<b>\$ (75,501)</b>	<b>\$ -</b>	<b>\$ 3,466,777</b>

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Long-Term Obligations**

**A. Primary Government**

The summary of changes in long-term liabilities for the primary government for the year ended June 30, 2022 is as follows:

	Balance			Balance June 30, 2022	Classification	
	July 1, 2021	Additions	Deletions		Due within One Year	Due in more than One Year
<b>Governmental Activities:</b>						
Direct borrowings:						
2018 PERS Certificates of Participation	\$ 18,655,000	\$ -	\$ (885,000)	\$ 17,770,000	\$ 680,000	\$ 17,090,000
Plus: bond premium	371,413	-	(14,857)	356,556	-	356,556
Compensated absences	2,235,549	574,163	(1,045,467)	1,764,245	634,897	1,129,348
Total governmental activities	21,261,962	574,163	(1,945,324)	19,890,801	1,314,897	18,575,904
<b>Business-type Activities:</b>						
Compensated absences	174,596	173,592	(156,155)	192,033	69,107	122,926
Total business-type activities	174,596	173,592	(156,155)	192,033	69,107	122,926
<b>Total long-term debt</b>	<b>\$ 21,436,558</b>	<b>\$ 747,755</b>	<b>\$ (2,101,479)</b>	<b>\$ 20,082,834</b>	<b>\$ 1,384,004</b>	<b>\$ 18,698,830</b>

**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, 2022, was \$17,770,000.

The future annual payments are as follows:

Year Ending	Year Ending			
	June 30,	Principal	Interest	Total
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	925,000	724,162	1,649,162	
2027	1,020,000	67,912	1,087,912	
2028-2032	5,750,000	2,647,683	8,397,683	
2033-2037	5,040,000	1,281,815	6,321,815	
2038-2042	2,155,000	452,843	2,607,843	
2043-2046	605,000	49,014	654,014	
TOTAL	<u>\$ 17,770,000</u>	<u>\$ 7,631,415</u>	<u>\$ 25,401,415</u>	

**Compensated Absences**

Compensated absences at June 30, 2022, amounted to \$1,956,278. Typically, the Human Resources and Risk Management Internal Service Fund has been used to liquidate the liability for governmental-activities compensated absences while the T.D.A. Transit Fund and Wastewater Fund liquidate the liabilities in the business-type activities. There is no fixed payment schedule for compensated absences.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Long-Term Obligations (Continued)**

**B. Fiduciary Funds**

Summary of changes in long-term liabilities for the fiduciary funds for the year ended June 30, 2022 is as follows:

	Balance			Balance June 30, 2022	Classification	
	July 1, 2021	Additions	Deletions		Due within One Year	Due in more than One Year
<b>Fiduciary Funds:</b>						
Tax Allocation Bonds, Series 2018	\$ 24,517,000	\$ -	\$ (1,698,000)	\$ 22,819,000	\$ 1,696,000	\$ 21,123,000
<b>Total fiduciary activities</b>	<b>\$ 24,517,000</b>	<b>\$ -</b>	<b>\$ (1,698,000)</b>	<b>\$ 22,819,000</b>	<b>\$ 1,696,000</b>	<b>\$ 21,123,000</b>

**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 City placed \$30,726,419 in escrow to fully current refund the 1999 Tax Allocation Bonds. The 1999 Tax Allocation Bonds were removed from the Agency's long-term debt in 2018. Net present value savings on the prior debt service payments was approximately \$7,264,497.

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, 2022, total principal and interest remaining on the 2018 Tax Allocation Refunding Bonds is \$31,500,743.

The annual requirements to amortize the bonds outstanding at June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,679,000	889,010	2,568,010
2027	1,547,000	813,844	2,360,844
2028-2032	7,525,000	2,881,436	10,406,436
2033-2037	6,996,000	984,906	7,980,906
<b>TOTAL</b>	<b>\$ 22,819,000</b>	<b>\$ 8,681,743</b>	<b>\$ 31,500,743</b>

**Note 10 – 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.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Risk Management (Continued)**

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 \$2,545,906 reported at June 30, 2022. Of the total claims payable, \$355,725 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:

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at Fiscal Year End</b>
2019-2020	\$ 2,430,000	\$ 341,019	\$ (568,019)	\$ 2,203,000
2020-2021	2,203,000	380,611	(1,010,955)	1,572,656
2020-2021	1,572,656	1,353,861	(380,611)	2,545,906

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2021, is as follows:

Total assets	<u>\$1,006,132,845</u>
Total deferred outflows of resources	<u>\$ 2,167,314</u>
Total liabilities	<u>\$ 820,969,455</u>
Total deferred inflows of resources	<u>\$ 976,070</u>
Total net position	<u>\$ 186,354,634</u>
Total revenues	<u>\$1,291,008,268</u>
Total expenses	<u>\$1,278,916,616</u>
Revenues over (under) expenses	<u>\$ 12,091,652</u>

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – Pension Plans**

**A. Summary**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Deferred outflows of resources:</b>			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 102,733	\$ 125,563	\$ 228,296
CalPERS Safety	203,760	-	203,760
Total pension contribution made after measurement date	<u>306,493</u>	<u>125,563</u>	<u>432,056</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	1,983,549	2,424,337	4,407,886
CalPERS Safety	2,483,277	-	2,483,277
Total projected earnings on pension plan investments in excess of actual earnings	<u>4,466,826</u>	<u>2,424,337</u>	<u>6,891,163</u>
Employer contributions in excess of proportionate share of contribution			
CalPERS Miscellaneous	79,677	97,384	177,061
Total employer contributions in excess of proportionate share of contribution	<u>79,677</u>	<u>97,384</u>	<u>177,061</u>
Total deferred outflows of resources			
CalPERS Miscellaneous	2,165,959	2,647,284	4,813,243
CalPERS Safety	2,687,037	-	2,687,037
Total deferred outflows of resources	<u>\$ 4,852,996</u>	<u>\$ 2,647,284</u>	<u>\$ 7,500,280</u>
<b>Net pension liabilities (assets):</b>			
CalPERS Miscellaneous	\$ (2,272,244)	\$ (2,777,187)	\$ (5,049,431)
CalPERS Safety	(4,172,227)	-	(4,172,227)
Total net pension liabilities (assets)	<u>\$ (6,444,471)</u>	<u>\$ (2,777,187)</u>	<u>\$ (9,221,658)</u>
<b>Deferred inflows of resources:</b>			
Adjustment due to difference in proportions			
CalPERS Miscellaneous	\$ 248,088	\$ 303,219	\$ 551,307
CalPERS Safety	10,643	-	10,643
Total adjustment due to difference in proportions	<u>258,731</u>	<u>303,219</u>	<u>561,950</u>
Employer contributions in excess of proportionate share of contribution			
CalPERS Safety	495,246	-	495,246
Total employer contributions in excess of proportionate share of contribution	<u>495,246</u>	<u>-</u>	<u>495,246</u>
Difference between expected and actual experience			
CalPERS Miscellaneous	254,808	311,431	566,239
CalPERS Safety	712,821	-	712,821
Total difference between expected and actual experience	<u>967,629</u>	<u>311,431</u>	<u>1,279,060</u>
Total deferred inflows of resources			
CalPERS Miscellaneous	502,896	614,650	1,117,546
CalPERS Safety	1,218,710	-	1,218,710
Total deferred inflows of resources	<u>\$ 1,721,606</u>	<u>\$ 614,650</u>	<u>\$ 2,336,256</u>
<b>Pension expense (credit):</b>			
CalPERS Miscellaneous	\$ (4,258,917)	\$ (5,205,344)	\$ (9,464,261)
CalPERS Safety	(6,513,864)	-	(6,513,864)
Total net pension expense (credit)	<u>\$ (10,772,781)</u>	<u>\$ (5,205,344)</u>	<u>\$ (15,978,125)</u>

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – Pension Plans (Continued)**

**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, 2021, measurement date, the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>	<u>Miscellaneous PEPRA</u>	<u>Safety</u>	<u>Safety PEPRA</u>
Active employees	29	40	16	14
Transferred and terminated employees	79	29	26	9
Retired employees and beneficiaries	128	1	52	-
Total	<u>236</u>	<u>70</u>	<u>94</u>	<u>23</u>

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	14.020%	7.590%	21.790%	13.130%

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – Pension Plans (Continued)**

**B. General Information about Pension Plans (Continued)**

Contributions

For the year ended June 30, 2022, the contributions recognized as part of pension expense for each Plan were as follows:

Miscellaneous Plans	\$	228,296
Safety Plans		203,760
<b>Total</b>	<b>\$</b>	<b>432,056</b>

**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:

	<b>Plan Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
<b>Miscellaneous</b>			
Balance at: 6/30/20 (Valuation date)	\$ 39,829,413	\$ 39,344,989	\$ 484,424
Balance at: 6/30/21 (Measurement date)	40,781,676	45,831,107	(5,049,431)
Net changes during 2020-2021	\$ 952,263	\$ 6,486,118	\$ (5,533,855)
<b>Safety</b>			
Balance at: 6/30/20 (Valuation date)	\$ 33,235,802	\$ 32,637,996	\$ 597,806
Balance at: 6/30/21 (Measurement date)	33,858,528	38,030,755	(4,172,227)
Net changes during 2020-2021	\$ 622,726	\$ 5,392,759	\$ (4,770,033)

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2020 and 2021 was as follows:

	<b>Miscellaneous</b>	<b>Safety</b>	<b>Total</b>
Proportion - June 30, 2020	0.01148%	0.00897%	0.00995%
Proportion - June 30, 2021	-0.26593%	-0.11888%	-0.17051%
Change - Increase/(Decrease)	-0.27741%	-0.12785%	-0.18046%

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – 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 year ended June 30, 2022, the City recognized pension expense (credit) of \$(9,464,261) and \$(6,513,864), for the Miscellaneous and Safety plans, respectively. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Miscellaneous Plans</b>		
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 228,296	\$ -
Difference between projected and actual earning on pension plan investments	4,407,886	-
Adjustment due to differences in proportions	-	(551,307)
Changes in assumptions	-	-
Difference between actual and expected experience	-	(566,239)
Difference between employer's actual contributions and proportionate share of contributions	177,061	-
Total	<u>\$ 4,813,243</u>	<u>\$ (1,117,546)</u>

<b>Safety Plans</b>		
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 203,760	\$ -
Difference between projected and actual earning on pension plan investments	2,483,277	-
Adjustment due to differences in proportions	-	(10,643)
Difference between actual and expected experience	-	(712,821)
Difference between employer's actual contributions and proportionate share of contributions	-	(495,246)
Total	<u>\$ 2,687,037</u>	<u>\$ (1,218,710)</u>

For the Miscellaneous Plan and Safety Plan, \$228,296 and \$203,760, 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, 2023. 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
2023	\$ 660,745	\$ 31,514
2024	600,336	56,608
2025	988,208	493,081
2026	1,218,112	683,364
	<u>\$ 3,467,401</u>	<u>\$ 1,264,567</u>

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – Pension Plans (Continued)**

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

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
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 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.
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, 2020 valuation were based on the results of a January 2018 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

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 - 10<sup>1</sup></u>	<u>Real Return Years 11 +<sup>2</sup></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%

<sup>1</sup> An expected inflation of 2.00% was used for this period.

<sup>2</sup> An expected inflation of 2.92% was used for this period.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 11 – Pension Plans (Continued)**

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

Discount Rate (Continued)

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.

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:

	<b>Plan's Net Pension Liability/(Asset)</b>		
	<b>Discount Rate - 1%</b>	<b>Current Discount</b>	<b>Discount Rate + 1%</b>
	<b>(6.15%)</b>	<b>Rate (7.15%)</b>	<b>(8.15%)</b>
Miscellaneous	\$ 335,011	\$ (5,049,431)	\$ (9,500,671)
Safety	385,423	(4,172,227)	(7,915,773)
Total	\$ 720,434	\$ (9,221,658)	\$ (17,416,444)

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, 2022, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2022.

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 12 – Postemployment Healthcare Benefits (OPEB)**

**Summary**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>Deferred outflows of resources:</b>			
OPEB contribution made after measurement date	\$ 118,948	\$ 25,231	\$ 144,179
Change in assumptions	6,525	1,384	7,909
Net difference between projected and actual earnings of OPEB Plan investments	23,060	4,892	27,952
Difference between expected and actual experience	10,702	2,270	12,972
Total deferred outflows of resources	<u>\$ 159,235</u>	<u>\$ 33,777</u>	<u>\$ 193,012</u>
<b>Net OPEB Liability</b>	<u>\$ 336,745</u>	<u>\$ 71,431</u>	<u>\$ 408,176</u>
<b>Deferred inflows of resources:</b>			
Net difference between projected and actual earnings of OPEB Plan investments	\$ 170,042	\$ 36,070	\$ 206,112
Change in assumptions	10,877	2,307	13,184
Difference between expected and actual experience	45,304	9,610	54,914
Total deferred outflows of resources	<u>\$ 226,223</u>	<u>\$ 47,987</u>	<u>\$ 274,210</u>
<b>OPEB expense</b>	<u>\$ 56,729</u>	<u>\$ 12,033</u>	<u>\$ 68,762</u>

**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](http://www.calpers.ca.gov).

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 12 – Postemployment Healthcare Benefits (OPEB) (Continued)**

**General Information about the OPEB Plan (Continued)**

*Employees Covered*

As of the July 1, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	109
Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to, but not yet receiving benefits	-
Total	143

*Contributions*

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 2022, contributions were made totaling \$144,179.

**Net OPEB Liability**

The City’s net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

*Actuarial Assumptions*

The total OPEB liability, measured as of June 30, 2021, was determined using the following actuarial assumptions:

Actuarial Valuation Date	July 1, 2021
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	6.75%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 through June 30, 2021.

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	59.00%	7.55%
Global Debt Securities	25.00%	4.25%
Inflation Assets	5.00%	3.00%
Commodities	3.00%	7.55%
REITs	8.00%	7.25%
	100.00%	
<b>Long-term expected rate of return</b>		<b>6.75%</b>

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 12 – Postemployment Healthcare Benefits (OPEB) (Continued)**

**General Information about the OPEB Plan (Continued)**

*Discount Rate*

The discount rate used to measure the total OPEB liability was 6.75 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.

**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, 2021:

Plan's Total OPEB Liability		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(5.75%)	(6.75%)	(7.75%)
\$ 648,760	\$ 408,176	\$ 206,997

**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, 2021:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Tread Rate	+1%
\$ 214,138	\$ 408,176	\$ 648,193

**Change in Net OPEB Liability**

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 1,982,792	\$ 1,177,923	\$ 804,869
Changes Recognized for the Measurement Period:			
Service Cost	67,767	-	67,767
Interest on the total OPEB liability	136,708	341,548	(204,840)
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(52,665)	-	(52,665)
Changes in assumptions	(14,602)	-	(14,602)
Contribution from the employer	-	192,826	(192,826)
Net investment income	-	-	-
Administrative expenses	-	(473)	473
Benefit payments	(113,726)	(113,726)	-
Net changes during July 1, 2020 to June 30, 2021	23,482	420,175	(396,693)
Balance at June 30, 2021	\$ 2,006,274	\$ 1,598,098	\$ 408,176

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 12 – Postemployment Healthcare Benefits (OPEB) (Continued)**

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

For the year ended June 30, 2022, OPEB expense in the amount of \$68,762 is included in the accompanying statement of activities.

At June 30, 2022, 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	\$ 144,179	\$ -
Changes in assumptions	7,909	(13,184)
Differences between expected and actual experience	12,972	(54,914)
Net difference between projected and actual earnings of OPEB Plan investments	27,952	(206,112)
	\$ 193,012	\$ (274,210)

Deferred outflows of resources of \$144,179 resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Amount
2023	\$ (46,382)
2024	(45,342)
2025	(47,486)
2026	(55,370)
2027	(4,105)
Thereafter	(26,692)
Total	\$ (225,377)

**Note 13 – Other Required Disclosures**

**A. Deficit Net Position/Fund Balances**

At June 30, 2022, the following funds had a fund balances (deficit) or unrestricted net position (deficit), which will be eliminated through the reduction in future expenditures:

Fund	Fund Type	Deficit
State Gas Tax	Special Revenue Fund	\$ 747,170
Self Insurance Workers Compensation	Internal Service Fund	963,697
RDA Retirement Obligation	Fiduciary Fund	14,136,344

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 13 – Other Required Disclosures (Continued)**

**B. Expenditures Exceeding Appropriations**

For the year ended June 30, 2022, expenditures exceeded appropriations in the following function(s) of the City Debt Service Fund.

Fund	Function	Excess Expenditures
City Debt Service Fund	Debt service - interest and fiscal charges	\$ (2,412)

**Note 14 – Classification of Fund Balances**

	Major Funds						Total
	General Fund	American Rescue Plan Act Special Revenue Fund	State Gas Tax Special Revenue Fund	Capital Improvements Capital Projects Fund	City Debt Service Fund	Other Governmental Funds	
<b>Nonspendable:</b>							
Due from Fiduciary	\$ 56,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,345
<b>Total nonspendable</b>	56,345	-	-	-	-	-	56,345
<b>Restricted:</b>							
ARPA	-	9,601	-	-	-	-	9,601
Asset seizure	57,488	-	-	-	-	-	57,488
Asset seizure - drug/gang	20,633	-	-	-	-	-	20,633
DARE/CHAMPS car donations	2,951	-	-	-	-	-	2,951
Proposition 172	508,797	-	-	-	-	-	508,797
Spay & neuter donations	150,682	-	-	-	-	-	150,682
Freedom park donation	1,430	-	-	-	-	-	1,430
Housing	-	-	-	-	245,206	-	245,206
Debt service	-	-	-	-	-	-	-
AB 3229	-	-	-	-	-	278	278
Proposition 30	21,744	-	-	-	-	-	21,744
Grant operations	-	-	-	-	-	58,150	58,150
Street construction/maintenance	-	-	-	-	-	437,784	437,784
Capital projects	-	-	-	-	-	4,560,469	4,560,469
Community partnership	-	-	-	-	-	148	148
<b>Total restricted</b>	763,725	9,601	-	-	-	5,302,035	6,075,361
<b>Committed:</b>							
Substandard street improvement	-	-	-	-	-	850,878	850,878
<b>Total committed</b>	-	-	-	-	-	850,878	850,878
<b>Assigned:</b>							
Capital improvements	-	-	-	651,891	-	-	651,891
Debt service	-	-	-	-	-	-	-
Measure L	7,199,527	-	-	-	-	-	7,199,527
Landscaping & lighting district	-	-	-	-	-	48,690	48,690
<b>Total assigned</b>	7,199,527	-	-	651,891	-	48,690	7,900,108
<b>Unassigned</b>	9,432,417	-	(747,170)	-	-	-	8,685,247
<b>Total Fund Balances</b>	\$ 17,452,014	\$ 9,601	\$ (747,170)	\$ 651,891	\$ -	\$ 6,201,603	\$ 23,567,939

**City of Ridgecrest**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 15 – Commitments and Contingencies**

**A. Litigation**

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

**B. Grants**

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

**Note 16 – Subsequent Events**

After engaging over 1,000 residents through the Ridgecrest Community Conversation, residents prioritized local funding needs for City services. On July 20<sup>th</sup>, via unanimous vote, the Ridgecrest City Council placed Measure P – the City of Ridgecrest Local Services Measure – on the November Municipal Election ballot. While we still await the certification of the Election results, Measure P appears to be approved by voters and will result in a 1% (1 cent) increase in the sales tax amount for goods purchased in Ridgecrest. When enacted, the measure will provide locally controlled funding to address these infrastructure and facility needs, such as parks, sports fields, recreation centers, and quality youth programs. The Ridgecrest community also prioritized funding for local neighborhood pothole and street repair, keeping both Ridgecrest fire stations open full-time, replacing Pinney Pool, continuing to fix potholes on neighborhood streets, and maintaining 911 emergency response times and recreation programs for all ages. Measure P, ending in 9 years, will provide an estimated \$5,900,000 annually, require all funds to stay local, and require an independent citizens' oversight committee and annual audits.

City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

**Required Supplementary Information (Unaudited)**



City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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**City of Ridgecrest**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Information**  
**For the Year Ended June 30, 2022**

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**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, 2022 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2022 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, TDA Streets Special Revenue Fund, Fire Facilities Improvements Special Revenue Fund, Traffic Impact Fee 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  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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**City of Ridgecrest**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedule – General Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 14,146,597	\$ 14,350,209	\$ 17,045,507	\$ 2,695,298
Intergovernmental	491,441	561,441	313,949	(247,492)
License and permits	532,500	532,500	804,524	272,024
Fines and forfeitures	46,250	46,250	81,580	35,330
Use of money and property	416,130	416,130	402,362	(13,768)
Charges for services	626,516	626,516	1,351,176	724,660
Transfers from Fiduciary Fund	250,000	250,000	250,000	-
Other revenues	234,400	234,400	353,845	119,445
<b>Total revenues</b>	<u>16,743,834</u>	<u>17,017,446</u>	<u>20,602,943</u>	<u>3,585,497</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,748,179	3,032,708	2,419,074	613,634
Public safety	6,871,324	6,934,293	5,587,410	1,346,883
Public works	604,277	912,456	315,392	597,064
Community development	1,363,415	1,827,354	1,031,402	795,952
Culture and leisure	1,876,462	2,074,803	1,794,774	280,029
Capital outlay	792,600	928,709	604,514	324,195
<b>Total expenditures</b>	<u>14,393,962</u>	<u>15,848,028</u>	<u>11,752,566</u>	<u>4,095,462</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,349,872</u>	<u>1,169,418</u>	<u>8,850,377</u>	<u>7,680,959</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	967,452	1,255,249	-	(1,255,249)
Transfers out	(7,304,543)	(7,925,997)	(3,687,266)	4,238,731
<b>Total other financing sources (uses)</b>	<u>(6,337,091)</u>	<u>(6,670,748)</u>	<u>(3,687,266)</u>	<u>2,983,482</u>
<b>Net change in fund balances</b>	<u>\$ (3,987,219)</u>	<u>\$ (5,501,330)</u>	5,163,111	<u>\$ 10,664,441</u>
<b>FUND BALANCES:</b>				
Beginning of year			12,288,903	
End of year			<u>\$ 17,452,014</u>	

**City of Ridgecrest**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedule – American Rescue Plan Act Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 793,223	\$ 1,184,003	\$ 390,780
Use of money and property	-	-	9,601	9,601
<b>Total revenues</b>	<u>-</u>	<u>793,223</u>	<u>1,193,604</u>	<u>400,381</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	793,223	788,389	4,834
<b>Total expenditures</b>	<u>-</u>	<u>793,223</u>	<u>788,389</u>	<u>4,834</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>405,215</u>	<u>405,215</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(400,458)	(395,614)	4,844
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(400,458)</u>	<u>(395,614)</u>	<u>4,844</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ (400,458)</u>	<u>9,601</u>	<u>\$ 410,059</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>-</u>	
End of year			<u>\$ 9,601</u>	

**City of Ridgecrest**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedule – State Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 679,673	\$ 679,673	\$ 670,758	\$ (8,915)
Use of money and property	100	100	-	(100)
Other revenues	-	-	541	541
<b>Total revenues</b>	<u>679,773</u>	<u>679,773</u>	<u>671,299</u>	<u>(8,474)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	2,360,112	2,307,616	1,392,635	914,981
Capital outlay	<u>650,000</u>	<u>727,921</u>	<u>609,332</u>	<u>118,589</u>
<b>Total expenditures</b>	<u>3,010,112</u>	<u>3,035,537</u>	<u>2,354,627</u>	<u>680,910</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,330,339)</u>	<u>(2,355,764)</u>	<u>(1,683,328)</u>	<u>672,436</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,731,098	2,761,814	1,231,900	(1,529,914)
Transfers out	<u>(465,021)</u>	<u>(465,021)</u>	<u>(145,966)</u>	<u>319,055</u>
<b>Total other financing sources (uses)</b>	<u>2,266,077</u>	<u>2,296,793</u>	<u>1,085,934</u>	<u>(1,210,859)</u>
<b>Net change in fund balances</b>	<u>\$ (64,262)</u>	<u>\$ (58,971)</u>	<u>(597,394)</u>	<u>\$ (538,423)</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>(149,776)</u>	
End of year			<u>\$ (747,170)</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, 2022**

<b>Miscellaneous Plan</b>								
Measurement period, year ended	<u>6/30/2021</u>	<u>6/30/2020</u>	<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> <sup>1</sup>
Plan's proportion of the net pension liability	-0.265930%	0.011480%	0.000090%	0.287338%	0.279350%	0.27877%	0.28936%	0.10180%
Plan's proportionate share of the net pension liability	\$ (5,049,431)	\$ 484,424	\$ 3,419	\$ 10,828,936	\$ 11,012,111	\$ 9,684,180	\$ 7,938,471	\$ 6,467,833
Plan's covered payroll	\$ 4,113,053	\$ 4,002,971	\$ 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 payroll	-122.77%	12.10%	0.09%	287.00%	300.61%	272.29%	229.90%	185.93%
Plan's fiduciary net position	\$ 45,831,107	\$ 39,344,989	\$ 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	112.38%	98.78%	99.99%	70.52%	69.56%	70.53%	75.30%	79.46%
Plan's proportionate share of aggregate employer contributions	\$ 148,662	\$ 33,931	\$ 12,043,206	\$ 917,505	\$ 876,322	\$ 815,999	\$ 271,845	\$ 623,008

<sup>1</sup> 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, 2022**

	<b>Safety Plan</b>							
Measurement period, year ended	<u>6/30/2021</u>	<u>6/30/2020</u>	<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> <sup>1</sup>
Plan's proportion of the net pension liability	0.008970%	0.008970%	0.001360%	0.141559%	0.140367%	0.14474%	0.14702%	0.14700%
Plan's proportionate share of the net pension liability	\$ (4,172,227)	\$ 597,806	\$ 84,835	\$ 8,306,025	\$ 8,387,220	\$ 7,496,576	\$ 6,058,020	\$ 6,215,700
Plan's covered payroll	\$ 1,406,698	\$ 1,369,049	\$ 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 payroll	-296.60%	43.67%	6.38%	315.75%	328.40%	302.33%	251.64%	253.20%
Plan's fiduciary net position	\$ 38,030,755	\$ 32,637,996	\$ 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	112.32%	98.20%	99.74%	73.02%	71.51%	72.39%	76.43%	74.31%
Plan's proportionate share of aggregate employer contributions	\$ 136,176	\$ 35,865	\$ 9,358,380	\$ 912,811	\$ 854,722	\$ 801,776	\$ 747,875	\$ 768,496

<sup>1</sup> 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, 2022**

		<b>Miscellaneous Plan</b>								
Fiscal Year:		<u>2021-22</u>	<u>2020-21</u>	<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>2013-14<sup>1</sup></u>
Contractually determined contribution (actuarially determined)	\$	228,296	\$ 148,662	\$ 33,931	\$ 1,041,407	\$ 917,505	\$ 876,322	\$ 815,999	\$ 271,845	\$ 623,008
Contributions in relation to the actuarially determined contributions		(228,296)	(148,662)	(33,931)	(12,043,206)	(917,505)	(876,322)	(815,999)	(271,845)	(623,008)
<b>Contribution deficiency (excess)</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$(11,001,799)</b>	<b>\$ -</b>				
Covered payroll	\$	4,874,609	\$ 4,744,145	\$ 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		4.68%	3.13%	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 2022 were derived from the June 30, 2020 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2020 Funding Valuation Report.
Inflation	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.25% 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.

<sup>1</sup> 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, 2022**

	<b>Safety Plan</b>								
Fiscal Year:	<u>2021-22</u>	<u>2020-21</u>	<u>2019-2020</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14<sup>1</sup></u>
Contractually determined contribution (actuarially determined)	\$ 203,760	\$ 136,176	\$ 35,865	\$ 1,019,977	\$ 912,811	\$ 854,722	\$ 801,776	\$ 747,875	\$ 768,496
Contributions in relation to the actuarially determined contributions	(203,760)	(136,176)	(35,865)	(9,358,380)	(912,811)	(854,722)	(801,776)	(747,875)	(768,496)
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,338,403)</u>	<u>\$ -</u>				
Covered payroll	\$ 1,452,424	\$ 1,410,120	\$ 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	14.03%	9.66%	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 2022 were derived from the June 30, 2020 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2020 Funding Valuation Report.
Inflation	2.625%
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.

<sup>1</sup> 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, 2022**

<b>For the Measurement Period:</b>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Actuarially Determined Contributions	\$ 144,179	\$ 133,676	\$ 129,754	\$ 148,942	\$ 147,061
Contributions in relation to the actuarially determined contribution	<u>144,179</u>	<u>127,441</u>	<u>129,754</u>	<u>193,998</u>	<u>188,388</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 6,235</u>	<u>\$ -</u>	<u>\$ (45,056)</u>	<u>\$ (41,327)</u>
Covered payroll	<u>\$ 5,795,678</u>	<u>\$ 5,626,872</u>	<u>\$ 5,640,562</u>	<u>\$ 5,476,274</u>	<u>\$ 5,499,000</u>
Contributions as a percentage of covered payroll	2.49%	2.26%	2.30%	3.54%	3.43%

<sup>1</sup> 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, 2022**

<b>For the Measurement Period:</b>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17<sup>1</sup></u>
Actuarially Determined Contributions	\$ 144,179	\$ 133,676	\$ 129,754	\$ 148,942	\$ 147,061	\$ 143,667
Contributions in relation to the actuarially determined contribution	<u>144,179</u>	<u>127,441</u>	<u>129,754</u>	<u>193,998</u>	<u>188,388</u>	<u>143,667</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 6,235</u>	<u>\$ -</u>	<u>\$ (45,056)</u>	<u>\$ (41,327)</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,795,678</u>	<u>\$ 5,626,872</u>	<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	2.49%	2.26%	2.30%	3.54%	3.43%	2.61%

<sup>1</sup> Information only presented from the implementation year

City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

**Supplementary Information**



City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

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**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 944,100	\$ 1,473,884	\$ 305,528	\$ (1,168,356)
Use of money and property	2,750	2,750	544	(2,206)
Transfers from Fiduciary Fund	121,440	121,440	-	(121,440)
<b>Total revenues</b>	<u>1,068,290</u>	<u>1,598,074</u>	<u>306,072</u>	<u>(1,292,002)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	3,725,614	4,206,515	2,049,638	2,156,877
<b>Total expenditures</b>	<u>3,725,614</u>	<u>4,206,515</u>	<u>2,049,638</u>	<u>2,156,877</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,657,324)</u>	<u>(2,608,441)</u>	<u>(1,743,566)</u>	<u>3,021,752</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	3,547,662	4,453,043	2,001,314	(2,451,729)
<b>Total other financing sources</b>	<u>3,547,662</u>	<u>4,453,043</u>	<u>2,001,314</u>	<u>(2,451,729)</u>
<b>Net change in fund balance</b>	<u>\$ 890,338</u>	<u>\$ 1,844,602</u>	257,748	<u>\$ 570,023</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>394,143</u>	
End of year			<u>\$ 651,891</u>	

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 700	\$ 700	\$ 11,869	\$ 11,169
<b>Total revenues</b>	<u>700</u>	<u>700</u>	<u>11,869</u>	<u>11,169</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	885,000	885,000	885,000	-
Interest	884,582	884,582	886,994	(2,412)
<b>Total expenditures</b>	<u>1,769,582</u>	<u>1,769,582</u>	<u>1,771,994</u>	<u>(2,412)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,768,882)</u>	<u>(1,768,882)</u>	<u>(1,760,125)</u>	<u>8,757</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	1,502,317	1,502,317
<b>Total other financing sources</b>	<u>1,767,163</u>	<u>1,767,163</u>	<u>1,502,317</u>	<u>(264,846)</u>
<b>Net change in fund balance</b>	<u>\$ (2,419)</u>	<u>\$ (2,419)</u>	<u>(257,808)</u>	<u>\$ (256,089)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>257,808</u>	
End of year			<u>\$ -</u>	

City of Ridgecrest  
Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022

**Non-Major Governmental Funds**



**City of Ridgecrest  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022**

	Special Revenue Funds				
	Road Maintenance and Rehabilitation Act Fund	Grant Operations Special Revenue Fund	TDA Street Fund	Supplemental Law Enforcement	Landscaping and Lighting
<b>ASSETS</b>					
Cash and investments	\$ 420,001	\$ 184,380	\$ 67	\$ -	\$ 49,187
Receivables:					
Accounts	92,272	-	-	-	-
Interest	621	314	-	278	94
Loans	-	-	-	-	-
Deposits	-	-	-	-	-
<b>Total assets</b>	<b>\$ 512,894</b>	<b>\$ 184,694</b>	<b>\$ 67</b>	<b>\$ 278</b>	<b>\$ 49,281</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 591
Salaries payable	2,418	-	-	-	-
Due to other funds	72,759	-	-	-	-
Unearned revenue	-	126,544	-	-	-
<b>Total liabilities</b>	<b>75,177</b>	<b>126,544</b>	<b>-</b>	<b>-</b>	<b>591</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Restricted	437,717	58,150	67	278	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	48,690
<b>Total fund balances</b>	<b>437,717</b>	<b>58,150</b>	<b>67</b>	<b>278</b>	<b>48,690</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 512,894</b>	<b>\$ 184,694</b>	<b>\$ 67</b>	<b>\$ 278</b>	<b>\$ 49,281</b>

(Continued)

**City of Ridgecrest**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

Special Revenue Funds

	Drainage Benefit Assessment District	Fire Facilities Improvements	Traffic Impact Fee	Park Development Impact Fee	Law Enforcement Improvement Fee
<b>ASSETS</b>					
Cash and investments	\$ 26,215	\$ 306,675	\$ 1,059,563	\$ 153,425	\$ 434,904
Receivables:					
Accounts	-	-	-	-	-
Interest	44	520	1,893	265	736
Loans	-	-	-	-	-
Deposits	-	-	-	-	-
<b>Total assets</b>	<b>\$ 26,259</b>	<b>\$ 307,195</b>	<b>\$ 1,061,456</b>	<b>\$ 153,690</b>	<b>\$ 435,640</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Restricted	26,259	307,195	1,061,456	153,690	435,640
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
<b>Total fund balances</b>	<b>26,259</b>	<b>307,195</b>	<b>1,061,456</b>	<b>153,690</b>	<b>435,640</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 26,259</b>	<b>\$ 307,195</b>	<b>\$ 1,061,456</b>	<b>\$ 153,690</b>	<b>\$ 435,640</b>

(Continued)

**City of Ridgecrest**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue Funds			Capital Projects Funds	Total Other Governmental Funds
	Storm Drainage Facilities	Community Partnership Grant	Housing Authority	Sub-Standard Streets Improvements	
<b>ASSETS</b>					
Cash and investments	\$ 2,571,788	\$ 148	\$ 243,934	\$ 839,202	\$ 6,289,489
Receivables:					
Accounts	-	-	-	-	92,272
Interest	4,441	-	1,272	1,435	11,913
Loans	-	-	168,441	-	168,441
Deposits	-	-	-	10,241	10,241
<b>Total assets</b>	<b>\$ 2,576,229</b>	<b>\$ 148</b>	<b>\$ 413,647</b>	<b>\$ 850,878</b>	<b>\$ 6,572,356</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 591
Salaries payable	-	-	-	-	2,418
Due to other funds	-	-	-	-	72,759
Unearned revenue	-	-	-	-	126,544
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202,312</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	168,441	-	168,441
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>168,441</b>	<b>-</b>	<b>168,441</b>
<b>Fund Balances:</b>					
Restricted	2,576,229	148	245,206	-	5,302,035
Committed	-	-	-	850,878	850,878
Assigned	-	-	-	-	48,690
<b>Total fund balances</b>	<b>2,576,229</b>	<b>148</b>	<b>245,206</b>	<b>850,878</b>	<b>6,201,603</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,576,229</b>	<b>\$ 148</b>	<b>\$ 413,647</b>	<b>\$ 850,878</b>	<b>\$ 6,572,356</b>

(Concluded)

**City of Ridgecrest**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds				
	Road Maintenance and Rehabilitation Act Fund	Grant Operations Special Revenue Fund	TDA Street Fund	Supplemental Law Enforcement	Landscaping and Lighting
<b>REVENUES:</b>					
Intergovernmental	\$ 587,226	\$ 31,375	\$ -	\$ 161,285	\$ -
License and permits	-	-	-	-	-
Assessment levied	-	-	-	-	24,198
Use of money and property	1,200	-	-	413	218
Other revenues	-	-	-	-	-
<b>Total revenues</b>	<b>588,426</b>	<b>31,375</b>	<b>-</b>	<b>161,698</b>	<b>24,416</b>
<b>EXPENDITURES:</b>					
Current:					
General government	28,022	7,122	-	-	-
Public works	101,580	-	-	-	42,598
Community development	-	-	-	-	2,243
<b>Total expenditures</b>	<b>129,602</b>	<b>7,122</b>	<b>-</b>	<b>-</b>	<b>44,841</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>458,824</b>	<b>24,253</b>	<b>-</b>	<b>161,698</b>	<b>(20,425)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	7,234	-	-	-	-
Transfers out	(49,202)	-	-	(161,492)	-
<b>Total other financing sources (uses)</b>	<b>(41,968)</b>	<b>-</b>	<b>-</b>	<b>(161,492)</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>416,856</b>	<b>24,253</b>	<b>-</b>	<b>206</b>	<b>(20,425)</b>
<b>FUND BALANCES:</b>					
Beginning of year	20,861	33,897	67	72	69,115
End of year	<b>\$ 437,717</b>	<b>\$ 58,150</b>	<b>\$ 67</b>	<b>\$ 278</b>	<b>\$ 48,690</b>

(Continued)

**City of Ridgecrest**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

Special Revenue Funds

	Drainage Benefit Assessment District	Fire Facilities Improvements	Traffic Impact Fee	Park Development Impact Fee	Law Enforcement Improvement Fee
<b>REVENUES:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
License and permits	-	62,068	399,929	-	103,025
Assessment levied	5,030	-	-	-	-
Use of money and property	90	1,036	3,678	548	1,458
Other revenues	-	-	-	-	-
<b>Total revenues</b>	<b>5,120</b>	<b>63,104</b>	<b>403,607</b>	<b>548</b>	<b>104,483</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,120</b>	<b>63,104</b>	<b>403,607</b>	<b>548</b>	<b>104,483</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(62,556)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(62,556)</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>5,120</b>	<b>63,104</b>	<b>341,051</b>	<b>548</b>	<b>104,483</b>
<b>FUND BALANCES:</b>					
Beginning of year	21,139	244,091	720,405	153,142	331,157
End of year	<b>\$ 26,259</b>	<b>\$ 307,195</b>	<b>\$ 1,061,456</b>	<b>\$ 153,690</b>	<b>\$ 435,640</b>

(Continued)

**City of Ridgecrest**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds			Capital Projects Funds	Total Other Governmental Funds
	Storm Drainage Facilities	Community Partnership Grant	Housing Authority	Sub-Standard Streets Improvements	
<b>REVENUES:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 779,886
License and permits	380,601	-	-	-	945,623
Assessment levied	-	-	-	-	29,228
Use of money and property	8,974	-	8,315	2,936	28,866
Other revenues	-	-	13,961	34,200	48,161
<b>Total revenues</b>	<b>389,575</b>	<b>-</b>	<b>22,276</b>	<b>37,136</b>	<b>1,831,764</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	35,144
Public works	-	-	-	-	144,178
Community development	-	-	-	-	2,243
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181,565</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>389,575</b>	<b>-</b>	<b>22,276</b>	<b>37,136</b>	<b>1,650,199</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	7,234
Transfers out	(39,884)	-	-	-	(313,134)
<b>Total other financing sources (uses)</b>	<b>(39,884)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(305,900)</b>
<b>Net changes in fund balances</b>	<b>349,691</b>	<b>-</b>	<b>22,276</b>	<b>37,136</b>	<b>1,344,299</b>
<b>FUND BALANCES:</b>					
Beginning of year	2,226,538	148	222,930	813,742	4,857,304
End of year	<b>\$ 2,576,229</b>	<b>\$ 148</b>	<b>\$ 245,206</b>	<b>\$ 850,878</b>	<b>\$ 6,201,603</b>

(Concluded)

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For the Year Ended June 30, 2022

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**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 563,822	\$ 563,822	\$ 587,226	\$ 23,404
Use of money and property	2,500	2,500	1,200	(1,300)
<b>Total revenues</b>	<u>566,322</u>	<u>566,322</u>	<u>588,426</u>	<u>22,104</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	134,882	134,882	101,580	33,302
<b>Total expenditures</b>	<u>134,882</u>	<u>134,882</u>	<u>129,602</u>	<u>5,280</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>431,440</u>	<u>431,440</u>	<u>458,824</u>	<u>27,384</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	6,136	7,234	1,098
Transfers out	(369,112)	(369,112)	(49,202)	319,910
<b>Total other financing sources (uses)</b>	<u>(369,112)</u>	<u>(362,976)</u>	<u>(41,968)</u>	<u>321,008</u>
<b>Net change in fund balances</b>	<u>\$ 62,328</u>	<u>\$ 68,464</u>	416,856	<u>\$ 348,392</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>20,861</u>	
End of year			<u>\$ 437,717</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, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 160,000	\$ 160,000	\$ 161,285	\$ 1,285
Use of money and property	650	650	413	(237)
<b>Total revenues</b>	<u>160,650</u>	<u>160,650</u>	<u>161,698</u>	<u>1,048</u>
<b>OTHER FINANCING (USES):</b>				
Transfers out	(160,000)	(160,000)	(161,492)	(1,492)
<b>Total other financing (uses)</b>	<u>(160,000)</u>	<u>(160,000)</u>	<u>(161,492)</u>	<u>(1,492)</u>
<b>Net change in fund balances</b>	<u>\$ 650</u>	<u>\$ 650</u>	206	<u>\$ (444)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>72</u>	
End of year			<u>\$ 278</u>	

**City of Ridgecrest**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Landscaping and Lighting - Special Revenue Fund**  
**For the Year Ended June 30, 2022**

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
<b>REVENUES:</b>				
Assessment levied	\$ 83,436	\$ 83,436	\$ 24,198	\$ (59,238)
Use of money and property	950	950	218	(732)
<b>Total revenues</b>	84,386	84,386	24,416	(59,970)
<b>EXPENDITURES:</b>				
Current:				
Public works	76,608	77,920	42,598	35,322
Community development	1,371	2,371	2,243	128
<b>Total expenditures</b>	77,979	80,291	44,841	35,450
<b>Net change in fund balances</b>	\$ 6,407	\$ 4,095	(20,425)	\$ (24,520)
<b>FUND BALANCE:</b>				
Beginning of year			69,115	
End of year			\$ 48,690	

**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, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Assessment levied	\$ 5,280	\$ 5,280	\$ 5,030	\$ (250)
Use of money and property	100	100	90	(10)
<b>Total revenues</b>	5,380	5,380	5,120	(260)
<b>EXPENDITURES:</b>				
Current:				
Public works	5,280	5,280	-	5,280
<b>Total expenditures</b>	5,280	5,280	-	5,280
<b>Net change in fund balances</b>	\$ 100	\$ 100	5,120	\$ 5,020
<b>FUND BALANCE:</b>				
Beginning of year			21,139	
End of year			\$ 26,259	

**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, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
License and permits	\$ 60,000	\$ 60,000	\$ 103,025	\$ 43,025
Use of money and property	2,000	2,000	1,458	(542)
<b>Total revenues</b>	<u>62,000</u>	<u>62,000</u>	<u>104,483</u>	<u>42,483</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 62,000</u>	<u>\$ 62,000</u>	104,483	<u>\$ 42,483</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>331,157</u>	
End of year			<u>\$ 435,640</u>	

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**Internal Service Funds**



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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, 2022**

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 3,049,542	\$ -	\$ 311,989	\$ 3,361,531
Accounts receivable	70,171	-	-	70,171
Interest receivable	4,948	-	374	5,322
Inventories	-	-	12,078	12,078
<b>Total current assets</b>	<b>3,124,661</b>	<b>-</b>	<b>324,441</b>	<b>3,449,102</b>
Noncurrent assets:				
Capital assets:				
Depreciable	-	-	412,893	412,893
Less: accumulated depreciation	-	-	(412,893)	(412,893)
<b>Total capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>3,124,661</b>	<b>-</b>	<b>324,441</b>	<b>3,449,102</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	5,246	-	18,375	23,621
Accrued expenses	(1,864)	-	1,923	59
Due to other funds	-	963,697	-	963,697
Claims payable - due within one year	114,183	-	-	114,183
<b>Total current liabilities</b>	<b>117,565</b>	<b>963,697</b>	<b>20,298</b>	<b>1,101,560</b>
Noncurrent liabilities:				
Claims payable - due in more than one year	1,239,678	-	-	1,239,678
<b>Total noncurrent liabilities</b>	<b>1,239,678</b>	<b>-</b>	<b>-</b>	<b>1,239,678</b>
<b>Total liabilities</b>	<b>1,357,243</b>	<b>963,697</b>	<b>20,298</b>	<b>2,341,238</b>
<b>NET POSITION</b>				
Unrestricted (deficit)	1,767,418	(963,697)	304,143	1,107,864
<b>Total net position</b>	<b>\$ 1,767,418</b>	<b>\$ (963,697)</b>	<b>\$ 304,143</b>	<b>\$ 1,107,864</b>

**City of Ridgecrest**  
**Combining Statements of Revenues, Expenses, and Changes in Net Position**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,180,111	\$ -	\$ 494,881	\$ 1,674,992
Other revenue	438,926	-	-	438,926
<b>Total operating revenues</b>	<u>1,619,037</u>	<u>-</u>	<u>494,881</u>	<u>2,113,918</u>
<b>OPERATING EXPENSES:</b>				
Administration	2,017,863	311,027	447,024	2,775,914
<b>Total operating expenses</b>	<u>2,017,863</u>	<u>311,027</u>	<u>447,024</u>	<u>2,775,914</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(398,826)</u>	<u>(311,027)</u>	<u>47,857</u>	<u>(661,996)</u>
<b>NONOPERATING REVENUES:</b>				
Investment income	9,696	-	835	10,531
<b>Total nonoperating revenues</b>	<u>9,696</u>	<u>-</u>	<u>835</u>	<u>10,531</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(389,130)</u>	<u>(311,027)</u>	<u>48,692</u>	<u>(651,465)</u>
<b>TRANSFERS:</b>				
Transfers in	2,172	-	4,306	6,478
Transfers out	(25,217)	-	(40,394)	(65,611)
<b>Total transfers</b>	<u>(23,045)</u>	<u>-</u>	<u>(36,088)</u>	<u>(59,133)</u>
<b>Changes in net position</b>	(412,175)	(311,027)	12,604	(710,598)
<b>NET POSITION:</b>				
Beginning of year	2,179,593	(652,670)	291,539	1,818,462
End of year	<u>\$ 1,767,418</u>	<u>\$ (963,697)</u>	<u>\$ 304,143</u>	<u>\$ 1,107,864</u>

**City of Ridgecrest**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from user departments	\$ 1,396,069	\$ -	\$ 494,881	\$ 1,890,950
Payments to suppliers or employees for goods and services	(2,109,405)	(311,027)	(437,130)	(2,857,562)
Insurance premiums and settlements and insurance recoveries, net	973,250	-	-	973,250
Other operating revenue	438,926	-	-	438,926
<b>Net cash provided by (used in) operating activities</b>	<b>698,840</b>	<b>(311,027)</b>	<b>57,751</b>	<b>445,564</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	2,172	-	4,306	6,478
Transfers out	(25,217)	-	(40,394)	(65,611)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(23,045)</b>	<b>311,027</b>	<b>(36,088)</b>	<b>251,894</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	6,671	-	626	7,297
<b>Net cash provided by investing activities</b>	<b>6,671</b>	<b>-</b>	<b>626</b>	<b>7,297</b>
<b>Net change in cash and cash equivalents</b>	<b>682,466</b>	<b>-</b>	<b>22,289</b>	<b>704,755</b>
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of year	2,367,076	-	289,700	2,656,776
End of year	<u>\$ 3,049,542</u>	<u>\$ -</u>	<u>\$ 311,989</u>	<u>\$ 3,361,531</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (398,826)	\$ (311,027)	\$ 47,857	\$ (661,996)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in current assets and liabilities:				
Accounts receivable	215,958	-	-	215,958
Inventories	-	-	4,073	4,073
Accounts payable	4,020	-	4,925	8,945
Accrued expenses	(95,562)	-	896	(94,666)
Claims payable	973,250	-	-	973,250
Total adjustments	<u>1,097,666</u>	<u>-</u>	<u>9,894</u>	<u>1,107,560</u>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 698,840</b>	<b>\$ (311,027)</b>	<b>\$ 57,751</b>	<b>\$ 445,564</b>

City of Ridgecrest  
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**Fiduciary Funds**



**City of Ridgecrest**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds - Private Purpose Trust Funds**  
**June 30, 2022**

	Private Purpose Trust Funds		
	Donations	RDA Obligation Retirement	Total
<b>ASSETS</b>			
Cash and investments	\$ 4,302	\$ 4,075,999	\$ 4,080,301
Interest receivable	7	2,724	2,731
Loans receivable	-	3,000,000	3,000,000
Capital assets:			
Non-depreciable	-	2,202,440	2,202,440
Depreciable, net	-	1,264,337	1,264,337
<b>Total assets</b>	<u>4,309</u>	<u>10,545,500</u>	<u>10,549,809</u>
<b>LIABILITIES</b>			
Deposits payable	3,021	2,000	5,021
Interest payable	-	377,241	377,241
Due to City of Ridgecrest	-	1,483,603	1,483,603
Bonds payable, due in one year	-	1,696,000	1,696,000
Bonds payable, due in more than one year	-	21,123,000	21,123,000
<b>Total liabilities</b>	<u>3,021</u>	<u>24,681,844</u>	<u>24,684,865</u>
<b>NET POSITION</b>			
Restricted for individuals, organizations and/or other governments	<u>1,288</u>	<u>(14,136,344)</u>	<u>(14,135,056)</u>
<b>Total net position</b>	<u>\$ 1,288</u>	<u>\$ (14,136,344)</u>	<u>\$ (14,135,056)</u>

**City of Ridgecrest**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds - Private Purpose Trust Funds**  
**For the Year Ended June 30, 2022**

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	Private Purpose Trust Funds		
	Donations	RDA Obligation Retirement	Total
<b>ADDITIONS:</b>			
Taxes	\$ -	\$ 3,924,682	\$ 3,924,682
Revenue from use of money and property	15	5,627	5,642
Other revenue	-	28,000	28,000
<b>Total additions</b>	<u>15</u>	<u>3,958,309</u>	<u>3,958,324</u>
<b>DEDUCTIONS:</b>			
Community development	-	15,248	15,248
Depreciation expense	-	75,501	75,501
Interest expense	-	856,182	856,182
Transfers to City of Ridgecrest (Note 6)	-	250,000	250,000
<b>Total deductions</b>	<u>-</u>	<u>1,196,931</u>	<u>1,196,931</u>
<b>Changes in net position</b>	15	2,761,378	2,761,393
<b>NET POSITION:</b>			
Beginning of year	1,273	(16,897,722)	(16,896,449)
End of year	<u>\$ 1,288</u>	<u>\$ (14,136,344)</u>	<u>\$ (14,135,056)</u>

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For the Year Ended June 30, 2022

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City of Ridgecrest  
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**Statistical Section**



City of Ridgecrest  
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## ***CITY OF RIDGECREST - STATISTICAL SECTION***

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

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

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

	Fiscal Years				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Governmental activities</b>					
Net investment in capital assets,	\$ 55,142,182	\$ 56,589,811	\$ 55,669,889	\$ 55,436,365	\$ 55,677,430
Restricted	7,795,261	6,078,065	6,980,817	6,634,279	6,470,708
Unrestricted	<u>5,068,439</u>	<u>(11,004,325)</u>	<u>(14,710,817)</u>	<u>(14,904,898)</u>	<u>(14,913,324)</u>
Total governmental activities net position	<u><u>68,005,882</u></u>	<u><u>51,663,551</u></u>	<u><u>47,939,889</u></u>	<u><u>47,165,746</u></u>	<u><u>47,234,814</u></u>
<b>Business type activities</b>					
Net investment in capital assets	15,215,765	15,088,300	15,372,381	15,477,073	16,263,175
Restricted	-	-	-	-	-
Unrestricted	<u>50,928,310</u>	<u>42,350,469</u>	<u>39,489,149</u>	<u>36,118,037</u>	<u>29,419,315</u>
Total business type activities net position	<u><u>66,144,075</u></u>	<u><u>57,438,769</u></u>	<u><u>54,861,530</u></u>	<u><u>51,595,110</u></u>	<u><u>45,682,490</u></u>
<b>Primary government</b>					
Net investment in capital assets	70,357,947	71,678,111	71,042,270	70,913,438	71,940,605
Restricted	7,795,261	6,078,065	6,980,817	6,634,279	6,470,708
Unrestricted	<u>55,996,749</u>	<u>31,346,144</u>	<u>24,778,332</u>	<u>21,213,139</u>	<u>14,505,991</u>
Total primary government net position	<u><u>\$ 134,149,957</u></u>	<u><u>\$ 109,102,320</u></u>	<u><u>\$ 102,801,419</u></u>	<u><u>\$ 98,760,856</u></u>	<u><u>\$ 92,917,304</u></u>

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

	Fiscal Years				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Governmental activities</b>					
Net investment in capital assets	\$ 48,401,633	\$ 43,739,184	\$ 42,325,287	\$ 34,386,270	\$ 35,668,108
Restricted	11,058,233	11,197,956	9,961,497	10,718,146	2,614,715
Unrestricted	<u>(12,569,000)</u>	<u>(13,765,063)</u>	<u>(16,350,067)</u>	<u>(4,801,114)</u>	<u>3,974,360</u>
Total governmental activities net position	<u><u>46,890,866</u></u>	<u><u>41,172,077</u></u>	<u><u>35,936,717</u></u>	<u><u>40,303,302</u></u>	<u><u>42,257,183</u></u>
<b>Business type activities</b>					
Net investment in capital assets	16,710,100	14,635,228	15,069,345	15,581,116	16,054,395
Restricted	-	-	-	-	-
Unrestricted	<u>23,924,994</u>	<u>21,515,449</u>	<u>18,473,732</u>	<u>18,060,765</u>	<u>16,389,245</u>
Total business type activities net position	<u><u>40,635,094</u></u>	<u><u>36,150,677</u></u>	<u><u>33,543,077</u></u>	<u><u>33,641,881</u></u>	<u><u>32,443,640</u></u>
<b>Primary government</b>					
Net investment in capital assets	65,111,733	58,374,412	57,394,632	49,967,386	51,722,503
Restricted	11,058,233	11,197,956	9,961,497	10,718,146	2,614,715
Unrestricted	<u>11,355,994</u>	<u>7,750,386</u>	<u>2,123,665</u>	<u>13,259,651</u>	<u>20,363,605</u>
Total primary government net position	<u><u>\$ 87,525,960</u></u>	<u><u>\$ 77,322,754</u></u>	<u><u>\$ 69,479,794</u></u>	<u><u>\$ 73,945,183</u></u>	<u><u>\$ 74,700,823</u></u>

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

	Fiscal Years				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Expenses</b>					
Governmental activities:					
General government	\$ (2,156,848)	\$ 5,472,714	\$ 3,544,612	\$ 4,913,832	\$ 5,019,286
Public safety	(682,802)	138	7,694,408	7,393,899	7,079,047
Public works	7,129,835	2,235,207	3,932,154	3,854,999	5,049,067
Transportation	-	142	-	-	87,535
Community development	1,264,593	872,341	816,593	764,184	-
Health	-	144	-	-	1,011,653
Culture and leisure	1,990,216	1,564,504	1,621,784	1,692,123	1,776,087
Interest and fiscal agent fees	868,449	903,407	916,918	1,097,275	227,286
Total governmental activities expenses	<u>8,413,443</u>	<u>146</u>	<u>18,526,469</u>	<u>19,716,312</u>	<u>20,249,961</u>
Business type activities:					
TDA Transit	(1,461,529)	1,057,420	834,485	270,484	552,170
Wastewater	405,421	2,956,688	2,502,465	814,134	1,579,721
Solid Waste Collection	-	-	-	-	-
Total business type activities expenses	<u>(1,056,108)</u>	<u>4,014,108</u>	<u>3,336,950</u>	<u>1,084,618</u>	<u>2,131,891</u>
Total primary government expenses	<u>\$ 7,357,335</u>	<u>\$ 4,014,254</u>	<u>\$ 21,863,419</u>	<u>\$ 20,800,930</u>	<u>\$ 22,381,852</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	4,735,253	260,147	238,529	230,989	236,180
Public safety	-	405,193	291,783	327,538	205,734
Public works	-	-	7,007	381,776	497,833
Transportation	-	-	-	-	-
Community development	(13,960)	749,373	550,707	5,336	-
Health	-	-	-	-	(9,478)
Culture and leisure	-	203,009	186,472	290,578	344,560
Operating grants and contributions	2,544,996	1,636,261	1,499,442	1,957,254	1,230,709
Capital grants and contributions	-	1,727,612	1,237,922	274,427	699,272
Total governmental activities program revenues	<u>7,266,289</u>	<u>4,981,595</u>	<u>4,011,862</u>	<u>3,467,898</u>	<u>3,204,810</u>
Business type activities:					
Charges for services:					
TDA Transit	521,664	184,940	392,427	302,057	208,178
Wastewater	6,702,509	6,594,567	5,827,372	6,025,138	6,259,227
Operating grants and contributions	154,889	149,111	89,269	149,429	87,869
Total business type activities program revenues	<u>7,379,062</u>	<u>6,928,618</u>	<u>6,309,068</u>	<u>6,476,624</u>	<u>6,555,274</u>
Total primary government program revenues	<u>\$ 14,645,351</u>	<u>\$ 11,910,213</u>	<u>\$ 10,320,930</u>	<u>\$ 9,944,522</u>	<u>\$ 9,760,084</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	(1,147,154)	4,981,449	(14,514,607)	(16,248,414)	(17,045,151)
Business type activities	<u>8,435,170</u>	<u>2,914,510</u>	<u>2,972,118</u>	<u>5,392,006</u>	<u>4,423,383</u>
Total primary government net expense	<u>\$ 7,288,016</u>	<u>\$ 7,895,959</u>	<u>\$ (11,542,489)</u>	<u>\$ (10,856,408)</u>	<u>\$ (12,621,768)</u>

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

	Fiscal Years				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 1,751,017	\$ 1,754,299	\$ 2,298,464	\$ 2,393,838	\$ 1,818,304
Public safety	7,311,427	6,684,042	7,436,539	7,833,984	7,161,993
Public works	4,109,004	3,545,280	2,848,720	2,413,076	2,787,797
Transportation	82,051	2,213,317	3,284,356	2,097,999	753,762
Community development	1,089,482	1,018,186	817,626	703,912	1,178,359
Health	-	-	-	5,270	76,939
Culture and leisure	1,892,820	1,426,011	1,679,152	1,756,316	1,745,953
Interest and fiscal agent fees	255,588	275,499	292,989	319,028	345,295
Total governmental activities expenses	<u>16,491,389</u>	<u>16,916,634</u>	<u>18,657,846</u>	<u>17,523,423</u>	<u>15,868,402</u>
Business type activities:					
TDA Transit	849,257	832,756	757,646	868,224	887,416
Wastewater	1,599,732	2,496,953	2,082,287	1,519,731	1,558,143
Solid Waste Collection	-	-	-	-	38,905
Total business type activities expenses	<u>2,448,989</u>	<u>3,329,709</u>	<u>2,839,933</u>	<u>2,387,955</u>	<u>2,484,464</u>
Total primary government expenses	<u>\$ 18,940,378</u>	<u>\$ 20,246,343</u>	<u>\$ 21,497,779</u>	<u>\$ 19,911,378</u>	<u>\$ 18,352,866</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	291,687	267,637	270,810	326,982	192,539
Public safety	334,668	292,613	392,093	186,170	304,361
Public works	4,765	-	-	223,811	25,000
Transportation	-	-	-	13,970	230
Community development	468,418	704,566	287,611	-	357,550
Health	-	-	-	-	-
Culture and leisure	333,364	368,473	345,877	292,439	326,930
Operating grants and contributions	1,328,471	1,647,328	2,315,476	1,982,127	1,979,447
Capital grants and contributions	2,196,184	1,042,058	7,728,784	384,661	2,332,772
Total governmental activities program revenues	<u>4,957,557</u>	<u>4,322,675</u>	<u>11,340,651</u>	<u>3,410,160</u>	<u>5,518,829</u>
Business type activities:					
Charges for services:					
TDA Transit	309,271	252,822	252,359	273,698	346,509
Wastewater	6,084,876	5,803,024	3,893,420	2,650,298	1,814,935
Operating grants and contributions	451,898	93,577	92,834	259,868	225,974
Total business type activities program revenues	<u>6,846,045</u>	<u>6,149,423</u>	<u>4,238,613</u>	<u>3,183,864</u>	<u>2,387,418</u>
Total primary government program revenues	<u>\$ 11,803,602</u>	<u>\$ 10,472,098</u>	<u>\$ 15,579,264</u>	<u>\$ 6,594,024</u>	<u>\$ 7,906,247</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	(11,533,832)	(12,593,959)	(7,317,195)	(14,113,263)	(10,349,573)
Business type activities	<u>4,397,056</u>	<u>2,819,714</u>	<u>1,398,680</u>	<u>795,909</u>	<u>(97,046)</u>
Total primary government net expense	<u>\$ (7,136,776)</u>	<u>\$ (9,774,245)</u>	<u>\$ (5,918,515)</u>	<u>\$ (13,317,354)</u>	<u>\$ (10,446,619)</u>

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

	Fiscal Years				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>General Revenues and</b>					
<b>Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	3,008,839	2,884,710	2,661,305	2,392,910	2,326,379
Sales taxes	10,955,498	9,608,803	8,058,076	8,111,952	7,783,312
Transient occupancy taxes	1,751,721	1,336,952	1,411,102	1,458,498	1,553,230
Special assessments	29,228	847,761	520,280	546,580	532,936
Other taxes	1,014,249	985,352	697,697	776,234	767,820
Investment earnings	142,019	115,320	344,353	338,153	156,521
Miscellaneous	196,279	971,568	138,941	175,031	371,280
Gain (loss) on disposal of capital assets			-	-	-
Loss from dissolution of former RDA	-	-	-	-	-
Revenues from Fiduciary Fund	250,000	251,486	577,193	1,719,172	4,562,229
Transfers	141,652	894,313	858,729	681,948	111,008
<b>Total governmental activities</b>	<u>17,489,485</u>	<u>17,896,265</u>	<u>15,267,676</u>	<u>16,200,478</u>	<u>18,164,715</u>
Business type activities:					
Other taxes	-	116,741	432,866	666,486	505,553
Investment earnings	159,136	199,998	609,813	633,302	306,226
Miscellaneous	252,652	240,303	2,227	10,907	12,553
Capital Contribution	-	-	-	-	-
Transfers	(141,652)	(894,313)	(858,729)	(681,948)	(111,008)
<b>Total business type activities</b>	<u>270,136</u>	<u>(337,271)</u>	<u>186,177</u>	<u>628,747</u>	<u>713,324</u>
<b>Total primary government</b>	<u>\$ 17,759,621</u>	<u>\$ 17,558,994</u>	<u>\$ 15,453,853</u>	<u>\$ 16,829,225</u>	<u>\$ 18,878,039</u>
<b>Change in Net Position</b>					
Governmental activities	16,342,331	22,877,714	753,069	(47,936)	1,119,564
Business type activities	8,705,306	2,577,239	3,158,295	6,020,753	5,136,707
<b>Total primary government</b>	<u>\$ 25,047,637</u>	<u>\$ 25,454,953</u>	<u>\$ 3,911,364</u>	<u>\$ 5,972,817</u>	<u>\$ 6,256,271</u>

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

	Fiscal Years				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	1,976,015	2,125,926	1,600,406	1,967,098	3,284,155
Sales taxes	6,535,498	5,974,873	5,681,776	5,314,304	4,440,039
Transient occupancy taxes	1,585,442	1,443,149	1,218,081	1,150,741	1,094,855
Special assessments	392,664	1,639,143	282,488	74,113	170,658
Other taxes	709,003	714,218	703,389	694,879	720,671
Investment earnings	86,111	33,919	18,355	20,619	21,423
Miscellaneous	192,484	1,124,780	357,064	396,063	973,607
Gain (loss) on disposal of capital assets	-	-	-	-	-
Loss from dissolution of former RDA	-	-	-	-	-
Revenues from Fiduciary Fund	5,085,152	3,735,484	5,154,181	2,278,026	706,518
Transfers	690,252	1,037,827	615,822	263,539	532,690
<b>Total governmental activities</b>	<u>17,252,621</u>	<u>17,829,319</u>	<u>15,631,562</u>	<u>12,159,382</u>	<u>11,944,616</u>
Business type activities:					
Other taxes	618,970	721,500	577,392	614,050	768,613
Investment earnings	147,005	84,815	48,259	41,852	40,947
Miscellaneous	11,638	19,398	18,870	9,969	35,843
Capital Contribution	-	-	-	-	-
Transfers	(690,252)	(1,037,827)	(615,822)	(263,539)	(532,690)
<b>Total business type activities</b>	<u>87,361</u>	<u>(212,114)</u>	<u>28,699</u>	<u>402,332</u>	<u>312,713</u>
<b>Total primary government</b>	<u>\$ 17,339,982</u>	<u>\$ 17,617,205</u>	<u>\$ 15,660,261</u>	<u>\$ 12,561,714</u>	<u>\$ 12,257,329</u>
<b>Change in Net Position</b>					
Governmental activities	5,718,789	5,235,360	8,314,367	(1,953,881)	1,595,043
Business type activities	4,484,417	2,607,600	1,427,379	1,198,241	215,667
<b>Total primary government</b>	<u>\$ 10,203,206</u>	<u>\$ 7,842,960</u>	<u>\$ 9,741,746</u>	<u>\$ (755,640)</u>	<u>\$ 1,810,710</u>

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

	Fiscal Years				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund					
Nonspendable	\$ 56,345	\$ 56,345	\$ 56,345	\$ 56,345	\$ 56,345
Restricted	763,725	477,884	390,413	512,181	-
Committed	-	138	-	-	-
Assigned	7,199,527	6,322,178	3,992,710	2,445,622	-
Unassigned	9,432,417	142	3,202,799	2,313,755	2,629,252
Total General Fund	<u>17,452,014</u>	<u>144</u>	<u>7,642,267</u>	<u>5,327,903</u>	<u>2,685,597</u>
All other governmental funds					
Nonspendable	-	-	-	-	-
Restricted	5,311,636	146	5,189,697	4,811,665	4,193,637
Committed	850,878	831,454	760,820	718,298	630,079
Assigned	700,581	147	141,203	771,031	704,038
Unassigned	(747,170)	(150,888)	-	(148,821)	334,739
Total all other governmental funds	<u>\$ 6,115,925</u>	<u>\$ 680,859</u>	<u>\$ 6,091,720</u>	<u>\$ 6,152,173</u>	<u>\$ 5,862,493</u>
<b>TOTAL FUND BALANCES</b>	<b>\$ 23,567,939</b>	<b>\$ 681,003</b>	<b>\$ 13,733,987</b>	<b>\$ 11,480,076</b>	<b>\$ 8,548,090</b>

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

	Fiscal Years				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund					
Nonspendable	\$ 56,345	\$ 232	\$ 525	\$ 996	\$ 1,935
Restricted	480,047	341,946	247,365	213,216	300,242
Committed	-	-	-	-	-
Assigned	957,258	357,412	1,051,917		-
Unassigned	(18,602)	1,017	(2,300,838)	(2,533,123)	(2,491,783)
Total General Fund	<u>1,475,048</u>	<u>700,607</u>	<u>(1,001,031)</u>	<u>(2,318,911)</u>	<u>(2,189,606)</u>
All other governmental funds					
Nonspendable	4,629,159	5,114,159	5,584,159	6,034,159	6,464,159
Restricted	4,881,004	4,488,041	2,978,577	3,341,192	3,065,829
Committed	630,079	577,399	555,508	923,079	544,340
Assigned	437,944	676,411	595,888	206,500	466,216
Unassigned	(75,206)	(36,194)	(19,831)	-	838,902
Total all other governmental funds	<u>\$ 10,502,980</u>	<u>\$ 10,819,816</u>	<u>\$ 9,694,301</u>	<u>\$ 10,504,930</u>	<u>\$ 11,379,446</u>
TOTAL FUND BALANCES	<u>\$ 11,978,028</u>	<u>\$ 11,520,423</u>	<u>\$ 8,693,270</u>	<u>\$ 8,186,019</u>	<u>\$ 9,189,840</u>

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

	Fiscal Years				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>					
Taxes	\$ 17,045,507	\$ 14,977,624	\$ 12,976,980	\$ 13,200,593	\$ 13,152,082
Intergovernmental	3,254,124	3,945,653	2,763,444	1,874,641	1,353,224
Licenses and permits	1,750,147	138	1,011,225	782,372	913,327
Fines and forfeitures	81,580	72,893	42,455	56,368	45,540
Assessment levied	29,228	142	442,465	86,386	72,369
Use of money and property	453,242	231,702	26,882	441,312	284,202
Charges for services	1,351,176	144	388,068	513,062	491,351
Revenue from Fiduciary Fund	250,000	251,486	577,193	1,719,172	4,562,229
Other revenue	402,547	395,851	168,807	247,768	378,442
Total revenues	<u>24,617,551</u>	<u>146</u>	<u>18,397,519</u>	<u>18,921,674</u>	<u>21,252,766</u>
<b>Expenditures</b>					
General Government	2,807,058	2,147,292	2,136,371	12,897,324	2,097,342
Public safety	5,587,410	6,603,020	5,729,303	15,444,495	6,424,222
Public works	4,690,232	1,965,858	1,731,888	1,820,244	2,690,681
Transportation	-	-	-	-	-
Community development	1,033,645	799,576	749,677	701,492	906,075
Health	-	-	-	-	18,499
Culture and leisure	1,794,774	1,555,030	1,535,970	1,673,952	1,557,797
Capital outlay	1,213,846	4,020,085	2,945,162	2,855,637	4,814,881
Debt service:					
Principal	885,000	735,000	565,000	-	5,440,000
Interest	886,994	921,326	934,129	1,018,345	325,328
Total expenditures	<u>18,898,959</u>	<u>18,747,187</u>	<u>16,327,500</u>	<u>36,411,489</u>	<u>24,274,825</u>
Excess of revenues over (under) expenditures	<u>5,718,592</u>	<u>(18,747,041)</u>	<u>2,070,019</u>	<u>(17,489,815)</u>	<u>(3,022,059)</u>
<b>Other financing sources (uses)</b>					
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	5,182,204	6,362,950	4,576,524	2,926,834	2,981,036
Transfers out	(4,981,239)	(5,928,075)	(4,089,896)	(2,861,160)	(3,388,915)
Total other financing sources (uses)	<u>200,965</u>	<u>434,875</u>	<u>486,628</u>	<u>20,421,801</u>	<u>(407,879)</u>
Net change in fund balances	<u>\$ 5,919,557</u>	<u>\$ (18,312,166)</u>	<u>\$ 2,556,647</u>	<u>\$ 2,931,986</u>	<u>\$ (3,429,938)</u>
Debt service as a percentage of non-capital expenditures	10.0%	11.2%	11.2%	3.0%	29.6%

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

	Fiscal Years				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>					
Taxes	\$ 11,510,228	\$ 10,968,507	\$ 10,030,177	\$ 9,880,106	\$ 11,295,144
Intergovernmental	2,965,293	2,128,892	9,384,909	1,906,762	2,699,957
Licenses and permits	796,224	2,299,752	549,406	256,780	361,759
Fines and forfeitures	70,153	57,869	72,806	84,493	115,390
Assessment revenues	32,068	19,676	10,526	10,526	4,393
Use of money and property	271,516	220,630	253,342	245,182	135,907
Charges for services	548,420	552,666	553,864	389,830	492,815
Revenue from Fiduciary Fund	5,085,152	3,735,484	5,154,181	2,278,026	706,518
Other revenue	241,083	1,141,106	358,840	403,262	990,033
Total revenues	<u>21,520,137</u>	<u>21,124,582</u>	<u>26,368,051</u>	<u>15,454,967</u>	<u>16,801,916</u>
<b>Expenditures</b>					
General Government	1,859,295	1,840,348	2,540,062	2,170,611	1,544,277
Public safety	6,562,421	7,000,933	7,315,370	7,513,168	6,230,447
Public works	1,473,982	356,541	438,038	392,764	165,284
Transportation	-	2,206,292	3,805,537	2,109,108	659,715
Community development	922,933	1,109,245	725,192	619,829	756,476
Health	34,707	-	-	-	-
Culture and leisure	1,591,654	1,371,883	1,449,654	1,250,608	1,557,343
Capital outlay	7,488,021	4,274,384	9,244,943	1,963,373	2,867,058
Debt service:					
Principal	485,000	470,000	562,689	537,102	534,190
Interest	262,216	281,766	301,407	328,494	354,312
Total expenditures	<u>20,680,229</u>	<u>18,911,392</u>	<u>26,382,892</u>	<u>16,885,057</u>	<u>14,669,102</u>
Excess of revenues over (under) expenditures	<u>839,908</u>	<u>2,213,190</u>	<u>(14,841)</u>	<u>(1,430,090)</u>	<u>2,132,814</u>
<b>Other financing sources (uses)</b>					
Proceeds from capital lease	-	-	-	-	-
Bond discount	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-
Transfers in	3,329,759	3,546,397	3,424,771	2,771,099	3,211,991
Transfers out	(3,712,062)	(2,932,464)	(2,902,679)	(2,344,830)	(2,672,523)
Total other financing sources (uses)	<u>(382,303)</u>	<u>613,933</u>	<u>522,092</u>	<u>426,269</u>	<u>539,468</u>
Net change in fund balances	<u>\$ 457,605</u>	<u>\$ 2,827,123</u>	<u>\$ 507,251</u>	<u>\$ (1,003,821)</u>	<u>\$ 2,672,282</u>
Debt service as a percentage of non-capital expenditures	5.7%	5.1%	5.0%	5.8%	7.5%

City of Ridgecrest  
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For the Year Ended June 30, 2022

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

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<b>Sources of Tax Revenues</b>	<b>Business <u>Licenses</u></b>	<b>Franchise <u>Fees</u></b>	<b>Property <u>Tax</u><sup>1</sup></b>	<b>Sales <u>Tax</u><sup>2</sup></b>	<b>Transient <u>Occupancy</u></b>	<b>Gas <u>Tax</u></b>	<b><u>TOTAL</u></b>
2021-2022	\$ 202,770	\$ 965,077	\$ 2,955,090	\$ 10,955,496	\$ 1,751,721	\$ 1,257,986	\$ 18,088,140
2020-2021	184,935	138	2,884,711	9,608,803	1,345,337	1,157,303	15,181,227
2019-2020	174,527	674,181	2,661,305	8,058,076	1,411,102	1,209,990	69,331,363
2018-2019	145,475	142	2,478,324	8,026,538	1,458,498	1,104,523	21,008,762
2017-2018	144,584	752,898	2,398,569	7,711,121	1,553,230	675,811	18,304,652
2016-2017	144,905	144	2,058,828	6,452,685	1,585,442	459,629	10,701,633
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	146	3,284,155	4,440,039	1,094,855	612,967	9,574,906

NOTES:

- 1) Property tax amounts include state reimbursement of homeowners property tax relief and real property transfer tax and property tax in lieu of MVLFF. Property tax for fiscal years 2012 and earlier included redevelopment tax increment.
- 2) 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>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	\$ 1,560,175,701	\$ 1,477,997,931	\$ 1,405,112,355	\$ 1,327,387,621	\$ 1,251,771,276
Commercial	271,577,746	263,222,709	257,498,876	252,686,511	252,639,635
Industrial	24,570,699	138	24,495,492	21,080,342	18,153,574
Government	5,145	5,096	5,001	4,906	5,113
Institutional	12,574,027	142	10,952,339	14,610,423	14,315,723
Miscellaneous	179,660	177,818	174,332	170,914	167,563
Recreational	10,453,823	144	11,950,739	8,541,854	8,765,625
Vacant Land	59,778,632	57,353,057	56,966,180	56,437,924	56,019,484
SBE Non-Unitary	1,307	1,307	1,089	1,089	1,089
Unsecured	34,005,802	33,624,049	34,674,769	34,404,914	35,138,901
Exempt	-	146	(5,049,156)	(5,049,156)	(5,138,156)
<b>TOTALS</b>	<b>\$ 1,973,322,542</b>	<b>\$ 1,832,382,391</b>	<b>\$ 1,801,831,172</b>	<b>\$ 1,715,326,498</b>	<b>\$ 1,636,977,983</b>
Total Direct Rate	0.07187%	14700.00000%	0.06442%	0.06443%	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.

Source: HdL Coren & Cone

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

<u>CATEGORY</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014*</u>	<u>2013</u>
Residential	\$ 1,167,123,275	\$ 1,068,010,028	\$ 1,092,525,005	\$ 1,069,793,922	\$ 1,073,678,607
Commercial	240,625,807	225,510,393	223,912,566	233,678,787	233,122,309
Industrial	18,977,532	18,074,075	17,932,576	18,100,825	18,635,376
Government	5,017	59,571	64,153	171,731	168,551
Institutional	12,330,675	11,065,209	9,867,943	11,683,412	19,549,674
Miscellaneous	164,278	161,811	158,642	157,926	154,830
Recreational	10,172,213	8,412,087	8,131,483	8,120,756	7,863,497
Vacant Land	51,949,910	55,352,678	57,178,455	59,944,917	63,789,381
SBE Non-Unitary	1,089	800	89,975	89,975	863,043
Unsecured	33,221,298	33,975,856	36,089,423	35,264,251	40,690,119
Exempt	(5,632,678)	(5,519,156)	(5,116,781)	(4,865,220)	(4,632,331)
<b>TOTALS</b>	<b>\$ 1,534,571,094</b>	<b>\$ 1,420,622,508</b>	<b>\$ 1,445,950,221</b>	<b>\$ 1,437,006,502</b>	<b>\$ 1,458,515,387</b>
Total Direct Rate	0.06442%	0.06443%	0.06443%	0.06459%	0.68945%

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.

Source: HdL Coren & Cone

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

10 Year Detail of Rates producing Revenue for City of Ridgecrest						
City General Fund Direct Rates					RDA Incremental Rate <sup>2</sup>	Total Direct Rate
Year	City Share of 1% Levy per Prop. 13	2022	Debt Rate(s)	Total City Rates	1% + applicable voter approved debt	
2021-2022	0.05190%		138 0.00000%	13800.05190%	-	0.07194%
2020-2021	0.05190%		0.00000%	0.05190%	-	0.07194%
2019-2020	0.05190%		142 0.00000%	14200.05190%	-	0.06442%
2018-2019	0.05190%		0.00000%	0.05190%	-	0.06443%
2017-2018	0.05190%		144 0.00000%	14400.05190%	-	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%	14600.00000%	0.00000%	14600.00066%	-	0.06459%
2012-2013	0.00066%		0.00000%	0.00066%	-	0.68945%

10 Year Detail Breakdown of the Property Tax Dollar										
Agency	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
<b>City of Ridgecrest<sup>1</sup></b>	0.05190	0.05190	0.05190	0.05190	0.05190	0.05190	0.05190	0.05190	0.05190	0.05468
Sierra Sands Child Dev	0.00000	0.00000	0.00000	0.00509	0.00000	0.00000	0.00509	0.00509	0.00509	0.00000
County Advertising	0.00075	0.00075	0.00074	0.00074	0.00075	0.00075	0.00074	0.00072	0.00069	0.00069
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	0.13010	0.13010	0.12500	0.13010	0.15040	0.12500	0.12510	0.12510	0.12712
Kern County Fire Fund	0.10580	0.10580	0.10580	0.10580	0.10580	0.08550	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	0.14110	0.14110	0.14140
Kern County Water Agency	0.00719	0.00718	0.00718	0.00718	0.00718	0.00718	0.00718	0.00718	0.00718	0.00718
Sierra Unified School	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47561	0.47560
<b>TOTAL PROP. 13 RATE<sup>4</sup></b>	<b>1.00000</b>									
Kern Community College	0.03861	0.03385	0.03303	0.03367	0.03625	0.01318	0.01357	0.01045	0.01264	0.00850
Sierra Sand Unified School District	0.05781	0.05468	0.05533	0.05158	0.06669	0.06412	0.06697	0.06163	0.06261	0.05698
<b>Total Voter Approved Rate<sup>5</sup></b>	<b>0.09642</b>	<b>0.08853</b>	<b>0.08836</b>	<b>0.08525</b>	<b>0.10294</b>	<b>0.07730</b>	<b>0.08055</b>	<b>0.07208</b>	<b>0.07525</b>	<b>0.06548</b>
<b>TOTAL TAX RATE</b>	<b>1.09642</b>	<b>1.08853</b>	<b>1.08836</b>	<b>1.08525</b>	<b>1.10294</b>	<b>1.07730</b>	<b>1.08055</b>	<b>1.07208</b>	<b>1.07525</b>	<b>1.06548</b>

NOTES:

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

**City of Ridgecrest**  
**Schedule 8**  
**Top Ten Principal Property Taxpayers**  
**Fiscal Year 2022 and Ten Years Prior**

Taxpayer	2021-2022				2012-2013			
	Rank	Taxable	Percentage of	Rank	Taxable	Percentage of	Rank	
		Assessed	Total Taxable		Assessed	Total Taxable		
		Value	Assessed		Value	Assessed		
			138					
K Partners Ridgecrest I LP	1	\$ 18,649,801	0.95%	1	\$ 22,921,933	1.57%		
Walmart Stores Inc	2	142	0.92%	4	9,575,244	0.66%		
Home Depot Dev Maryland Inc	3	8,331,822	0.42%	3	10,107,367	0.69%		
La Mirage Condos LLC	4	144	0.40%					
Naval Weapons Federal Credit Union	5	7,755,308	0.39%	6	7277407	0.50%		
ACI Real Estate SPE 141 LLC	6	7,274,592	0.37%					
Peekay Investments Properties LLC	7	7,257,602	0.37%					
Heritage Living LLC	8	146	0.36%					
Fernwood Capital	9	6,484,288	0.33%					
Sunstart LLC	10	147	0.33%					
Ridgecrest Regional Hospital				2	16,889,509	1.16%		
SA Challenger Inc				5	8,206,000	0.56%		
Randall Benderson 1993 I Trust				7	6,757,855	0.46%		
China Lake and Ridgecrest LLC				8	6,310,708	0.43%		
Bobby E. and Jundith A. Tharp Trust				9	5,468,083	0.37%		
Ridgecrest Capital L P				10	5,236,847	0.36%		
Top Ten Totals		<u>\$ 55,753,992</u>	<u>4.83%</u>		<u>\$ 98,750,953</u>	<u>6.77%</u>		
<b>CITY TOTALS</b>		1,973,322,542			1,458,515,387			

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

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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 <u>Years</u> <sup>2</sup>	Total Collections to Date	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2022	\$ 422,221	\$ 419,408	99.33%	\$ 226	\$ 419,634	99.39%
2021	427,786	415,133	97.04%	920	416,052	97.26%
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 <sup>1</sup>	408,417	84.92%	31,039	439,455	91.37%

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  
[www.co.kern.ca.us/auditor/confirmations](http://www.co.kern.ca.us/auditor/confirmations)

Source: Kern County Auditor-Controller  
[www.co.kern.ca.us/auditor/confirmations](http://www.co.kern.ca.us/auditor/confirmations)

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

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Fiscal Year	GOVERNMENTAL ACTIVITIES						Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	Obligation Bonds	Redevelopment Bonds <sup>b</sup>	Special Assessment Bonds	Loans Payable	Capital Lease				
2022	\$ 18,655,000	\$ -	\$ -	\$ -	\$ -	\$ 18,655,000	1.58%	\$ 665	
2021	18,655,000	-	-	-	-	18,655,000	1.72%	630	
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	0.66%	192	
2016	5,925,000	-	-	-	-	5,925,000	0.74%	211	
2015	6,395,000	-	-	-	-	6,395,000	0.80%	225	
2014	6,845,000	-	-	-	112,689	6,957,689	0.83%	243	
2013	7,275,000	-	-	-	219,790	7,494,790	0.93%	264	

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**

GOVERNMENTAL ACTIVITIES						Percentage of Taxable Assessed <u>Property Values</u> <sup>a</sup>	Per <u>Capita</u> <sup>b</sup>
Fiscal <u>Year</u>	Obligation <u>Bonds</u>	Redevelopment <u>Bonds</u> <sup>c</sup>	Special Assessment <u>Bonds</u>	<u>Total</u>			
2022	\$ 18,655,000	\$ -	\$ -	\$ 18,655,000	0.99%	\$ 665	
2021	18,655,000	-	-	18,655,000	0.99%	630	
2020	19,390,999	-	-	19,390,999	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%	192	
2016	5,925,000	-	-	5,925,000	0.42%	211	
2015	6,395,000	-	-	6,395,000	0.44%	225	
2014	6,845,000	-	-	6,845,000	0.48%	239	
2013	7,275,000	-	-	7,275,000	0.50%	257	

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, 2022**

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Debt Outstanding 6/30/2022	% Applicable <sup>1</sup>	City's Share of Debt as of 6/30/22
Kern Community College District Safety, Repair & Improvement District	\$ 94,711,081	2.012%	\$ 1,905,587
Kern Community College District School Facilities Improvement District No. 1	92,653,183	13800.000%	12,786,139,254
Sierra Sands Joint Unified School District	14,173,788	77.171%	10,938,054
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 12,798,982,895</b>
		14400.000%	
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Kern County Certificates of Participation	111,722,181	1.987%	2,219,920
Kern County Pension Obligation Bonds	121,862,067	14600.000%	17,791,861,782
Kern County Board of Education Certificates of Participation	32,610,000	1.987%	647,961
Kern County Community College District Certificates of Participation	24,647,000	14700.000%	3,623,109,000
Kern County Community College District Benefit Obligations	74,455,000	1.802%	1,341,679
Sierra Sands Joint Unified School District General Fund Obligations	9,630,293	77.171%	7,431,793
<b>City of Ridgecrest</b>	<b>17,770,000</b>	<b>100.000%</b>	<b>17,770,000</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<b>\$ 21,444,382,135</b>
OVERLAPPING TAX INCREMENT DEBT	22,819,000	100.000%	\$ 22,819,000
<b>TOTAL DIRECT DEBT</b>			<b>\$ 17,770,000</b>
TOTAL OVERLAPPING DEBT			\$ 34,248,414,030
<b>COMBINED TOTAL DEBT</b>			<b>\$ 34,266,184,030</b>

NOTES:

- 1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property tax value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's local taxable assessed value.
- 2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

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

Legal Debt Margin Calculation	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Assessed value	\$ 1,973,322,542	\$ 1,880,398,284	\$ 1,801,831,172	\$ 1,715,326,498	\$ 1,636,977,983
Debt limit (15% of assessed value)	295,998,381	138	270,274,676	257,298,975	245,546,697
Debt applicable to limit:		142			
General obligation bonds	17,770,000	18,655,000	19,390,000	19,955,000	-
Less: Amount set aside for repayment of general obligation debt	1,389,380	1,428,970	1,430,338	1,444,523	4,201
Total net debt applicable to limit	<u>16,380,620</u>	<u>17,226,030</u>	<u>17,959,662</u>	<u>18,510,477</u>	<u>(4,201)</u>
Legal Debt Margin	\$ 279,617,761	\$ (17,225,892)	\$ 252,315,014	\$ 238,788,498	\$ 245,550,898
Total debt applicable to the limit as a percentage of debt limit	<u>5.53%</u>	<u>12482630.43%</u>	<u>6.64%</u>	<u>7.19%</u>	<u>0.00%</u>

NOTES:

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

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

Legal Debt Margin Calculation	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>
Assessed value	\$ 1,534,571,094	\$ 1,420,622,508	\$ 1,445,950,221	\$ 1,437,006,502	\$ 1,458,515,387
Debt limit (15% of assessed value)	230,185,664	213,093,376	216,892,533	215,550,975	218,777,308
Debt applicable to limit:					
General obligation bonds	5,440,000	5,925,000	6,395,000	6,845,000	7,275,000
Less: Amount set aside for repayment of general obligation debt	<u>752,188</u>	<u>751,359</u>	<u>751,356</u>	<u>751,356</u>	<u>751,356</u>
Total net debt applicable to limit	<u>4,687,812</u>	<u>5,173,641</u>	<u>5,643,644</u>	<u>6,093,644</u>	<u>6,523,644</u>
Legal Debt Margin	\$ 225,497,852	\$ 207,919,735	\$ 211,248,889	\$ 209,457,331	\$ 212,253,664
Total debt applicable to the limit as a percentage of debt limit	<u>2.04%</u>	<u>2.43%</u>	<u>2.60%</u>	<u>2.83%</u>	<u>2.98%</u>

NOTES:

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

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

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**SPECIAL ASSESSMENT BONDS**

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Fiscal Year	Special Assessment Collections	Current Account Collections	Debt Service		Coverage
			Principal	Interest	
2022	-	\$ 26,562	-	-	-
2021	-	26,666	-	-	-
2020	-	26,344	-	-	-
2019	-	25,812	-	-	-
2018	-	25,198	-	-	-
2017	-	24,844	-	-	-
2016	-	24,659	-	-	-
2015	-	24,659	-	-	-
2014	-	24,659	-	-	-
2013	-	24,659	-	-	-

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

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<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>
2022	28,061	\$ 1,182,038,197	\$ 42,124	37.2	5,100	1.60%
2021	29,591	1,085,203,467	36,673	36.0	4,950	5.30%
2020	29,350	997,195,013	33,976	35.9	5,185	6.70%
2019	29,712	970,609,926	32,667	35.5	5,118	2.30%
2018	28,822	892,632,904	30,971	35.1	5,085	2.70%
2017	28,349	825,463,347	29,118	35.4	5,020	7.00%
2016	28,064	796,099,346	28,367	35.6	4,963	6.90%
2015	28,419	802,997,317	28,256	35.0	4,944	6.90%
2014	28,638	835,599,564	29,178	35.8	4,933	6.70%
2013	28,348	808,463,982	28,519	33.8	5,008	7.60%

NOTES:

Population projections are provided by California Department of Finance

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

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

\*\* School Enrollment is for the Sierra Sands Unified School District Only

Source: MuniServices, LLC  
[www.cde.ca.gov](http://www.cde.ca.gov)

**City of Ridgecrest  
Schedule 16  
Principal Employers  
Fiscal Year 2022 and Ten Years Prior**

<u>Employer</u>	<u>2021-2022</u>			<u>2012-2013</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>
		138				
Naval Air Weapons Station China Lake*	5,669	1	41.38%	6,242	1	36.72%
Ridgecrest Regional Hospital (Includes Bella Sera)	776	142	5.66%	565	3	3.32%
Searles Valley Minerals	596	3	4.35%	638	2	3.75%
Sierra Sands Unified School District	650	144	4.74%	546	4	3.21%
Walmart Supercenter	308	5	2.25%	219	6	1.29%
Albertson's Inc (2 Locations)	169	6	1.23%	132	8	0.78%
Cerro Coso Community College	163	7	1.19%	145	7	0.85%
City of Ridgecrest**	124	146	0.91%	126	10	0.74%
Alta One Credit Union (2 Locations in Ridgecrest)***	123	9	0.90%	129	9	0.76%
Home Depot	121	147	0.88%			
Jacobs Technology				270	5	1.59%
Total Top Employers	<u>8,699</u>		<u>63.50%</u>	<u>9,012</u>		<u>53.01%</u>
Total Labor Force (1)			13,700			17,000

NOTES:

Source: MuniServices/Avenu Insights & Analytics

Source: 2013, previously published ACFR

Results based on direct correspondence with city's local businesses.

\* Includes civilians, military, and contractors.

\*\* Includes FTE and PTE.

\*\*\* No response from business, prior year count applied.

(1) Total City Employment provided by EDD Labor Force Data.

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

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<b>FUNCTION/PROGRAM</b>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Government										
City Council	5	5	5	5	5	5	5		5	5
City Manager	1	138	1	1	1	1	1.4		1.5	1
City Clerk	1	1	1	1	1	1	1.05		1	1
Finance	6	142	5	5	5	6	6		5.5	5.5
Information Technology	3	2	2	2	2	2	2		2	2
Human Resources	1	144	1	1	1	1	1		1.5	1.5
Community Development	5	3	4	3	2	5.5	4.55		4.5	5
Planning Commissioners	5	5	5	5	5	5	5		5	5
Public Safety										
		146								
Police Officers-Sworn	28	32	32	32	32	32	32		32	32
Other Full Time Employees	19	147	19	19	19	19	17		17	17
PACT Volunteers	60	50	50	60	79	84	82		89	83
Public Works										
Engineering	5	5	5	4	4	5	4		4	3
Maintenance	15	9	9	7	7	7	7		7	7
Transit Services	8	9	8	8	8	8	8		8	8
Wastewater/Sewer	9	9	7	7	5	5	5		5	5
Culture & Recreation	19	19	19	19.5	20.2	19.2	30		27	24

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

<b>FUNCTION/PROGRAM</b>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Police</b>					
Physical Arrests	2,147	2,980	2,273	2,539	2,609
Parking Violations	54	68	75	161	293
Traffic Violations	689	642	677	592	478
<b>Community Development</b>					
Building Permits Issued	1,441	1,334	929	2,395	759
Building Permits Valuation (in millions)	17	25	21	12	20
Building Inspections Performed	2,962	2,928	1,687	1,533	1,924
Planning Permits Issued	80	80	70	78	127
<b>Public Services</b>					
Street Resurfacing (miles)	7	10	8	5	7
Street Light Replacement <sup>a</sup>	n/a	n/a	n/a	n/a	n/a
Potholes Filled	1,080	1,150	1,200	1,250	1,540
Waste Water Average Daily Treatment (millions of gallons)	2	2	2	2	2
Transit Route (Service) Miles <sup>c</sup>	45,399	43,603	76,777	96,315	143,290
Transit Passenger Count	4,980	3,895	9,165	11,537	12,151
<b>Parks &amp; Recreation <sup>d</sup></b>					
Sports Field Participation	159,713	34,825	49,210	135,869	130,869
Community Center/Gym/Pool Participation	58,800	8,910	60,289	67,707	69,707
Other Participation	64,600	46,510	45,110	65,605	65,605

**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
- c) Transit Route Miles and Passenger Count lower in 2020 and 2021 due to the COVID-19 pandemic restrictions
- d) Parks and Recreation numbers were significantly lower in 2020 and 2021 due to the COVID-19 pandemic restrictions

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

<b>FUNCTION/PROGRAM</b>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Police</b>					
Physical Arrests	2,972	1,495	2,805	1,281	2,346
Parking Violations	195	126	148	114	293
Traffic Violations	325	408	458	792	1,540
<b>Community Development</b>					
Building Permits Issued	1,655	1,305	604	1,020	705
Building Permits Valuation (in millions)	17	21	6	9	5
Building Inspections Performed	3,523	2,718	2,684	1,925	1,603
Planning Permits Issued	see note b	see note b	173	163	137
<b>Public Services</b>					
Street Resurfacing (miles)	9	7	8	2	2
Street Light Replacement <sup>a</sup>	n/a	n/a	n/a	n/a	n/a
Potholes Filled	1,650	1,800	2,200	2,400	3,600
Waste Water Average Daily Treatment (millions of gallons)	2	2	2	2	2
Transit Route (Service) Miles <sup>c</sup>	98,317	97,006	96,112	95,869	76,849
Transit Passenger Count	15,957	13,629	17,101	17,724	13,516
<b>Parks &amp; Recreation <sup>d</sup></b>					
Sports Field Participation	129,869	103,449	81,259	75,113	70,917
Community Center/Gym/Pool Participation	69,707	76,259	105,984	103,218	95,785
Other Participation	65,605	36,094	65,713	72,615	45,312

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
- c) Transit Route Miles and Passenger Count lower in 2020 and 2021 due to the COVID-19 pandemic restrictions
- d) Parks and Recreation numbers were significantly lower in 2020 and 2021 due to the COVID-19 pandemic restrictions

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

FUNCTION/PROGRAM	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	15	19	20	20	20	20	20	18	17	17
Motorcycle unit	4	138	4	4	4	4	4	5	8	7
K-9 unit	1	1	1	1	1	1	1	1	1	1
		142								
<b>Streets</b>										
Streets (centerline miles) <sup>1</sup>	126	144	126	216	216	216	216	216	216	132
Streetlights <sup>2</sup>	1546	1546	1546	1540	1540	1540	1540	1502	1469	1520
<b>Traffic Signals</b>										
CalTrans maintained	7	7	7	7	7	7	7	7	7	7
City of Ridgecrest maintained	14	146	14	14	14	14	12	12	10	9
		147								
<b>Culture &amp; Recreation</b>										
Total Park Acreage	46.88	46.88	46.88	46.88	46.88	46.88	46.88	46.88	46.88	46.88
Parks	3	3	3	5	5	5	5	5	5	5
Baseball Fields	5	5	5	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	0	0	1	1	1	1
Community Centers	2	2	2	2	2	2	2	2	2	2
<b>Waste Water</b>										
Sanitary Sewers (miles)	142	142	142	142	142	142	142	142	142	142*
Storm Sewers (miles)	5	5	5	5	5	5	5	5	5	5
Treatment Capacity (millions of gallons/day)	3.6	3.7	3.7	3.6	3.6	3.6	3.6	3.6	3.6	3.6
<b>Transit Services</b>										
<b>Minibuses</b>										
Fixed Route	2	2	7	8	8	8	8	8	7	6
Dial A Ride	5	5	3	2	1	1	1	2	2	3
Bus Shelters	10	10	10	10	10	10	9	8	8	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 ACFR were lights located on city properties