

CITY OF RIDGECREST

Annual Comprehensive Financial Report



**For the Fiscal
Year Ended
June 30, 2023**

City of Ridgecrest, California



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2023

Prepared by the Finance Department

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Kerisa Isaac, Account Clerk

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February 28, 2024

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Ridgecrest, California (City) for the Fiscal Year ended June 30, 2023. 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. Taken together, the ACFR and the budget provide the best overview of the City's fiscal opportunities for future financial stability.

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.

The City's financial statements have been audited by The Pun Group, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2023 are free of material misstatement. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation.

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



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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 now provides shopping for over 40,000 people throughout the Indian Wells Valley.

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 29,000 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.

ECONOMIC DEVELOPMENT AND OUTLOOK

The full effects of the COVID-19 pandemic have yet to be seen, but the City has begun to see some of the effects within Transient Occupancy Tax (TOT) and sales tax revenues. These revenues are more sensitive to the economic swings; and represent 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 last year and is now at 3.5%. California's unemployment rate is 4.6%, while Kern County's rate is 8.8%.

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 \$6.7 million in Measure L and V funds for fiscal year 2023.

As a result of the November 8, 2022 election, the City successfully passed a local option sales tax called Measure P. This measure added 1% to the sales tax making it a total of 9.25%. It became effective on April 1, 2023.

Property tax is imposed on real property and tangible personal property located within the City. Property is assessed by the County Assessor at a tax rate of 1% of the assessed value. The City receives about 5% of the tax rate from the County of Kern- Auditor/ Controller's Office. 2016 saw the first property tax increase since 2010 and this increase represents 33%. The City anticipates property taxes will level out and continue to conservatively budget future year's proceeds.

Sales tax is the City's single largest revenue source. The total sales tax in Kern County incorporated area 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. In the past 10 years, the City's sales tax revenue has continuously climbed at an average rate of 15%.



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Transient Occupancy Tax is the City's third largest revenue source and 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 and the total rate is 15%, including 5% that is a pass-through to the Ridgecrest Area Convention and Visitor's Bureau (RACVB). In past years, TOT collections have provided 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.

Business License Tax is another significant source of City revenue. It is not regulatory in nature, but based on unit count as opposed to the more common gross receipt ordinances by other cities throughout the state. FY23 saw an increase of 6.5% and the City plans to continue increasing the tax based on CPI.

In FY 2023 (July 2022-June 2023) the City of Ridgecrest experienced consistent growth with the completion and approval of several ongoing and planned projects. To date, the major economic development accomplishments for FY 2023 include the following:

- In partnership with the City's major employer, NAWS China Lake, the \$3.87B earthquake recovery/rebuild projects on the military installation are tracking on schedule, with many projects nearing completion in 2023 or early 2024. Ribbon cutting ceremonies were scheduled for the following recently completed projects: March 2023 - community support facilities (P1916, all-faith chapel/gym); September 2023 – academic training center (P1924); October 2023 – Peggy Rogers laboratory (P1903); November 2023 – runway repair/extension (P810). Remaining projects are scheduled to reach completion by Q3/Q4 2025.
- As a result of the earthquake recovery efforts, the Temporary Employee Housing tract reached peak capacity (1,100 beds) in July 2023 and occupancy is expected to begin declining for the remainder of the calendar year as projects reach completion. Deconstruction of the TEH facilities is projected to begin EOY 2024 with the potential to increase demand for temporary housing needs.
- Race Communications has continued 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, approximately 80% of the jurisdiction has access to Race Communications high-speed internet services, with full completion expected by Q1 2024. Full completion will include open access to high-speed internet services in public spaces i.e. parks, City facilities, etc.
- Frontier Communications has joined the fiber-optic infrastructure buildout effort, with an overall goal of 60% City-wide buildout; currently the project is at 30% completion, with final completion TBD.
- Local start-up businesses that have or are projected to open to the community within the current fiscal year include Tacos & Burgers (fast-casual restaurant), The Minit Shop (gas station convenience store with food service), Kung Fu Tea (franchise bubble tea shop) and pending plans for a brick and mortar bakery establishment on downtown Balsam St.
- Retail opportunities are projected to increase during the fiscal year with recent tenant improvement plan approvals for Ross Dress for Less and Five Below chains. City staff continue to coordinate with HdL consultants regarding potential retail recruitment opportunities for continued infill development.
- The Oasis at China Lake project has continued to progress with the grand opening of Frosty Peaks (frozen yogurt) in September 2023 and the ongoing construction of two new fast-casual restaurant pads (The Habit Burger Grill & Jersey Mike's Subs). Phase II is projected to begin construction by Q1/Q2 of 2024 and will include the following entertainment components: seven-screen movie theater; arcade; bowling alley; and a proposed eighteen-hole miniature golf course.
- The 76-unit affordable housing development, Mojave View Apartments, will be undergoing its final inspection in October and is expected to open to the public in Q4 2023. Public improvements to the area per the Affordable Housing Sustainable Communities Grant will be completed by 2025.



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- The hospitality industry continues to expand lodging options with the recently opened Holiday Inn Express (103 rooms) and ongoing construction of the Towne Place Suites (96 room) hotels which is projected to reach completion by Q4 2023 or Q1 2024.
- Local electric vehicle infrastructure will be increased as a result of the ongoing development of an EV Charge Park & Coffee facility which will include twenty (20) Level 2 and Level 3 charging stations. Site work is currently underway with a projected timeline of eight months from pad to completion.
- Pending final Council approval in October, TBID rates to increase from 3.0% to 5.75% allowing the Ridgecrest Area Convention and Visitor's Bureau an increased revenue stream to support local tourism and hospitality industries.

As the City of Ridgecrest approaches capacity for fast-casual dining establishments, economic development efforts for the remainder of the current fiscal year will be focused on improving the local businesses environment through revitalization of the historic downtown area. Recent & continued efforts to revitalize the Balsam Street retail corridor will help to increase visibility and support for local businesses and create a space to facilitate community events and shared place-making experiences.

- Beginning in February 2023, the City kicked off a new community event series, "Night on Balsam", aimed at creating a community sense of place with the intention to help drive pedestrian traffic to the local Balsam Street business corridor. The success of "Night on Balsam" was instantly apparent through public sentiment – with estimates of approximately four thousand (4000) residents in attendance. Since the initial event, the City has hosted additional "Night on Balsam" events in May and August '23 with a goal to host at least four (4) annual "Night on Balsam" events in subsequent years.
- City staff continue to pursue projects to improve downtown aesthetics & logistics for ongoing community event series "Night on Balsam". Recently new lighting features were installed along Balsam Street to improve ambiance and enhance public safety for night-time events and activities.
- The City partnered with CGI Banner Program to provide an opportunity for local Ridgecrest businesses to participate as sponsors for newly designed City banners on approved City-owned poles along the retail corridor of Balsam St. and Ridgecrest Blvd. To date, all fifty-three (53) of the identified posts have designated sponsors, with twenty-nine (29) local businesses sponsoring one or more banner. Banner installation is projected to complete in Q4 2023 or Q1 2024. Banner designs will be updated on an annual basis with the potential to expand pole coverage for additional sponsorship space in future years.
- The City is currently in the early stages of exploring options for downtown redevelopment concepts. In Q3 2023 Urban Field Studios provided City staff with overall master and key block renderings of conceptual Balsam corridor redesigns. These renderings are intended to be used as a resource for potential future development, pending available funding opportunities. Components to be explored include place-making ideas i.e. shaded outdoor gathering spaces, improved streetscapes, parking/pedestrian strategies, and shade & wind protection.

The City continues to expect mild growth in the next few years. Meanwhile, the City will continue to project revenues conservatively while reducing expenditures to maintain core services. The City is cautiously optimistic and is budgeting conservatively for the next year. A reduction of any size could mean reductions in services to the community, and the City is prepared to do it without compromising the basic and critical services to its residents.

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.



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

BUDGETARY INFORMATION:

The City maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse 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."

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.

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. Measure P, which was approved by the voters in November 2022, will continue at a rate of 1% for 9 years. FY 2022-23 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.

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

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.

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



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report (ACFR) for the fiscal year ended June 30, 2022. This was the 19th 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.

ACKNOWLEDGMENTS

While the 2023 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,

Ronald Strand
City Manager

Cheri Freese
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Ridgecrest
California**

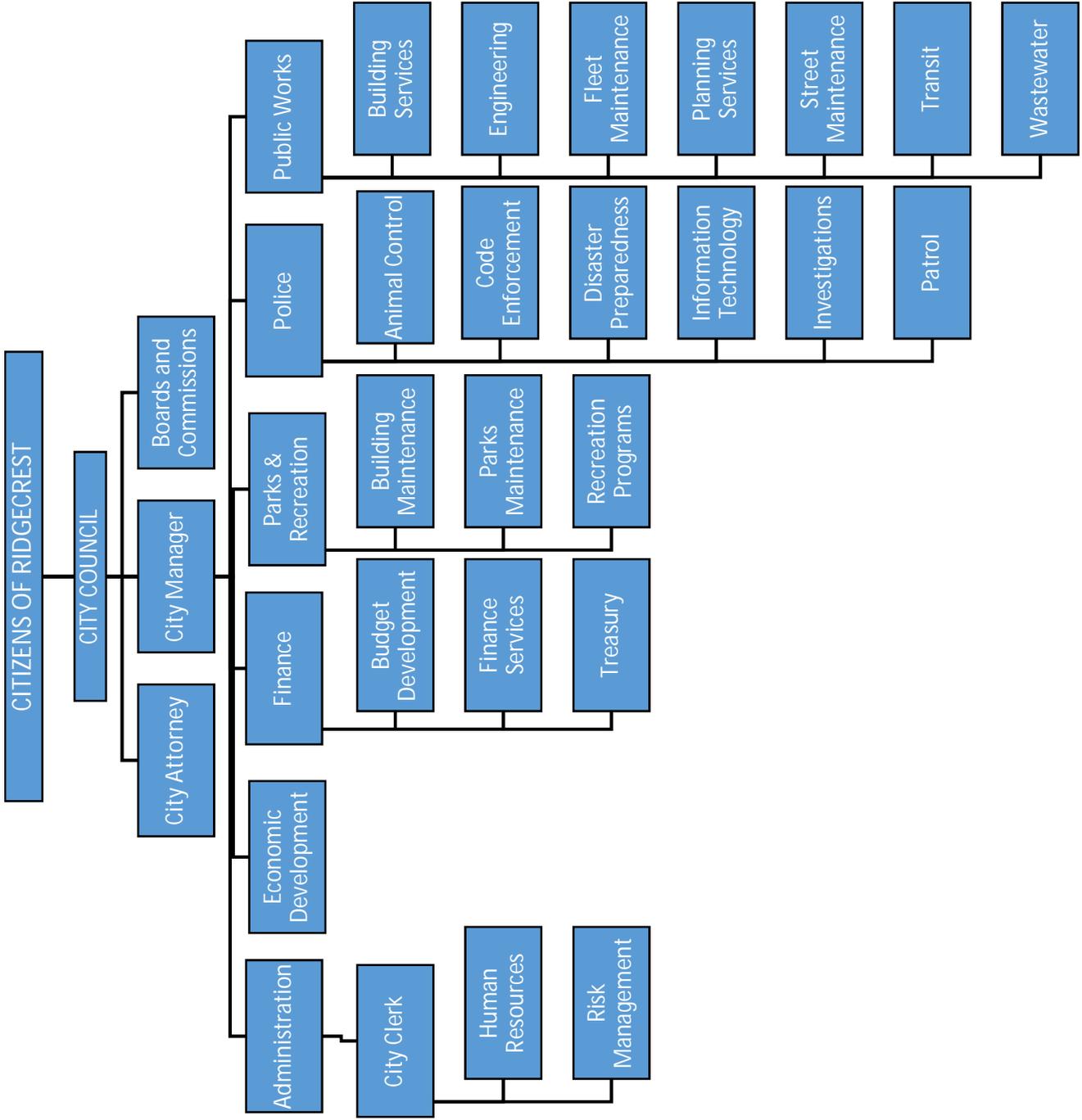
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

City of Ridgecrest Organization Chart





City of Ridgecrest

Annual Comprehensive Financial Report

Principal Officials

Eric A. Bruen – Mayor
Solomon P. Rajaratnam – Mayor Pro-Tempore
Kyle Blades – Vice Mayor
Scott Hayman – Council Member
John ‘Skip’ Gorman – Council Member

City Staff

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

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INDEPENDENT AUDITORS' REPORT



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

Report on the Audit of the Financial Statements

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, 2023, 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, 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 auditors’ 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 auditors' 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 February 28, 2024, 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.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
February 28, 2024

City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Ridgecrest
Management's Discussion and Analysis (Unaudited)
June 30, 2023

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, 2023, as well as the budget for FY23. 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 \$122 million, which is 9% less than 2022. Of this amount, \$41 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 decreased by \$4.3 million, and business type by \$7.5 million, for a total decrease of \$11.8 million. This decrease is primarily attributed to the spending of Measure V sales tax dollars, and the spending of the wastewater reserve funding. The City has seen the successful completion of multiple Measure V funded projects over the last year and the planning and preparation costs for the new wastewater treatment plan is underway.

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)
June 30, 2023

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 of these non-major governmental funds is provided in the form of combining statements on pages 108-113.

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 38-41.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-88.

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 93-101.

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Below is a table showing the City's statement of net position as of June 30, 2023, with comparative data as of June 30, 2022.

City of Ridgecrest's Statement of Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current assets	\$ 41,596,454	\$ 31,031,700	\$ 44,011,886	\$ 45,950,232	\$ 85,608,340	\$ 76,981,932
Noncurrent assets	509,530	7,154,674	1,483,603	4,123,085	1,993,133	11,277,759
Internal balance	(2,625,203)	-	2,625,203	-	-	-
Capital assets	58,475,170	55,142,182	15,131,537	15,215,765	73,606,707	70,357,947
Total assets	<u>97,955,951</u>	<u>93,328,556</u>	<u>63,252,229</u>	<u>65,289,082</u>	<u>161,208,180</u>	<u>158,617,638</u>
Deferred outflows	1,967,776	5,012,231	758,076	2,681,061	2,725,852	7,693,292
Current liabilities	9,645,120	6,581,437	2,097,198	969,074	11,742,318	7,550,511
Long-term liabilities	24,160,812	21,102,830	1,575,491	194,357	25,736,303	21,297,187
Total liabilities	<u>33,805,932</u>	<u>27,684,267</u>	<u>3,672,689</u>	<u>1,163,431</u>	<u>37,478,621</u>	<u>28,847,698</u>
Deferred inflows	2,422,277	2,650,638	1,678,532	662,637	4,100,809	3,313,275
Net investment in						
capital assets	58,475,170	55,142,182	15,131,537	15,215,765	73,606,707	70,357,947
Restricted	7,991,076	7,795,261	-	-	7,991,076	7,795,261
Unrestricted (deficit)	(2,770,728)	5,068,439	43,527,547	50,928,310	40,756,819	55,996,749
Total net position	<u>\$ 63,695,518</u>	<u>\$ 68,005,882</u>	<u>\$ 58,659,084</u>	<u>\$ 66,144,075</u>	<u>\$122,354,602</u>	<u>\$134,149,957</u>

The chart above reflects the City's combined net position (governmental and business-type activities), which totals \$122 million on June 30, 2023 and \$134 million on June 30, 2022.

60.16% 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.

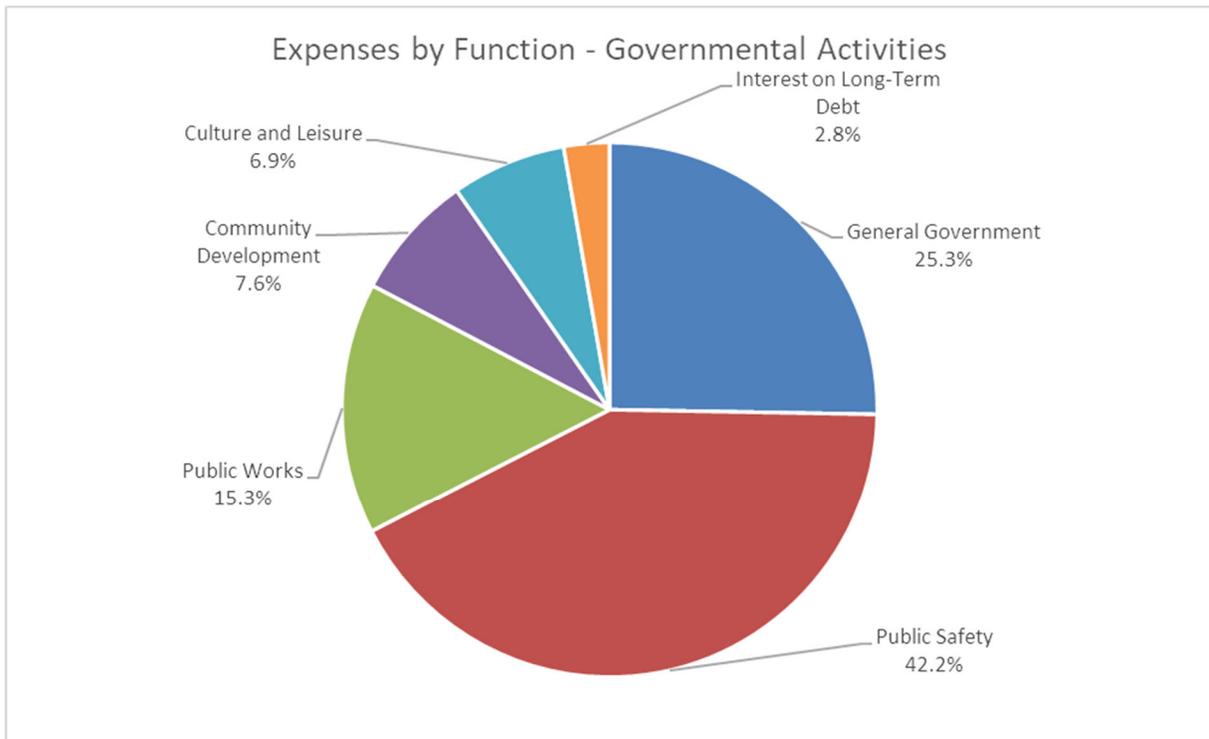
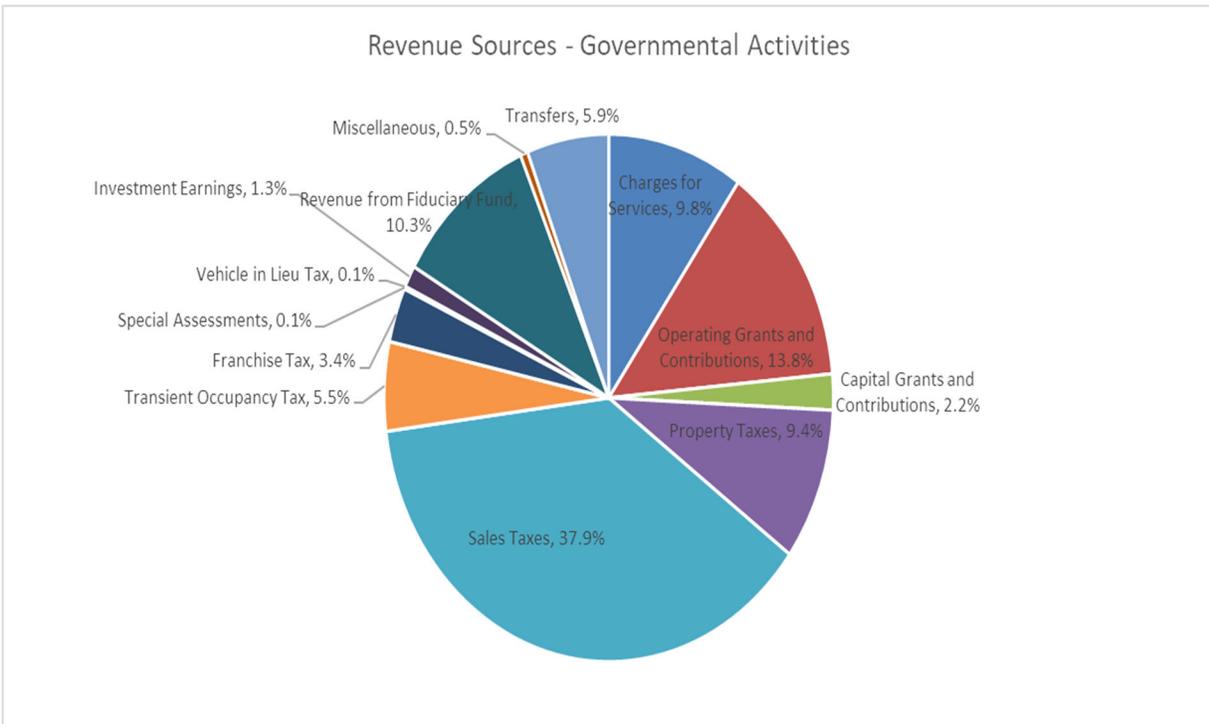
The remaining amount of the City's net position (39.84%) represents resources that are subject to external restrictions (e.g., capital projects, community development, debt services, and special projects) and resources that are unrestricted to meet the City's ongoing obligations to citizens and creditors.

At the end of the FY 2022-23, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net position was decreased by \$11.8 million during the fiscal year, a 9% decrease. This decrease is primarily attributed to the spending of Measure V sales tax dollars, and the spending of the wastewater reserve funding. The City has seen the successful completion of multiple Measure V funded projects over the last year and the planning and preparation costs for the new wastewater treatment plan is underway.

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

Governmental Activities

Governmental activities decreased the City's net position by \$4.3 million. The decrease in the net position for governmental activities is attributed to the spending of Measure V tax dollars by successfully completing multiple street projects. 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)
June 30, 2023

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	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,363,975	\$ 4,721,293	\$ 6,516,741	\$ 7,224,173	\$ 9,880,716	\$ 11,945,466
Operating grants and contributions	4,736,089	2,544,996	137,212	154,889	4,873,301	2,699,885
Capital grants and contributions	760,130	-	-	-	760,130	-
Total program revenues	8,860,194	7,266,289	6,653,953	7,379,062	15,514,147	14,645,351
General revenues:						
Taxes:						
Property taxes	3,221,039	3,008,839	-	-	3,221,039	3,008,839
Sales taxes	13,030,058	10,955,498	-	-	13,030,058	10,955,498
Transient occupancy tax	1,879,068	1,751,721	-	-	1,879,068	1,751,721
Franchise tax	1,153,716	980,064	-	-	1,153,716	980,064
Special Assessments	29,080	29,228	-	-	29,080	29,228
Vehicle in lieu tax	28,763	34,185	1,457,998	-	1,486,761	34,185
Total taxes	19,341,724	16,759,535	1,457,998	-	20,799,722	16,759,535
Investment earnings	458,850	142,019	520,425	159,136	979,275	301,155
Revenues from Fiduciary Fund	3,540,403	250,000	-	-	3,540,403	250,000
Miscellaneous	185,261	196,279	1,080,990	252,652	1,266,251	448,931
Total general revenues	23,526,238	17,347,833	3,059,413	411,788	26,585,651	17,759,621
Total revenues	32,386,432	24,614,122	9,713,366	7,790,850	42,099,798	32,404,972
Expenses:						
General government	9,320,389	(2,156,848)	-	-	9,320,389	(2,156,848)
Public safety	14,727,340	(682,802)	-	-	14,727,340	(682,802)
Public works	9,316,241	7,129,835	-	-	9,316,241	7,129,835
Community development	2,420,937	1,264,593	-	-	2,420,937	1,264,593
Culture & Leisure	2,116,363	1,990,216	-	-	2,116,363	1,990,216
Interest on long-term debt	822,640	868,449	-	-	822,640	868,449
Transit	-	-	4,389,919	(1,461,529)	4,389,919	(1,461,529)
Wastewater	-	-	10,781,324	405,421	10,781,324	405,421
Total expenses	38,723,910	8,413,443	15,171,243	(1,056,108)	53,895,153	7,357,335
Change in net position	(6,337,478)	16,200,679	(5,457,877)	8,846,958	(11,795,355)	25,047,637
Transfers	2,027,114	141,652	(2,027,114)	(141,652)	-	-
Increase (decrease) in net position	(4,310,364)	16,342,331	(7,484,991)	8,705,306	(11,795,355)	25,047,637
Net position, beginning of year	68,005,882	51,663,551	66,144,075	57,438,769	134,149,957	109,102,320
Net position, end of year	\$ 63,695,518	\$ 68,005,882	\$ 58,659,084	\$ 66,144,075	\$ 122,354,602	\$ 134,149,957

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

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 decreased the City's net position by \$7.5 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. The decrease in the net position is due to the planning and preparation costs for the new Wastewater Treatment Facility.

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)
June 30, 2023

The following schedule is a summary of governmental fund revenues for fiscal year ended June 30, 2023, 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 20-21 Amount	Percent of Total	FY 21-22 Amount	Percent of Total	FY 22-23 Amount	Percent of Total
Taxes	\$ 14,977,624	68.3%	\$ 17,045,507	69.2%	\$ 19,599,223	60.6%
Intergovernmental	3,945,653	18.0%	3,254,124	13.2%	5,904,738	18.2%
Licenses, permits & fees	1,493,009	6.8%	1,750,147	7.1%	933,322	2.9%
Fines and forfeitures	72,893	0.3%	81,580	0.3%	57,537	0.2%
Assessment levied	27,122	0.1%	29,228	0.1%	29,080	0.1%
Use of money & property	231,702	1.1%	453,242	1.8%	752,121	2.3%
Charges for services	528,631	2.4%	1,351,176	5.5%	1,278,259	4.0%
Other revenues	395,851	1.8%	402,547	1.6%	263,222	0.8%
Transfer from fiduciary funds	251,486	1.1%	250,000	1.0%	3,540,403	10.9%
Total	\$ 21,923,971	100.0%	\$ 24,617,551	100.0%	\$ 32,357,905	100.0%

As of the end of the current year, the City of Ridgecrest’s governmental funds reported combined ending fund balances of \$28.01 million, an increase of \$4.4 million in comparison to the FY 2021-2022 ending fund balance. Of this ending balance, the unassigned fund balance is \$12.92 million, the assigned fund balance is \$9.1 million, the restricted fund balance is \$5.73 million, and the committed fund balance is \$177,110.

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 \$177,110 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 \$9,127,284, \$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 \$5,731,887, \$4,861,065 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 and Measure P local option sales taxes. 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 \$3 million in resources over charges to appropriations. This increased the General Fund balance to \$20.48 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)
June 30, 2023

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, 2023				For the Fiscal Year Ended June 30, 2022			
	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final			Original	Final		
Fund balance, July 1			\$ 17,452,014			\$ 12,291,903		
REVENUES:								
Taxes	\$ 16,516,757	\$ 17,991,757	19,599,223	\$ 1,607,466	\$ 14,146,597	\$ 14,350,209	17,045,507	\$ 2,695,298
Intergovernmental revenue	970,839	1,133,261	658,454	(474,807)	491,441	561,441	313,949	(247,492)
Licenses, fees, and permits	537,500	537,500	612,814	75,314	532,500	532,500	804,524	272,024
Fines and forfeitures	53,250	53,250	57,537	4,287	46,250	46,250	81,580	35,330
Use of money and property	380,715	380,715	577,516	196,801	416,130	416,130	402,362	(13,768)
Charges for services	602,965	1,319,681	1,278,259	(41,422)	626,516	626,516	1,351,176	724,660
Transfers from fiduciary funds	250,000	250,000	3,540,403	3,290,403	250,000	250,000	250,000	-
Other revenues	227,400	227,400	239,410	12,010	234,400	234,400	353,845	119,445
Total revenues	19,539,426	21,893,564	26,563,616	4,670,052	16,743,834	17,017,446	20,602,943	3,585,497
EXPENDITURES:								
Current:								
General government	2,608,946	3,273,055	3,122,147	150,908	2,748,179	3,032,708	2,419,074	613,634
Public safety	7,266,659	7,446,346	7,078,009	368,337	6,871,324	6,934,293	5,587,410	1,346,883
Public works	669,907	574,540	394,433	180,107	604,277	912,456	315,392	597,064
Community development	1,649,699	1,735,273	1,389,004	346,269	1,363,415	1,827,354	1,031,402	795,952
Culture and leisure	2,171,491	2,241,578	2,011,619	229,959	1,876,462	2,074,803	1,797,774	277,029
Capital Outlay	713,000	313,592	429,679	(116,087)	792,600	928,709	604,514	324,195
Debt Service:								
Principal	138,394	138,394	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	15,218,096	15,722,778	14,424,891	(1,297,887)	14,256,257	15,710,323	11,755,566	3,954,757
OTHER FINANCING SOURCES (USES):								
Transfers in	876,716	265,000	165,962	(99,038)	967,452	1,125,813	-	(1,125,813)
Transfers out	(9,384,911)	(8,870,153)	(9,280,749)	(410,596)	(7,304,543)	(6,281,218)	(3,687,266)	(2,593,952)
Total other financing sources (uses)	(8,508,195)	(8,605,153)	(9,114,787)	(509,634)	(6,337,091)	(5,155,405)	(3,687,266)	(3,719,765)
Excess of resources over (under) charges to appropriations	\$ (4,186,865)	\$ (2,434,367)	3,023,938	\$ 5,458,305	\$ (3,849,514)	\$ (3,848,282)	5,160,111	\$ (4,089,025)
Fund balance, June 30			\$ 20,475,952				\$ 17,452,014	

CAPITAL ASSETS AND DEBT ADMINISTRATION

The City's investment in capital assets for its Governmental and Business-Type activities as of June 30, 2023, amounts to \$73.6 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 \$218,000 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)
June 30, 2023

	Government Activities	Business-Type Activities	Total	Fiduciary Activities
<i>Non-Depreciable Assets:</i>				
Land	\$ 2,434,499	\$ 1,614,217	\$ 4,048,716	\$ 2,202,440
Construction in process	12,691,378	836,936	13,528,314	-
Total non-depreciable assets, net	<u>15,125,877</u>	<u>2,451,153</u>	<u>17,577,030</u>	<u>2,202,440</u>
<i>Depreciable Assets:</i>				
Buildings and improvements	10,873,302	3,375,450	14,248,752	12,092,609
Machinery and equipment	11,325,600	5,300,985	16,626,585	-
Infrastructure	130,017,437	21,182,072	151,199,509	-
	<u>152,216,339</u>	<u>29,858,507</u>	<u>182,074,846</u>	<u>12,092,609</u>
Less accumulated depreciation	<u>(108,867,046)</u>	<u>(17,178,123)</u>	<u>(126,045,169)</u>	<u>(10,903,773)</u>
Total depreciable assets, net	<u>43,349,293</u>	<u>12,680,384</u>	<u>56,029,677</u>	<u>1,188,836</u>
Total capital assets	<u>\$ 58,475,170</u>	<u>\$ 15,131,537</u>	<u>\$ 73,606,707</u>	<u>\$ 3,391,276</u>

Additional information about the capital assets can be found in Note 8 on pages 71 and 72 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 \$17.4 million. Long Term Debt for Business-type activities has a balance of \$244,423, and Long-Term Debt for Fiduciary Funds has a balance of \$19.4 million from the 2018 Tax Allocation Refunding Bond to provide funds to refund the 2010 Tax Allocation Bonds.

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 9 on page 73 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The full effects of the COVID-19 pandemic have yet to be seen, but the City has begun to see some of the effects within Transient Occupancy Tax (TOT) and sales tax revenues. These revenues are more sensitive to the economic swings; and represent 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 last year and is now at 3.5%. California's unemployment rate is 4.6%, while Kern County's rate is 8.8%.

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 \$6.7 million in Measure L and V funds for fiscal year 2023.

As a result of the November 8, 2022 election, the City successfully passed a local option sales tax called Measure P. This measure added 1% to the sales tax making it a total of 9.25%. It became effective on April 1, 2023.

City of Ridgecrest
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2023

Property tax is imposed on real property and tangible personal property located within the City. Property is assessed by the County Assessor at a tax rate of 1% of the assessed value. The City receives about 5% of the tax rate from the County of Kern- Auditor/ Controller's Office. 2016 saw the first property tax increase since 2010 and this increase represents 33%. The City anticipates property taxes will level out and continue to conservatively budget future year's proceeds.

Sales tax is the City's single largest revenue source. The total sales tax in Kern County incorporated area 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. In the past 10 years, the City's sales tax revenue has continuously climbed at an average rate of 15%.

Transient Occupancy Tax is the City's third largest revenue source and 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 and the total rate is 15%, including 5% that is a pass-through to the Ridgecrest Area Convention and Visitor's Bureau (RACVB). In past years, TOT collections have provided 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.

Business License Tax is another significant source of City revenue. It is not regulatory in nature, but based on unit count as opposed to the more common gross receipt ordinances by other cities throughout the state. FY23 saw an increase of 6.5% and the City plans to continue increasing the tax based on CPI.

The City continues to expect mild growth in the next few years. Meanwhile, the City will continue to project revenues conservatively while reducing expenditures to maintain core services. The City is cautiously optimistic and is budgeting conservatively for the next year. A reduction of any size could mean reductions in services to the community, and the City is prepared to do it without compromising the basic and critical services to its residents.

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 NAWS China Lake 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
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Basic Financial Statements



City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Government-Wide Financial Statements



City of Ridgecrest
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 36,166,615	\$ 43,358,275	\$ 79,524,890
Cash and investments with fiscal agents	2,480	-	2,480
Receivables:			
Accounts	1,668,477	358,122	2,026,599
Taxes	3,516,532	-	3,516,532
Loans	15,104	-	15,104
Leases	201,658	-	201,658
Interest	138,296	156,404	294,700
Deposits	10,241	-	10,241
Internal balances, current	(139,085)	139,085	-
Inventories	16,136	-	16,136
Prepaid items	-	-	-
Total current assets	<u>41,596,454</u>	<u>44,011,886</u>	<u>85,608,340</u>
Noncurrent assets:			
Due from fiduciary funds	56,345	1,483,603	1,539,948
Internal balances, noncurrent	(2,625,203)	2,625,203	-
Loans receivable	139,218	-	139,218
Leases receivable	313,967	-	313,967
Capital assets:			
Nondepreciable	15,125,877	2,451,153	17,577,030
Depreciable, net	43,349,293	12,680,384	56,029,677
Total capital assets, net	<u>58,475,170</u>	<u>15,131,537</u>	<u>73,606,707</u>
Total noncurrent assets	<u>56,359,497</u>	<u>19,240,343</u>	<u>75,599,840</u>
Total assets	<u>97,955,951</u>	<u>63,252,229</u>	<u>161,208,180</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related deferred outflows	1,705,751	701,724	2,407,475
OPEB-related deferred outflows	262,025	56,352	318,377
Total deferred outflows of resources	<u>1,967,776</u>	<u>758,076</u>	<u>2,725,852</u>

City of Ridgecrest
Statement of Net Position (Continued)
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	3,135,815	1,259,782	4,395,597
Interest payable	66,993	-	66,993
Salaries payable	519,230	52,100	571,330
Other payroll deductions payable	11,205	-	11,205
Deposits payable	315,903	-	315,903
Unearned revenue	3,730,857	680,281	4,411,138
Claims payable - due within one year	466,817	-	466,817
Compensated absences - due within one year	643,300	105,035	748,335
Long-term debt - due within one year	755,000	-	755,000
Total current liabilities	9,645,120	2,097,198	11,742,318
Long-term liabilities:			
Claims payable - due in more than one year	2,281,285	-	2,281,285
Aggregate net pension liability	3,212,126	1,330,793	4,542,919
Net OPEB liability	489,660	105,310	594,970
Compensated absences - due in more than one year	1,501,042	139,388	1,640,430
Long-term debt - due in more than one year	16,676,699	-	16,676,699
Total long-term liabilities	24,160,812	1,575,491	25,736,303
Total liabilities	33,805,932	3,672,689	37,478,621
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows	1,870,469	1,667,820	3,538,289
OPEB-related deferred inflows	49,802	10,712	60,514
Lease-related deferred inflows	502,006	-	502,006
Total deferred inflows of resources	2,422,277	1,678,532	4,100,809
NET POSITION			
Net investment in capital assets	58,475,170	15,131,537	73,606,707
Restricted for:			
Special projects	2,357,523	-	2,357,523
Capital projects	5,329,618	-	5,329,618
Other purpose	262,431	-	262,431
Total restricted	7,991,076	-	7,991,076
Unrestricted (deficit)	(2,770,728)	43,527,547	40,756,819
Total net position	\$ 63,695,518	\$ 58,659,084	\$ 122,354,602

City of Ridgecrest
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 9,320,389	\$ 3,335,953	\$ 790,301	\$ -	\$ 4,126,254
Public safety	14,727,340	-	1,952,552	-	1,952,552
Public works	9,316,241	4,516	1,993,236	760,130	2,757,882
Community development	2,420,937	23,306	-	-	23,306
Culture and leisure	2,116,363	200	-	-	200
Interest on long-term debt	822,640	-	-	-	-
Total governmental activities	38,723,910	3,363,975	4,736,089	760,130	8,860,194
Business-Type activities:					
TDA transit	4,389,919	302,370	137,212	-	439,582
Wastewater improvement	10,781,324	6,214,371	-	-	6,214,371
Total business-type activities	15,171,243	6,516,741	137,212	-	6,653,953
Total primary government	\$ 53,895,153	\$ 9,880,716	\$ 4,873,301	\$ 760,130	\$ 15,514,147

City of Ridgecrest
Statement of Activities (Continued)
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (5,194,135)	\$ -	\$ (5,194,135)
Public safety	(12,774,788)	-	(12,774,788)
Public works	(6,558,359)	-	(6,558,359)
Community development	(2,397,631)	-	(2,397,631)
Culture and leisure	(2,116,163)	-	(2,116,163)
Interest on long-term debt	(822,640)	-	(822,640)
Total governmental activities	(29,863,716)	-	(29,863,716)
Business-Type activities:			
TDA transit	-	(3,950,337)	(3,950,337)
Wastewater improvement	-	(4,566,953)	(4,566,953)
Total business-type activities	-	(8,517,290)	(8,517,290)
Total primary government	(29,863,716)	(8,517,290)	(38,381,006)
General revenues:			
Taxes:			
Property taxes	3,221,039	-	3,221,039
Sales taxes	13,030,058	-	13,030,058
Transient occupancy tax	1,879,068	-	1,879,068
Franchise tax	1,153,716	-	1,153,716
Special assessments	29,080	-	29,080
Vehicle in lieu tax	28,763	1,457,998	1,486,761
Total taxes	19,341,724	1,457,998	20,799,722
Investment earnings	458,850	520,425	979,275
Revenue from Fiduciary Fund	3,540,403	-	3,540,403
Miscellaneous	185,261	1,080,990	1,266,251
Transfers	2,027,114	(2,027,114)	-
Total general revenues and transfers	25,553,352	1,032,299	26,585,651
Change in net position	(4,310,364)	(7,484,991)	(11,795,355)
Net position - beginning of year	68,005,882	66,144,075	134,149,957
Net position - end of year	\$ 63,695,518	\$ 58,659,084	\$ 122,354,602

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Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Fund Financial Statements

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



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City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Governmental Fund Financial Statements



City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Funds of the City are outlined below:

General Fund - This fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In 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, 2023**

	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
ASSETS					
Cash and investments	\$ 20,790,192	\$ 3,593,884	\$ 155,668	\$ 2,002,761	\$ 772,994
Cash and investments with fiscal agent	-	-	-	-	2,480
Receivables:					
Accounts	300,678	-	60,074	1,209,991	-
Taxes	3,516,532	-	-	-	-
Interest	74,696	13,717	-	-	3,337
Loans	-	-	-	-	-
Leases	515,625	-	-	-	-
Deposits	-	-	-	-	-
Due from fiduciary funds	56,345	-	-	-	-
Total assets	\$ 25,254,068	\$ 3,607,601	\$ 215,742	\$ 3,212,752	\$ 778,811
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 626,663	\$ 157,522	\$ 233,034	\$ 1,281,559	\$ 737,307
Salaries payable	489,065	-	19,445	-	-
Other payroll deductions payable	11,205	-	-	-	-
Deposits payable	276,036	-	-	39,867	-
Unearned revenue	108,853	3,419,308	-	-	-
Advances from other funds	2,764,288	-	-	-	-
Total liabilities	4,276,110	3,576,830	252,479	1,321,426	737,307
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Lease-related	502,006	-	-	-	-
Total deferred inflows of resources	502,006	-	-	-	-
Fund Balances:					
Nonspendable	56,345	-	-	-	-
Restricted	262,431	30,771	-	-	41,504
Committed	-	-	-	-	-
Assigned	7,199,527	-	-	1,891,326	-
Unassigned (deficit)	12,957,649	-	(36,737)	-	-
Total fund balances (deficit)	20,475,952	30,771	(36,737)	1,891,326	41,504
Total liabilities, deferred inflows of resources and fund balances	\$ 24,752,062	\$ 3,607,601	\$ 215,742	\$ 3,212,752	\$ 778,811

(Continued)

**City of Ridgecrest
Balance Sheet (Continued)
Governmental Funds
June 30, 2023**

	Other Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 5,679,996	\$ 32,995,495
Cash and investments with fiscal agent	-	2,480
Receivables:		
Accounts	97,734	1,668,477
Taxes	-	3,516,532
Interest	31,998	123,748
Loans	154,322	154,322
Leases	-	515,625
Deposits	10,241	10,241
Due from fiduciary funds	-	56,345
Total assets	\$ 5,974,291	\$ 39,043,265
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 3,495	\$ 3,039,580
Salaries payable	3,056	511,566
Other payroll deductions payable	-	11,205
Deposits payable	-	315,903
Unearned revenue	202,696	3,730,857
Advances from other funds	-	2,764,288
Total liabilities	209,247	10,373,399
Deferred Inflows of Resources:		
Unavailable revenue	154,322	154,322
Lease-related	-	502,006
Total deferred inflows of resources	154,322	656,328
Fund Balances:		
Nonspendable	-	56,345
Restricted	5,397,181	5,731,887
Committed	177,110	177,110
Assigned	36,431	9,127,284
Unassigned (deficit)	-	12,920,912
Total fund balances (deficit)	5,610,722	28,013,538
Total liabilities, deferred inflows of resources and fund balances	\$ 5,974,291	\$ 39,043,265

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City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Ridgecrest
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds	<u>\$ 28,013,538</u>
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Capital assets, nondepreciable	15,125,877
Capital assets, depreciable	<u>43,349,293</u>
	<u>58,475,170</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	(755,000)
Long-term debt - due in more than one year	(16,676,699)
Compensated absences - due within one year	(643,300)
Compensated absences - due in more than one year	(1,501,042)
Claims payable - due within one year	(466,817)
Claims payable - due in more than one year	(2,281,285)
Less claims payable included in the internal service funds	1,556,057
	<u>(20,768,086)</u>
Aggregate net pension liability is not due and payable in the current period and therefore is not required to be reported in the governmental funds.	
	<u>(3,212,126)</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>(489,660)</u>
Actuarially determined deferred outflows of resources are reported in the government-wide statements:	
Pension-related deferred outflows	1,705,751
OPEB-related deferred outflows	262,025
	<u>1,967,776</u>
Actuarially determined deferred inflows of resources are reported in the government-wide statements:	
Pension-related deferred inflows	(1,870,469)
OPEB-related deferred inflows	(49,802)
	<u>(1,920,271)</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>(66,993)</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>154,322</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>1,541,848</u>
Net Position of Governmental Activities	<u><u>\$ 63,695,518</u></u>

City of Ridgecrest
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	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
REVENUES:					
Taxes	\$ 19,599,223	\$ -	\$ -	\$ -	\$ -
Intergovernmental	658,454	2,327,647	683,542	786,401	-
License and permits	612,814	-	-	-	-
Fines and forfeitures	57,537	-	-	-	-
Assessment levied	-	-	-	-	-
Use of money and property	577,516	55,698	-	5,939	15,744
Charges for services	1,278,259	-	-	-	-
Transfer from Fiduciary Fund	3,540,403	-	-	-	-
Other revenues	239,410	-	890	-	-
Total revenues	26,563,616	2,383,345	684,432	792,340	15,744
EXPENDITURES:					
Current:					
General government	3,122,147	-	372,597	-	-
Public safety	7,078,009	437,120	-	-	-
Public works	394,433	1,896,555	2,598,519	-	-
Community development	1,389,004	-	-	-	-
Culture and leisure	2,011,619	28,500	-	-	-
Capital outlay	429,679	-	700,172	7,774,534	-
Debt service:					
Principal	-	-	-	-	680,000
Interest and fiscal charges	-	-	-	-	840,330
Total expenditures	14,424,891	2,362,175	3,671,288	7,774,534	1,520,330
REVENUES OVER (UNDER) EXPENDITURES	12,138,725	21,170	(2,986,856)	(6,982,194)	(1,504,586)
OTHER FINANCING SOURCES (USES):					
Transfers in	165,962	-	3,792,009	8,221,629	1,546,090
Transfers out	(9,280,749)	-	(94,720)	-	-
Total other financing sources (uses)	(9,114,787)	-	3,697,289	8,221,629	1,546,090
Net changes in fund balances	3,023,938	21,170	710,433	1,239,435	41,504
FUND BALANCES (DEFICIT):					
Beginning of year	17,452,014	9,601	(747,170)	651,891	-
End of year	<u>\$ 20,475,952</u>	<u>\$ 30,771</u>	<u>\$ (36,737)</u>	<u>\$ 1,891,326</u>	<u>\$ 41,504</u>

City of Ridgecrest
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2023

	Other Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ -	\$ 19,599,223
Intergovernmental	1,448,694	5,904,738
License and permits	320,508	933,322
Fines and forfeitures	-	57,537
Assessment levied	29,080	29,080
Use of money and property	97,224	752,121
Charges for services	-	1,278,259
Transfer from Fiduciary Fund	-	3,540,403
Other revenues	22,922	263,222
Total revenues	1,918,428	32,357,905
EXPENDITURES:		
Current:		
General government	29,777	3,524,521
Public safety	-	7,515,129
Public works	184,286	5,073,793
Community development	1,539	1,390,543
Culture and leisure	-	2,040,119
Capital outlay	-	8,904,385
Debt service:	-	-
Principal	-	680,000
Interest and fiscal charges	-	840,330
Total expenditures	215,602	29,968,820
REVENUES OVER (UNDER) EXPENDITURES	1,702,826	2,389,085
OTHER FINANCING SOURCES (USES):		
Transfers in	23,420	13,749,110
Transfers out	(2,317,127)	(11,692,596)
Total other financing sources (uses)	(2,293,707)	2,056,514
Net changes in fund balances	(590,881)	4,445,599
FUND BALANCES (DEFICIT):		
Beginning of year	6,201,603	23,567,939
End of year	\$ 5,610,722	\$ 28,013,538

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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	4,445,599
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.		5,953,820
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.		(2,620,832)
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.		
Principal payment of long-term debt		680,000
Amortization of bond premium		14,857
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.		(12,952,705)
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.		126,296
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.		
Changes in compensated absences		(380,097)
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.		2,833
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.		(14,119)
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.		433,984
Change in Net Position of Governmental Activities	\$	<u><u>(4,310,364)</u></u>

City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Proprietary Fund Financial Statements



City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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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
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 677,752	\$ 42,680,523	\$ 43,358,275	\$ 3,171,120
Receivables:				
Accounts	216,060	142,062	358,122	-
Taxes	-	-	-	14,548
Interest	3,492	152,912	156,404	-
Advances to other funds	-	139,085	139,085	-
Inventories	-	-	-	16,136
Total current assets	897,304	43,114,582	44,011,886	3,201,804
Noncurrent assets:				
Advances to other funds	-	2,625,203	2,625,203	-
Due from fiduciary funds	-	1,483,603	1,483,603	-
Capital assets:				
Non-depreciable	-	2,451,153	2,451,153	-
Depreciable	1,419,678	28,438,829	29,858,507	412,893
Less: accumulated depreciation	(1,329,254)	(15,848,869)	(17,178,123)	(412,893)
Total capital assets	90,424	15,041,113	15,131,537	-
Total noncurrent assets	90,424	19,149,919	19,240,343	-
Total assets	987,728	62,264,501	63,252,229	3,201,804
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows	318,965	382,759	701,724	-
OPEB-related deferred outflows	20,694	35,658	56,352	-
Total deferred outflows of resources	339,659	418,417	758,076	-
LIABILITIES				
Current liabilities:				
Accounts payable	6,028	1,253,754	1,259,782	96,235
Accrued expenses	18,511	33,589	52,100	7,664
Unearned revenue	680,281	-	680,281	-
Compensated absences - due within one year	43,882	61,153	105,035	-
Claims payable - due within one year	-	-	-	466,817
Total current liabilities	748,702	1,348,496	2,097,198	570,716
Noncurrent liabilities:				
Aggregate net pension liability - due in more than one year	604,906	725,887	1,330,793	-
Net OPEB liability - due in more than one year	38,673	66,637	105,310	-
Compensated absences - due in more than one year	-	139,388	139,388	-
Claims payable - due in more than one year	-	-	-	1,089,240
Total noncurrent liabilities	643,579	931,912	1,575,491	1,089,240
Total liabilities	1,392,281	2,280,408	3,672,689	1,659,956
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows	758,100	909,720	1,667,820	-
OPEB-related deferred inflows	3,934	6,778	10,712	-
Total deferred inflows of resources	762,034	916,498	1,678,532	-
NET POSITION				
Investment in capital assets	90,424	15,041,113	15,131,537	-
Unrestricted (deficit)	(917,352)	44,444,899	43,527,547	1,541,848
Total net position (deficit)	\$ (826,928)	\$ 59,486,012	\$ 58,659,084	\$ 1,541,848

City of Ridgecrest
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement		
OPERATING REVENUES:				
Charges for services	\$ 302,370	\$ 6,214,371	\$ 6,516,741	\$ 1,830,664
Other revenue	-	1,080,990	1,080,990	490,528
Total operating revenues	<u>302,370</u>	<u>7,295,361</u>	<u>7,597,731</u>	<u>2,321,192</u>
OPERATING EXPENSES:				
Transportation	4,111,592	-	4,111,592	-
Health	-	9,730,989	9,730,989	-
Administration	229,586	408,639	638,225	1,900,454
Depreciation	48,741	641,696	690,437	-
Total operating expenses	<u>4,389,919</u>	<u>10,781,324</u>	<u>15,171,243</u>	<u>1,900,454</u>
OPERATING INCOME (LOSS)	<u>(4,087,549)</u>	<u>(3,485,963)</u>	<u>(7,573,512)</u>	<u>420,738</u>
NONOPERATING REVENUES:				
Taxes	1,457,998	-	1,457,998	-
Intergovernmental	137,212	-	137,212	-
Use of money and property	3,958	516,467	520,425	42,646
Total nonoperating revenues	<u>1,599,168</u>	<u>516,467</u>	<u>2,115,635</u>	<u>42,646</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(2,488,381)</u>	<u>(2,969,496)</u>	<u>(5,457,877)</u>	<u>463,384</u>
TRANSFERS:				
Transfers in	-	-	-	1,208,418
Transfers out	(87,200)	(1,939,914)	(2,027,114)	(1,237,818)
Total transfers	<u>(87,200)</u>	<u>(1,939,914)</u>	<u>(2,027,114)</u>	<u>(29,400)</u>
Changes in net position	<u>(2,575,581)</u>	<u>(4,909,410)</u>	<u>(7,484,991)</u>	<u>433,984</u>
NET POSITION (DEFICIT):				
Beginning of year	1,748,653	64,395,422	66,144,075	1,107,864
End of year	<u>\$ (826,928)</u>	<u>\$ 59,486,012</u>	<u>\$ 58,659,084</u>	<u>\$ 1,541,848</u>

City of Ridgecrest
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 399,817	\$ 6,183,248	\$ 6,583,065	\$ 1,900,835
Payments to suppliers or employees for goods and services	(1,084,450)	(5,171,441)	(6,255,891)	(1,824,605)
Insurance premiums and settlements and insurance recoveries, net	-	-	-	202,196
Other operating revenue	-	1,080,990	1,080,990	490,528
Net cash provided by (used in) operating activities	(684,633)	2,092,797	1,408,164	768,954
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Taxes	1,457,998	-	1,457,998	-
Intergovernmental	137,212	-	137,212	-
Interfund borrowings	(146,091)	-	(146,091)	(963,697)
Transfers in	-	-	-	1,208,418
Transfers out	(87,200)	(1,939,914)	(2,027,114)	(1,237,818)
Net cash provided by (used in) noncapital financing activities	1,361,919	(1,939,914)	(577,995)	(993,097)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	(606,207)	(606,207)	-
Cash received from repayment of advances	-	139,085	139,085	-
Net cash provided by (used in) capital and related financing activities	-	(467,122)	(467,122)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	466	434,054	434,520	33,732
Net cash provided by investing activities	466	434,054	434,520	33,732
Net change in cash and cash equivalents	677,752	119,815	797,567	(190,411)
CASH AND CASH EQUIVALENTS:				
Beginning of year	-	42,560,708	42,560,708	3,361,531
End of year	\$ 677,752	\$ 42,680,523	\$ 43,358,275	\$ 3,171,120

City of Ridgecrest
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (4,087,549)	\$ (3,485,963)	\$ (7,573,512)	\$ 420,738
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	48,741	641,696	690,437	-
Changes in current assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable	97,037	(31,123)	65,914	70,171
Inventories	-	-	-	(4,058)
Pension-related deferred outflows	884,346	1,061,214	1,945,560	-
OPEB-related deferred outflows	(8,921)	(13,654)	(22,575)	-
Accounts payable	4,675	1,064,402	1,069,077	72,614
Accrued expenses	7,890	14,819	22,709	7,293
Other payroll deductions payable	-	-	-	-
Claims payable	-	-	-	202,196
Unearned revenue	410	-	410	-
Compensated absences	21,779	30,611	52,390	-
Aggregate net pension liability	1,867,264	2,240,716	4,107,980	-
Net OPEB liability	13,774	20,105	33,879	-
Pension-related deferred inflows	478,714	574,456	1,053,170	-
OPEB-related deferred inflows	(12,793)	(24,482)	(37,275)	-
Total adjustments	3,402,916	5,578,760	8,981,676	348,216
Net cash provided by (used in) operating activities	\$ (684,633)	\$ 2,092,797	\$ 1,408,164	\$ 768,954

City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Fiduciary Fund Financial Statements



City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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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.

City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Ridgecrest
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private Purpose Trust Fund	Custodial Funds	Total
ASSETS			
Cash and investments	\$ 2,194,913	\$ 492,958	\$ 2,687,871
Cash and investments with fiscal agents	12	-	12
Interest receivable	11,373	3,894	15,267
Capital assets:			
Non-depreciable	2,202,440	-	2,202,440
Depreciable, net	1,188,836	-	1,188,836
Total assets	<u>5,597,574</u>	<u>496,852</u>	<u>6,094,426</u>
LIABILITIES			
Due to bondholders	-	13,310	13,310
Accounts payable	3,610	-	3,610
Deposits payable	2,000	-	2,000
Interest payable	377,241	-	377,241
Due to City	1,483,603	56,345	1,539,948
Bonds payable, due in one year	1,691,000	-	1,691,000
Bonds payable, due in more than one year	19,432,000	-	19,432,000
Total liabilities	<u>22,989,454</u>	<u>69,655</u>	<u>23,059,109</u>
NET POSITION			
Net Position (Deficit):			
Restricted for individuals, organizations and/or other governments	(17,391,880)	427,197	(16,964,683)
Total net position (deficit)	<u>\$ (17,391,880)</u>	<u>\$ 427,197</u>	<u>\$ (16,964,683)</u>

City of Ridgecrest
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Private Purpose Trust Fund	Custodial Funds	Total
ADDITIONS:			
Taxes	\$ 882,315	\$ -	\$ 882,315
Revenue from use of money and property	33,633	11,437	45,070
Other revenue	289,795	-	289,795
Total additions	1,205,743	11,437	1,217,180
DEDUCTIONS:			
Community development	24,156	13,311	37,467
Depreciation expense	75,501	-	75,501
Interest expense	822,507	-	822,507
Payments to City of Ridgecrest (Note 7)	3,540,403	-	3,540,403
Total deductions	4,462,567	13,311	4,475,878
Change in fiduciary net position	(3,256,824)	(1,874)	(3,258,698)
NET POSITION (DEFICIT):			
Beginning of year	(14,135,056)	429,071	(13,705,985)
End of year	<u>\$ (17,391,880)</u>	<u>\$ 427,197</u>	<u>\$ (16,964,683)</u>

City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Notes to the Basic Financial Statements



City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Ridgecrest
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City of Ridgecrest
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City of Ridgecrest
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government–Wide Financial Statements

The City’s government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

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

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

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

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

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

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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.

State 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, 2023

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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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 its 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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Leases (Continued)

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.

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, 2023

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. Unearned Revenue

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues are prepaid charges for services and grants received but not yet earned.

J. 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 11). 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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Other Postemployment Benefits (“OPEB”)

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

The following timeframes are used for OPEB reporting:

<u>OPEB</u>	
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Gains and losses related to changes in net 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.

L. Deferred Outflows and Inflows of Resources

The Statement of Net Position and Balance Sheet – Governmental Funds report 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.

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.

M. 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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

N. 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.

O. Fund Balances

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

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

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

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

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

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

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

P. 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.

Q. 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.

R. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2023

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, 2023. 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, 2023, the City implemented the following new GASB Pronouncements:

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. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended 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. Implementation of this statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2023.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

R. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2023 (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. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended 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. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2023.

S. 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. 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.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. That objective is achieved by requiring governments to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The statement also requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Application of this statement is effective for the City's fiscal year ending June 30, 2025.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2023:

	Primary Government			Fiduciary Funds	Total
	Governmental Activities	Business-type Activities	Total		
Cash and investments	\$ 36,166,615	\$ 43,358,275	\$ 79,524,890	\$ 2,687,871	\$ 82,212,761
Cash and investments with fiscal agent	2,480	-	2,480	12	2,492
Total	\$ 36,169,095	\$ 43,358,275	\$ 79,527,370	\$ 2,687,883	\$ 82,215,253

Cash, cash equivalents, and investments, consisted of the following at June 30, 2023:

Cash and cash equivalents:	
Petty cash	\$ 1,120
Demand deposits	1,661,101
Investments:	
Local Agency Investment Fund	34,317,538
Money market funds	180,165
U.S. Treasuries	46,055,329
Total	\$ 82,215,253

Fair value of assets measured on a recurring basis at June 30, 2023, are as follows:

Investments measured by fair value level:	June 30, 2023	Level 1	Level 2	Level 3
U.S. Treasuries	\$ 46,055,329	\$ -	\$ 46,055,329	\$ -
Total investments by fair value level	\$ 46,055,329	\$ -	\$ 46,055,329	\$ -
Investments not subject to the fair value hierarchy:				
Local Agency Investment Fund - State of CA	\$ 34,317,538			
Money market mutual funds	180,165			
Total investments not subject to the fair value hierarchy	\$ 34,497,703			
Total investments	\$ 80,553,032			

Investments classified as 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 \$1,661,101 at June 30, 2023. Bank balances were \$5,644,223 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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

A. Cash Deposits (Continued)

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.

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, 2023 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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

C. External Investment Pool (Continued)

As of June 30, 2023, the City had \$34,317,538 invested in LAIF, which had invested 2.78% 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, 2023, 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, 2023.

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, 2023, the City had the following investments and maturities:

	Amount	Maturities	
		1 year or less	1 - 5 years
Investments:			
Local Agency Investment Fund	\$ 34,317,538	\$ 34,317,538	\$ -
Money market funds	180,165	180,165	-
U.S. Treasuries	46,055,329	29,506,699	16,548,630
Total	\$ 80,553,032	\$ 64,004,402	\$ 16,548,630

Credit Risk

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

	Amount	Credit Quality Ratings	
		Moody's	Standard & Poor's
Investments:			
Local Agency Investment Fund	\$ 34,317,538	Not Rated	Not Rated
Money market funds	180,165	Not Rated	Not Rated
U.S. Treasuries	46,055,329	AA - AAA	AA - AAA
Total	\$ 80,553,032		

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

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.

Investment Type	Amount	Percentage of Investments
Investments:		
Local Agency Investment Fund	\$ 34,317,538	42.60%
Money market funds	180,165	0.22%
U.S. Treasuries	46,055,329	57.18%
Total	\$ 80,553,032	

Note 3 – Loan Program

A. Governmental Activities

For the year ended June 30, 2023, changes in loans receivable of the City’s loan program were as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Loan receivable:				
High Desert loans	\$ 168,441	\$ -	\$ (14,119)	\$ 154,322
Total	\$ 168,441	\$ -	\$ (14,119)	\$ 154,322

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, 2023, the loan balance is \$154,322.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Loan Program (Continued)

B. Fiduciary Activities Financial Statements

For the year ended June 30, 2023, changes in loans receivable of the Private Purpose Trust Fund’s loan program is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Loans receivables:				
AMG Ridgecrest Pacific Associates	\$ 3,000,000	\$ -	\$ (3,000,000)	\$ -
Total	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ (3,000,000)</u>	<u>\$ -</u>

AMG Ridgecrest Pacific Associates

The Ridgecrest Redevelopment Agency (RRA) prior to its dissolution gave Ridgecrest Pacific Associates a development loan in the amount of \$3 million to build the Ridgecrest Senior Apartments, a 32-unit apartment complex on 4.6 acres of land located at southwest corner of Downs Street and Church Avenue. The payment term for this loan was 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 was 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 were applied first to costs and fees owing under the promissory note, then to accrued interest, and finally to any principal owing under the promissory note. The note was paid in full during fiscal year 2023.

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, 2023, the City has an outstanding receivable amount of \$515,625. During the year, the City recognized \$200,803 in lease revenue and \$18,540 in related interest revenue.

A summary of changes in leases receivable for the fiscal year ended June 30, 2023 is as follows:

Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts due within one year	Amounts due in more than one year
\$ 711,369	\$ -	\$ (195,744)	\$ 515,625	\$ 201,658	\$ 313,967

As of June 30, 2023, the required payments for these leases, including interest, are:

Year Ending June 30	Lease Receivable	Interest	Total
2024	\$ 201,658	\$ 12,626	\$ 214,284
2025	207,750	6,534	214,284
2026	106,217	925	107,142
Total	<u>\$ 515,625</u>	<u>\$ 20,085</u>	<u>\$ 535,710</u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

As of June 30, 2023, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30	Total
2024	\$ 200,803
2025	200,803
2026	100,400
Total	<u>\$ 502,006</u>

Note 5 – Interfund Receivables, Payables, and Transfers

A. Transfers

Interfund transfers during the year ended June 30, 2023, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Supplemental Law Enforcement Fund	\$ 165,962	Public safety
	Subtotal	165,962	
State Gas Tax Fund	General Fund	2,429,934	Street maintenance
State Gas Tax Fund	Road Maintenance and Rehabilitation Act Fund	697,908	Street maintenance
State Gas Tax Fund	TDA Street Fund	664,167	Street maintenance
	Subtotal	3,792,009	
Capital Improvements Capital Projects Fund	General Fund	5,698,035	Capital projects
Capital Improvements Capital Projects Fund	Substandard Streets Improvement Fund	690,726	Capital projects
Capital Improvements Capital Projects Fund	Storm Drainage Facilities Fund	78,432	Capital projects
Capital Improvements Capital Projects Fund	Wastewater Improvement Fund	1,754,436	Capital projects
	Subtotal	8,221,629	
City Debt Service Fund	General Fund	1,120,029	Debt service
City Debt Service Fund	State Gas Tax Fund	94,720	Debt service
City Debt Service Fund	Road Maintenance and Rehabilitation Act Fund	19,932	Debt service
City Debt Service Fund	T.D.A. Transit Fund	96,531	Debt service
City Debt Service Fund	Wastewater Improvement Fund	185,478	Debt service
City Debt Service Fund	Human Resources and Risk Management Fund	13,134	Debt service
City Debt Service Fund	Fleet Maintenance Fund	16,266	Debt service
	Subtotal	1,546,090	
Landscaping and Lighting Special Revenue Fund	General Fund	23,420	Street maintenance
	Subtotal	23,420	
Self Insurance Workers Comp Internal Service Fund	Human Resource and Risk Management	1,208,418	Insurance allocation
	Subtotal	1,208,418	
	Total	\$ 14,957,528	

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

B. Long-Term Advances

At June 30, 2023, the balance of long-term advances were as follows:

Receivable Fund	Payable Fund	Amount
Wastewater Improvement Fund	General Fund	\$ 2,764,288
		Total <u>\$ 2,764,288</u>

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, 2023, the outstanding balance of the agreement was \$2,764,288.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
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	141,888	11,022	152,910
2029-2033	720,154	44,396	764,550
2034-2038	738,338	26,212	764,550
2037-2042	603,380	8,260	611,640
Total	<u>\$ 2,764,288</u>	<u>\$ 141,002</u>	<u>\$ 2,905,290</u>

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, 2023, the outstanding balance of the agreement was \$1,483,603.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Revenue from Private Purpose Trust Fund

For the year ended June 30, 2023, the City had the following revenue from Fiduciary Funds:

Receiving Fund	Paying Fund	Amount	Purpose
General Fund	RDA Obligation Retirement Fund	\$ 3,540,403	Admin allowance/ROPS payment
	Total	\$ 3,540,403	

Note 8 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for governmental activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Nondepreciable assets:					
Land	\$ 2,434,499	\$ -	\$ -	\$ -	\$ 2,434,499
Construction in progress	8,038,157	4,653,221	-	-	12,691,378
Total nondepreciable assets	10,472,656	4,653,221	-	-	15,125,877
Depreciable assets					
Building and improvements	10,873,302	-	-	-	10,873,302
Machinery and equipment	10,025,001	1,300,599	-	-	11,325,600
Infrastructure	130,017,437	-	-	-	130,017,437
Subtotal	150,915,740	1,300,599	-	-	152,216,339
Less accumulated depreciation					
Building and improvements	(4,124,273)	(191,418)	-	-	(4,315,691)
Machinery and equipment	(8,468,956)	(634,573)	-	-	(9,103,529)
Infrastructure	(93,652,985)	(1,794,841)	-	-	(95,447,826)
Subtotal	(106,246,214)	(2,620,832)	-	-	(108,867,046)
Total depreciable assets, net	44,669,526	(1,320,233)	-	-	43,349,293
Total	\$ 55,142,182	\$ 3,332,988	\$ -	\$ -	\$ 58,475,170

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2023 are as follows:

General government	\$ 263,573
Public safety	185,559
Public works	2,002,883
Community development	120,130
Culture and leisure	48,687
Total depreciation expense	\$ 2,620,832

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Nondepreciable assets:				
Land	\$1,614,217	\$ -	\$ -	\$ 1,614,217
Construction in progress	836,936	-	-	836,936
Total nondepreciable assets	2,451,153	-	-	2,451,153
Depreciable assets				
Building and improvements	3,375,450	-	-	3,375,450
Machinery and equipment	4,694,778	606,207	-	5,300,985
Infrastructure	21,182,072	-	-	21,182,072
Subtotal	29,252,300	606,207	-	29,858,507
Less accumulated depreciation				
Building and improvements	(2,457,716)	(268,346)	-	(2,726,062)
Machinery and equipment	(4,074,496)	(191,522)	-	(4,266,018)
Infrastructure	(9,955,474)	(230,569)	-	(10,186,043)
Subtotal	(16,487,686)	(690,437)	-	(17,178,123)
Total depreciable assets, net	12,764,614	(84,230)	-	12,680,384
Total	\$ 15,215,767	\$ (84,230)	\$ -	\$ 15,131,537

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2023 are as follows:

T.D.A. Transit	\$ 48,741
Wastewater Improvement	641,696
Total depreciation expense	\$ 690,437

C. Fiduciary Funds

Summary of changes in capital assets for fiduciary activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Nondepreciable assets:				
Land	\$ 2,202,440	\$ -	\$ -	\$ 2,202,440
Total nondepreciable assets	2,202,440	-	-	2,202,440
Depreciable assets				
Building and improvements	12,092,609	-	-	12,092,609
Subtotal	12,092,609	-	-	12,092,609
Less accumulated depreciation				
Building and improvements	(10,828,272)	(75,501)	-	(10,903,773)
Subtotal	(10,828,272)	(75,501)	-	(10,903,773)
Total depreciable assets, net	1,264,337	(75,501)	-	1,188,836
Total	\$ 3,466,777	\$ (75,501)	\$ -	\$ 3,391,276

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due within One Year	Due in more than One Year
Governmental Activities:						
Direct borrowings:						
2018 PERS Certificates of Participation	\$ 17,770,000	\$ -	\$ (680,000)	\$ 17,090,000	\$ 755,000	\$ 16,335,000
Plus: bond premium	356,556	-	(14,857)	341,699	-	341,699
Compensated absences	1,764,245	1,221,173	(841,076)	2,144,342	643,300	1,501,042
Total governmental activities	19,890,801	1,221,173	(1,535,933)	19,576,041	1,398,300	18,177,741
Business-type Activities:						
Compensated absences	192,033	161,432	(109,042)	244,423	105,035	139,388
Total business-type activities	192,033	161,432	(109,042)	244,423	105,035	139,388
Total long-term debt	\$ 20,082,834	\$ 1,382,605	\$ (1,644,975)	\$ 19,820,464	\$ 1,503,335	\$ 18,317,129

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, 2023, was \$17,090,000.

The future annual payments are as follows:

Year Ending June 30,	Principal	Interest	Total
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	975,000	626,912	1,601,912
2029-2033	6,080,000	2,391,607	8,471,607
2034-2038	4,185,000	1,044,778	5,229,778
2039-2043	2,035,000	348,549	2,383,549
2044-2046	275,000	19,508	294,508
TOTAL	\$ 17,090,000	\$ 6,793,502	\$ 23,883,502

Compensated Absences

Compensated absences at June 30, 2023, amounted to \$2,388,765. 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, 2023

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, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due within One Year	Due in more than One Year
Fiduciary Funds:						
Tax Allocation Bonds, Series 2018	\$ 22,819,000	\$ -	\$ (1,696,000)	\$ 21,123,000	\$ 1,691,000	\$ 19,432,000
Total fiduciary activities	\$ 22,819,000	\$ -	\$ (1,696,000)	\$ 21,123,000	\$ 1,691,000	\$ 19,432,000

2018 Tax Allocation Refunding Bonds

On May 25, 2018 the Agency issued the 2018 Tax Allocation Refunding Bonds to provide funds to refund the 1999 Tax Allocation Bonds of the Agency, to fund a debt service reserve account to pay the costs of issuing the bond. The 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, 2023, total principal and interest remaining on the 2018 Tax Allocation Refunding Bonds is \$28,692,349.

The annual requirements to amortize the bonds outstanding at June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,533,000	733,736	2,266,736
2029-2033	7,440,000	2,492,004	9,932,004
2034-2037	5,548,000	640,602	6,188,602
TOTAL	\$ 21,123,000	\$ 7,569,349	\$ 28,692,349

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, 2023

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 \$2,748,102 reported at June 30, 2023. Of the total claims payable, \$466,817 is due within the next fiscal year. During the past three fiscal (claims) years two claims had exceeded the SIR and the excess insurance coverage kicked in to cover the difference. There have been no significant reductions in pooled or insured liability coverage in the prior year.

Changes in the claims liability amounts were as follows:

	Beginning of	Current Year		Balance at	
	Fiscal Year	Claims and	Claim	Fiscal Year	Due in One
	Liability	Changes in	Payments	End	Year
		Estimates			
2020-2021	\$ 2,203,000	\$ 380,611	\$ (1,010,955)	\$ 1,572,656	\$ 434,797
2021-2022	1,572,656	1,353,861	(380,611)	2,545,906	355,725
2022-2023	2,545,906	1,556,058	(1,353,862)	2,748,102	466,817

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2022, is as follows:

Total assets and deferred outflows	<u>\$1,189,579,336</u>
Total liabilities and deferred inflows	<u>\$ 925,751,917</u>
Total net position	<u>\$ 263,827,419</u>
Total revenues	<u>\$1,610,800,387</u>
Total expenses	<u>\$1,491,011,440</u>
Revenues over (under) expenses	<u>\$ 119,788,947</u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contributions made after measurement date:			
CalPERS Miscellaneous	\$ 255,897	\$ 312,764	\$ 568,661
CalPERS Safety	517,407	-	517,407
Total pension contributions made after measurement date	<u>773,304</u>	<u>312,764</u>	<u>1,086,068</u>
Changes in assumptions			
CalPERS Miscellaneous	111,573	136,368	247,941
CalPERS Safety	214,092	-	214,092
Total change in assumption	<u>325,665</u>	<u>136,368</u>	<u>462,033</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	199,445	243,766	443,211
CalPERS Safety	335,298	-	335,298
Total projected earnings on pension plan investments in excess of actual earnings	<u>534,743</u>	<u>243,766</u>	<u>778,509</u>
Difference between expected and actual experience			
CalPERS Miscellaneous	7,221	8,826	16,047
CalPERS Safety	64,818	-	64,818
Total difference between expected and actual experience	<u>72,039</u>	<u>8,826</u>	<u>80,865</u>
Total deferred outflows of resources			
CalPERS Miscellaneous	574,136	701,724	1,275,860
CalPERS Safety	1,131,615	-	1,131,615
Total deferred outflows of resources	<u>\$ 1,705,751</u>	<u>\$ 701,724</u>	<u>\$ 2,407,475</u>
Net pension liabilities:			
CalPERS Miscellaneous	\$ 1,088,831	\$ 1,330,793	\$ 2,419,624
CalPERS Safety	2,123,295	-	2,123,295
Total net pension liabilities	<u>\$ 3,212,126</u>	<u>\$ 1,330,793</u>	<u>\$ 4,542,919</u>
Deferred inflows of resources:			
Adjustment due to difference in proportions			
CalPERS Miscellaneous	\$ 250,704	\$ 306,416	\$ 557,120
CalPERS Safety	10,643	-	10,643
Total adjustment due to difference in proportions	<u>261,347</u>	<u>306,416</u>	<u>567,763</u>
Employer contributions in excess of proportionate share of contribution			
CalPERS Miscellaneous	1,113,876	1,361,404	2,475,280
CalPERS Safety	495,246	-	495,246
Total employer contributions in excess of proportionate share of contribution	<u>1,609,122</u>	<u>1,361,404</u>	<u>2,970,526</u>
Total deferred inflows of resources			
CalPERS Miscellaneous	1,364,580	1,667,820	3,032,400
CalPERS Safety	505,889	-	505,889
Total deferred inflows of resources	<u>\$ 1,870,469</u>	<u>\$ 1,667,820</u>	<u>\$ 3,538,289</u>
Pension expense (credit):			
CalPERS Miscellaneous	\$ 6,070,479	\$ 7,419,474	\$ 13,489,953
CalPERS Safety	937,905	-	937,905
Total net pension expense (credit)	<u>\$ 7,008,384</u>	<u>\$ 7,419,474</u>	<u>\$ 14,427,858</u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2022, 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	28	51	16	13
Transferred and terminated employees	77	43	25	11
Retired employees and beneficiaries	130	2	52	-
Total	<u>235</u>	<u>96</u>	<u>93</u>	<u>24</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	14.030%	7.470%	21.840%	12.780%

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. General Information about Pension Plans (Continued)

Contributions

For the year ended June 30, 2023, the contributions recognized as part of pension expense for each Plan were as follows:

Miscellaneous Plans	\$	568,661
Safety Plans		517,407
Total		\$ 1,086,068

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:

	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous			
Balance at: 6/30/21 (Valuation date)	\$ 40,781,676	\$ 45,831,107	\$ (5,049,431)
Balance at: 6/30/22 (Measurement date)	42,550,163	40,130,539	2,419,624
Net changes during 2021-2022	\$ 1,768,487	\$ (5,700,568)	\$ 7,469,055
Safety			
Balance at: 6/30/21 (Valuation date)	\$ 33,858,528	\$ 38,030,755	\$ (4,172,227)
Balance at: 6/30/22 (Measurement date)	35,429,201	33,305,906	2,123,295
Net changes during 2021-2022	\$ 1,570,673	\$ (4,724,849)	\$ 6,295,522

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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2021	-0.26593%	-0.11888%	0.00995%
Proportion - June 30, 2022	0.05171%	0.03090%	-0.17051%
Change - Increase/(Decrease)	0.31764%	0.14978%	-0.18046%

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023, the City recognized pension expense of \$13,489,953 and \$937,905, for the Miscellaneous and Safety plans, respectively. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plans		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 568,661	\$ -
Difference between projected and actual earning on pension plan investments	443,211	-
Adjustment due to differences in proportions	-	(557,120)
Changes in assumptions	247,941	-
Difference between actual and expected experience	16,047	-
Difference between employer's actual contributions and proportionate share of contributions	-	(2,475,280)
Total	\$ 1,275,860	\$ (3,032,400)
Safety Plans		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 517,407	\$ -
Difference between projected and actual earning on pension plan investments	335,298	-
Adjustment due to differences in proportions	-	(10,643)
Difference between actual and expected experience	64,818	-
Difference between employer's actual contributions and proportionate share of contributions	-	(495,246)
Total	\$ 1,131,615	\$ (505,889)

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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 Miscellaneous Plan and Safety Plan, \$568,661 and \$517,407, 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, 2024. 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
2024	\$ (573,660)	\$ 60,544
2025	(596,487)	19,736
2026	(668,037)	(50,024)
2027	(487,017)	78,063
2028	-	-
Thereafter	-	-
	\$ (2,325,201)	\$ 108,319

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90%
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, 2021 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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

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

Discount Rate

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

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

Asset Class	New Strategic Allocation	Real Return (a)
Global equity - cap-weighted	30.00%	4.45%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment-grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

(a) an expected inflation of 2.30% was assumed for this period

The discount rate used to measure the total pension liability was 6.90% 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 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% 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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

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

Change of Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

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

The following presents the City’s proportionate share of the net position liability for the Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(5.90%)	Rate (6.90%)	(7.90%)
Miscellaneous	\$ 8,219,978	\$ 2,419,624	\$ (2,352,628)
Safety	7,016,012	2,123,295	(1,875,396)
Total	\$ 15,235,990	\$ 4,542,919	\$ (4,228,024)

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, 2023, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2023.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Postemployment Healthcare Benefits (OPEB)

Summary

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Deferred outflows of resources:			
OPEB contribution made after measurement date	\$ 134,618	\$ 28,952	\$ 163,570
Change in assumptions	5,426	1,166	6,592
Net difference between projected and actual earnings of OPEB Plan investments	113,085	24,320	137,405
Difference between expected and actual experience	8,896	1,914	10,810
Total deferred outflows of resources	<u>\$ 262,025</u>	<u>\$ 56,352</u>	<u>\$ 318,377</u>
Net OPEB Liability	<u>\$ 489,660</u>	<u>\$ 105,310</u>	<u>\$ 594,970</u>
Deferred inflows of resources:			
Change in assumptions	\$ 9,683	\$ 2,083	\$ 11,766
Difference between expected and actual experience	40,119	8,629	48,748
Total deferred inflows of resources	<u>\$ 49,802</u>	<u>\$ 10,712</u>	<u>\$ 60,514</u>
OPEB expense	<u>\$ 112,981</u>	<u>\$ 24,298</u>	<u>\$ 137,279</u>

General Information about the OPEB Plan

Plan Description

The City provides \$133 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 2023, 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 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.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

General Information about the OPEB Plan (Continued)

Employees Covered

As of the July 1, 2022 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 2023, contributions were made totaling \$163,570.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2022, and the net OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

The net OPEB liability, measured as of June 30, 2022, 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2022.

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%	
Long-term expected rate of return		6.75%

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

General Information about the OPEB Plan (Continued)

Discount Rate

The discount rate used to measure the net 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 net 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, 2022:

Plan's Net OPEB Liability		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(5.75%)	(6.75%)	(7.75%)
\$ 852,379	\$ 594,970	\$ 380,071

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, 2022:

Plan's Net OPEB Liability		
Healthcare Cost		
-1%	Tread Rate	+1%
\$ 371,302	\$ 594,970	\$ 873,340

Change in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	\$ 2,006,274	\$ 1,598,098	\$ 408,176
Changes Recognized for the Measurement Period:			
Service Cost	93,319	-	93,319
Interest on the total OPEB liability	135,191	(228,017)	363,208
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contribution from the employer	-	270,155	(270,155)
Net investment income	-	-	-
Administrative expenses	-	(422)	422
Benefit payments	(100,202)	(100,202)	-
Net changes during July 1, 2021 to June 30, 2022	128,308	(58,486)	186,794
Balance at June 30, 2022	\$ 2,134,582	\$ 1,539,612	\$ 594,970

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

For the year ended June 30, 2023, OPEB expense in the amount of \$137,279 is included in the accompanying statement of activities.

At June 30, 2023, 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	\$ 163,570	\$ -
Changes in assumptions	6,592	(11,766)
Differences between expected and actual experience	10,810	(48,748)
Net difference between projected and actual earnings of OPEB Plan investments	137,405	-
	\$ 318,377	\$ (60,514)

Deferred outflows of resources of \$163,570 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, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Amount
2024	\$ 22,980
2025	20,836
2026	12,952
2027	64,217
2028	(4,105)
Thereafter	(22,587)
Total	\$ 94,293

Note 13 – Other Required Disclosures

A. Deficit Net Position/Fund Balances

At June 30, 2023, 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	\$ 36,737
T.D.A. Transit	Enterprise Fund	826,928
RDA Retirement Obligation	Fiduciary Fund	17,391,929

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Classification of Fund Balances

	Major Funds						Total
	General	American	State	Capital	City	Other	
	Fund	Rescue Plan Act Special Revenue Fund	Gas Tax Special Revenue Fund	Improvements Capital Projects Fund	Debt Service Fund	Governmental Funds	
Nonspendable:							
Due from Fiduciary	\$ 56,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,345
Total nonspendable	56,345	-	-	-	-	-	56,345
Restricted:							
ARPA	-	30,771	-	-	-	-	30,771
Asset seizure	57,488	-	-	-	-	-	57,488
Asset seizure - drug/gang	20,633	-	-	-	-	-	20,633
DARE/CHAMPS car donations	2,951	-	-	-	-	-	2,951
Proposition 172	-	-	-	-	-	-	-
Spay & neuter donations	158,185	-	-	-	-	-	158,185
Freedom park donation	1,430	-	-	-	-	-	1,430
Housing	-	-	-	-	-	280,955	280,955
Debt service	-	-	-	-	41,504	-	41,504
AB 3229	-	-	-	-	-	570	570
Proposition 30	21,744	-	-	-	-	-	21,744
Grant operations	-	-	-	-	-	59,753	59,753
Street construction/maintenance	-	-	-	-	-	194,689	194,689
Capital projects	-	-	-	-	-	4,861,065	4,861,065
Community partnership	-	-	-	-	-	149	149
Total restricted	262,431	30,771	-	-	41,504	5,397,181	5,731,887
Committed:							
Substandard street improvement	-	-	-	-	-	177,110	177,110
Total committed	-	-	-	-	-	177,110	177,110
Assigned:							
Capital improvements	-	-	-	1,891,326	-	-	1,891,326
Debt service	-	-	-	-	-	-	-
Measure L	7,199,527	-	-	-	-	-	7,199,527
Landscaping & lighting district	-	-	-	-	-	36,431	36,431
Total assigned	7,199,527	-	-	1,891,326	-	36,431	9,127,284
Unassigned (deficit)	12,957,649	-	(36,737)	-	-	-	12,920,912
Total Fund Balances	\$ 20,475,952	\$ 30,771	\$ (36,737)	\$ 1,891,326	\$ 41,504	\$ 5,610,722	\$ 28,013,538

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Subsequent to the preparation of the Annual Comprehensive Financial Report (“ACFR”) for the fiscal year ending June 30, 2024, the City plans to secure a Certificate of Participation (“COP”) to finance the reconstruction of a community pool. This COP, supported by Measure P sales tax revenue, signifies a strategic initiative by the City to enhance recreational infrastructure for its residents. The issuance of the COP underscores the City's commitment to utilizing available resources to address community needs and improve public amenities. Further details regarding the terms and financial implications of the COP issuance will be disclosed in subsequent financial statements and reports.

City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Required Supplementary Information (Unaudited)



City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Ridgecrest
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2023

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, 2023 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2023 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 Grant Operations Special Revenue Fund or the Community Partnership Special Revenue Fund for fiscal year 2023.

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, 2023

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City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 16,516,757	\$ 17,991,757	\$ 19,599,223	\$ 1,607,466
Intergovernmental	970,839	1,133,261	658,454	(474,807)
License and permits	537,500	537,500	612,814	75,314
Fines and forfeitures	53,250	53,250	57,537	4,287
Use of money and property	380,715	380,715	577,516	196,801
Charges for services	602,965	1,319,681	1,278,259	(41,422)
Transfers from Fiduciary Fund	250,000	250,000	3,540,403	3,290,403
Other revenues	227,400	227,400	239,410	12,010
Total revenues	<u>19,539,426</u>	<u>21,893,564</u>	<u>26,563,616</u>	<u>4,670,052</u>
EXPENDITURES:				
Current:				
General government	2,608,946	3,273,055	3,122,147	150,908
Public safety	7,266,659	7,446,346	7,078,009	368,337
Public works	669,907	574,540	394,433	180,107
Community development	1,649,699	1,735,273	1,389,004	346,269
Culture and leisure	2,171,491	2,241,578	2,011,619	229,959
Capital outlay	713,000	313,592	429,679	(116,087)
Debt service:				
Principal	138,394	138,394	-	138,394
Total expenditures	<u>15,218,096</u>	<u>15,722,778</u>	<u>14,424,891</u>	<u>1,297,887</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>4,321,330</u>	<u>6,170,786</u>	<u>12,138,725</u>	<u>5,967,939</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	876,716	265,000	165,962	(99,038)
Transfers out	(9,384,911)	(8,870,153)	(9,280,749)	(410,596)
Total other financing sources (uses)	<u>(8,508,195)</u>	<u>(8,605,153)</u>	<u>(9,114,787)</u>	<u>(509,634)</u>
Net change in fund balance	<u>\$ (4,186,865)</u>	<u>\$ (2,434,367)</u>	3,023,938	<u>\$ 5,458,305</u>
FUND BALANCE:				
Beginning of year			<u>17,452,014</u>	
End of year			<u>\$ 20,475,952</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ -	\$ 1,146,254	\$ 2,327,647	\$ 1,181,393
Use of money and property	815	815	55,698	54,883
Total revenues	<u>815</u>	<u>1,147,069</u>	<u>2,383,345</u>	<u>1,236,276</u>
EXPENDITURES:				
Current:				
Public safety	-	441,186	437,120	4,066
Public works	-	1,993,404	1,896,555	96,849
Culture and leisure	-	28,500	28,500	-
Total expenditures	<u>-</u>	<u>2,463,090</u>	<u>2,362,175</u>	<u>100,915</u>
Net change in fund balance	<u>\$ 815</u>	<u>\$ (1,316,021)</u>	21,170	<u>\$ 1,337,191</u>
FUND BALANCE:				
Beginning of year			<u>9,601</u>	
End of year			<u>\$ 30,771</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – State Gas Tax Special Revenue Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 679,673	\$ 679,673	\$ 683,542	\$ 3,869
Use of money and property	50	50	-	(50)
Other revenues	-	-	890	890
Total revenues	<u>679,723</u>	<u>679,723</u>	<u>684,432</u>	<u>4,709</u>
EXPENDITURES:				
Current:				
General government	-	372,598	372,597	1
Public works	3,279,980	2,986,242	2,598,519	387,723
Capital outlay	<u>1,150,000</u>	<u>587,675</u>	<u>700,172</u>	<u>(112,497)</u>
Total expenditures	<u>4,429,980</u>	<u>3,946,515</u>	<u>3,671,288</u>	<u>275,227</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,750,257)</u>	<u>(3,266,792)</u>	<u>(2,986,856)</u>	<u>279,936</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,218,522	4,218,522	3,792,009	(426,513)
Transfers out	<u>(467,318)</u>	<u>(94,720)</u>	<u>(94,720)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,751,204</u>	<u>4,123,802</u>	<u>3,697,289</u>	<u>(426,513)</u>
Net change in fund balance	<u>\$ 947</u>	<u>\$ 857,010</u>	710,433	<u>\$ (146,577)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			<u>(747,170)</u>	
End of year			<u>\$ (36,737)</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 ¹
For the Year Ended June 30, 2023

Measurement period, year ended	Miscellaneous Plan								
	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's proportion of the net pension liability	0.051710%	-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	\$ 2,419,624	\$ (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	\$ 4,226,162	\$ 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	57.25%	-122.77%	12.10%	0.09%	287.00%	300.61%	272.29%	229.90%	185.93%
Plan's fiduciary net position	\$ 40,130,539	\$ 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	94.31%	112.38%	98.78%	99.99%	70.52%	69.56%	70.53%	75.30%	79.46%
Plan's proportionate share of aggregate employer contributions	\$ 228,296	\$ 148,662	\$ 33,931	\$ 12,043,206	\$ 917,505	\$ 876,322	\$ 815,999	\$ 271,845	\$ 623,008

¹ Information only presented from the implementation year

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
Last Ten Fiscal Years ¹
For the Year Ended June 30, 2023

Measurement period, year ended	Safety Plan								
	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's proportion of the net pension liability	0.030900%	-0.118880%	0.008970%	0.001360%	0.141559%	0.140367%	0.14474%	0.14702%	0.14700%
Plan's proportionate share of the net pension liability	\$ 2,123,295	\$ (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	\$ 1,445,382	\$ 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	146.90%	-296.60%	43.67%	6.38%	315.75%	328.40%	302.33%	251.64%	253.20%
Plan's fiduciary net position	\$ 33,305,906	\$ 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	94.01%	112.32%	98.20%	99.74%	73.02%	71.51%	72.39%	76.43%	74.31%
Plan's proportionate share of aggregate employer contributions	\$ 203,760	\$ 136,176	\$ 35,865	\$ 9,358,380	\$ 912,811	\$ 854,722	\$ 801,776	\$ 747,875	\$ 768,496

¹ Information only presented from the implementation year

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions
Last Ten Fiscal Years
For the Year Ended June 30, 2023

Miscellaneous Plan										
Fiscal Year:	<u>2022-23</u>	<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</u>
Contractually determined contribution (actuarially determined)	\$ 568,661	\$ 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	(568,661)	(228,296)	(148,662)	(33,931)	(12,043,206)	(917,505)	(876,322)	(815,999)	(271,845)	(623,008)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,001,799)</u>	<u>\$ -</u>				
Covered payroll	\$ 5,014,754	\$ 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	11.34%	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, 2021 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation	2.300%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	6.90% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions (Continued)
Last Ten Fiscal Years
For the Year Ended June 30, 2023

Fiscal Year:	Safety Plan									
	2022-23	2021-22	2020-21	2019-2020	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Contractually determined contribution (actuarially determined)	\$ 517,407	\$ 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	(517,407)	(203,760)	(136,176)	(35,865)	(9,358,380)	(912,811)	(854,722)	(801,776)	(747,875)	(768,496)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$(8,338,403)	\$ -				
Covered payroll	\$ 1,494,181	\$ 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	34.63%	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, 2021 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
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Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	6.90% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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, 2023

	2023	2022	2021	2020	2019	2018
	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-17 ¹
For the Measurement Period:						
Total OPEB Liability:						
Service Cost	\$ 93,319	\$ 67,767	\$ 65,953	\$ 60,362	\$ 58,604	\$ 54,770
Interest on the total OPEB liability	135,191	136,708	134,647	127,307	121,944	116,263
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(52,665)	(9,467)	19,458	-	-
Changes in assumptions	-	(14,602)	59	11,794	-	-
Contribution from the employer	-	-	-	-	-	-
Benefit payments	(100,202)	(113,726)	(129,754)	(111,766)	(99,616)	(87,805)
Net changes in Total OPEB Liability	128,308	23,482	61,438	107,155	80,932	83,228
Beginning of Year	2,006,274	1,982,792	1,921,354	1,814,199	1,733,267	1,650,039
End of Year	\$ 2,134,582	\$ 2,006,274	\$ 1,982,792	\$ 1,921,354	\$ 1,814,199	\$ 1,733,267
Plan Fiduciary Net Position:						
Employer contribution	\$ 270,155	\$ 192,826	\$ 129,754	\$ 193,998	\$ 188,388	\$ 143,667
Employee contributions	-	-	-	-	-	-
Net investment income	(228,017)	341,548	40,215	61,769	67,059	74,643
Administrative expenses	(422)	(473)	(556)	(213)	(1,560)	(381)
Benefit payments	(100,202)	(113,726)	(129,754)	(111,766)	(99,616)	(87,805)
Net changes in Fiduciary Net Position	(58,486)	420,175	39,659	143,788	154,271	130,124
Beginning of Year	1,598,098	1,177,923	1,138,264	994,476	840,205	710,081
End of Year	\$ 1,539,612	\$ 1,598,098	\$ 1,177,923	\$ 1,138,264	\$ 994,476	\$ 840,205
Net OPEB Liability	\$ 594,970	\$ 408,176	\$ 804,869	\$ 783,090	\$ 819,723	\$ 893,062
Fiduciary Net Position as a % of Total OPEB Liability	72.13%	79.66%	59.41%	59.24%	54.82%	48.48%
Covered Payroll	\$ 5,969,549	\$ 5,626,872	\$ 5,626,872	\$ 5,476,274	\$ 5,499,000	\$ 5,499,000
Net OPEB Liability as a % of Payroll	9.97%	7.25%	14.30%	14.30%	14.91%	16.24%

¹ Information only presented from the implementation year

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedule of OPEB Contributions
Last Ten Fiscal Years
For the Year Ended June 30, 2023

For the Measurement Period:	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17¹</u>
Actuarially Determined Contributions	\$ 163,570	\$ 144,179	\$ 133,676	\$ 129,754	\$ 148,942	\$ 147,061	\$ 143,667
Contributions in relation to the actuarially determined contribution	<u>163,570</u>	<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>\$ -</u>	<u>\$ 6,235</u>	<u>\$ -</u>	<u>\$ (45,056)</u>	<u>\$ (41,327)</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,969,549</u>	<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	2.74%	2.49%	2.26%	2.30%	3.54%	3.43%	2.61%

¹ Information only presented from the implementation year

City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Supplementary Information



City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 4,615,226	\$ 3,602,075	\$ 786,401	\$ (2,815,674)
Use of money and property	725	725	5,939	5,214
Total revenues	<u>4,615,951</u>	<u>3,602,800</u>	<u>792,340</u>	<u>(2,810,460)</u>
EXPENDITURES:				
Current:				
Capital outlay	7,181,714	8,534,390	7,774,534	759,856
Total expenditures	<u>7,181,714</u>	<u>12,740,905</u>	<u>7,774,534</u>	<u>759,856</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,565,763)</u>	<u>(9,138,105)</u>	<u>(6,982,194)</u>	<u>(2,050,604)</u>
OTHER FINANCING SOURCES:				
Transfers in	6,292,102	6,153,388	8,221,629	2,068,241
Total other financing sources	<u>6,292,102</u>	<u>6,153,388</u>	<u>8,221,629</u>	<u>2,068,241</u>
Net change in fund balance	<u>\$ 3,726,339</u>	<u>\$ (2,984,717)</u>	1,239,435	<u>\$ 17,637</u>
FUND BALANCE:				
Beginning of year			<u>651,891</u>	
End of year			<u>\$ 1,891,326</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,615	\$ 1,615	\$ 15,744	\$ 14,129
Total revenues	<u>1,615</u>	<u>1,615</u>	<u>15,744</u>	<u>14,129</u>
EXPENDITURES:				
Debt service:				
Principal	680,000	680,000	680,000	-
Interest	840,332	840,332	840,330	2
Total expenditures	<u>1,520,332</u>	<u>1,520,332</u>	<u>1,520,330</u>	<u>2</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,518,717)</u>	<u>(1,518,717)</u>	<u>(1,504,586)</u>	<u>14,131</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	1,546,090	1,546,090
Transfers out	1,546,090	1,546,090	-	(1,546,090)
Total other financing sources	<u>1,546,090</u>	<u>1,546,090</u>	<u>1,546,090</u>	<u>-</u>
Net change in fund balance	<u>\$ 25,758</u>	<u>\$ 25,758</u>	41,504	<u>\$ 14,131</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 41,504</u>	

City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Non-Major Governmental Funds



**City of Ridgecrest
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023**

	Special Revenue Funds				
	Road Maintenance & Rehabilitation Act Fund	Grant Operations Special Revenue Fund	TDA Street Fund	Supplemental Law Enforcement	Landscaping and Lighting
ASSETS					
Cash and investments	\$ 94,979	\$ 261,551	\$ -	\$ -	\$ 39,831
Receivables:					
Accounts	97,734	-	-	-	-
Interest	2,752	898	2,280	570	95
Loans	-	-	-	-	-
Deposits	-	-	-	-	-
Total assets	\$ 195,465	\$ 262,449	\$ 2,280	\$ 570	\$ 39,926
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,495
Salaries payable	3,056	-	-	-	-
Unearned revenue	-	202,696	-	-	-
Total liabilities	3,056	202,696	-	-	3,495
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	192,409	59,753	2,280	570	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	36,431
Total fund balances	192,409	59,753	2,280	570	36,431
Total liabilities, deferred inflows of resources and fund balances	\$ 195,465	\$ 262,449	\$ 2,280	\$ 570	\$ 39,926

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			Capital Projects Funds	Total Other Governmental Funds
	Storm Drainage Facilities	Community Partnership Grant	Housing Authority	Sub-Standard Streets Improvements	
ASSETS					
Cash and investments	\$ 2,654,907	\$ 148	\$ 275,247	\$ 163,939	\$ 5,679,996
Receivables:					
Accounts	-	-	-	-	97,734
Interest	9,330	1	5,708	2,930	31,998
Loans	-	-	154,322	-	154,322
Deposits	-	-	-	10,241	10,241
Total assets	\$ 2,664,237	\$ 149	\$ 435,277	\$ 177,110	\$ 5,974,291
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,495
Salaries payable	-	-	-	-	3,056
Unearned revenue	-	-	-	-	202,696
Total liabilities	-	-	-	-	209,247
Deferred Inflows of Resources:					
Unavailable revenue	-	-	154,322	-	154,322
Total deferred inflows of resources	-	-	154,322	-	154,322
Fund Balances:					
Restricted	2,664,237	149	280,955	-	5,397,181
Committed	-	-	-	177,110	177,110
Assigned	-	-	-	-	36,431
Total fund balances	2,664,237	149	280,955	177,110	5,610,722
Total liabilities, deferred inflows of resources and fund balances	\$ 2,664,237	\$ 149	\$ 435,277	\$ 177,110	\$ 5,974,291

(Concluded)

City of Ridgecrest
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Road Maintenance & Rehabilitation Act Fund	Grant Operations Special Revenue Fund	TDA Street Fund	Supplemental Law Enforcement	Landscaping and Lighting
REVENUES:					
Intergovernmental	\$ 619,622	\$ -	\$ 663,801	\$ 165,271	\$ -
License and permits	-	-	-	-	-
Assessment levied	-	-	-	-	25,048
Use of money and property	7,388	-	2,579	983	397
Other revenues	-	1,603	-	-	-
Total revenues	627,010	1,603	666,380	166,254	25,445
EXPENDITURES:					
Current:					
General government	29,777	-	-	-	-
Public works	124,701	-	-	-	59,585
Community development	-	-	-	-	1,539
Total expenditures	154,478	-	-	-	61,124
REVENUES OVER (UNDER) EXPENDITURES	472,532	1,603	666,380	166,254	(35,679)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	23,420
Transfers out	(717,840)	-	(664,167)	(165,962)	-
Total other financing sources (uses)	(717,840)	-	(664,167)	(165,962)	23,420
Net changes in fund balances	(245,308)	1,603	2,213	292	(12,259)
FUND BALANCES:					
Beginning of year	437,717	58,150	67	278	48,690
End of year	\$ 192,409	\$ 59,753	\$ 2,280	\$ 570	\$ 36,431

(Continued)

City of Ridgecrest
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

Special Revenue Funds

	Drainage Benefit Assessment District	Fire Facilities Improvements	Traffic Impact Fee	Park Development Impact Fee	Law Enforcement Improvement Fee
REVENUES:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
License and permits	-	19,315	139,701	-	25,584
Assessment levied	4,032	-	-	-	-
Use of money and property	323	3,666	13,017	1,776	5,174
Other revenues	-	-	-	-	-
Total revenues	4,355	22,981	152,718	1,776	30,758
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Total expenditures	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	4,355	22,981	152,718	1,776	30,758
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net changes in fund balances	4,355	22,981	152,718	1,776	30,758
FUND BALANCES:					
Beginning of year	26,259	307,195	1,061,456	153,690	435,640
End of year	\$ 30,614	\$ 330,176	\$ 1,214,174	\$ 155,466	\$ 466,398

(Continued)

City of Ridgecrest
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			Capital Projects Funds	Total Other Governmental Funds
	Storm Drainage Facilities	Community Partnership Grant	Housing Authority	Sub-Standard Streets Improvements	
REVENUES:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,448,694
License and permits	135,908	-	-	-	320,508
Assessment levied	-	-	-	-	29,080
Use of money and property	30,532	1	21,630	9,758	97,224
Other revenues	-	-	14,119	7,200	22,922
Total revenues	166,440	1	35,749	16,958	1,918,428
EXPENDITURES:					
Current:					
General government	-	-	-	-	29,777
Public works	-	-	-	-	184,286
Community development	-	-	-	-	1,539
Total expenditures	-	-	-	-	215,602
REVENUES OVER (UNDER) EXPENDITURES	166,440	1	35,749	16,958	1,702,826
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	23,420
Transfers out	(78,432)	-	-	(690,726)	(2,317,127)
Total other financing sources (uses)	(78,432)	-	-	(690,726)	(2,293,707)
Net changes in fund balances	88,008	1	35,749	(673,768)	(590,881)
FUND BALANCES:					
Beginning of year	2,576,229	148	245,206	850,878	6,201,603
End of year	\$ 2,664,237	\$ 149	\$ 280,955	\$ 177,110	\$ 5,610,722

(Concluded)

City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 674,515	\$ 674,515	\$ 619,622	\$ (54,893)
Use of money and property	1,120	1,120	7,388	6,268
Total revenues	<u>675,635</u>	<u>675,635</u>	<u>627,010</u>	<u>(48,625)</u>
EXPENDITURES:				
Current:				
General government	-	29,776	29,777	(1)
Public works	141,142	141,142	124,701	16,441
Total expenditures	<u>141,142</u>	<u>170,918</u>	<u>154,478</u>	<u>16,440</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>534,493</u>	<u>504,717</u>	<u>472,532</u>	<u>(32,185)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(455,208)	(425,432)	(717,840)	(292,408)
Total other financing sources (uses)	<u>(455,208)</u>	<u>(425,432)</u>	<u>(717,840)</u>	<u>(292,408)</u>
Net change in fund balance	<u>\$ 79,285</u>	<u>\$ 79,285</u>	(245,308)	<u>\$ (324,593)</u>
FUND BALANCE:				
Beginning of year			<u>437,717</u>	
End of year			<u>\$ 192,409</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
TDA Street - Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 663,801	\$ 363,801
Use of money and property	-	-	2,579	2,579
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>666,380</u>	<u>366,380</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>300,000</u>	<u>300,000</u>	<u>666,380</u>	<u>366,380</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(300,000)	(300,000)	(664,167)	(364,167)
Total other financing sources (uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(664,167)</u>	<u>(364,167)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	2,213	<u>\$ 2,213</u>
FUND BALANCE:				
Beginning of year			<u>67</u>	
End of year			<u>\$ 2,280</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 160,000	\$ 160,000	\$ 165,271	\$ 5,271
Use of money and property	240	240	983	743
Total revenues	160,240	160,240	166,254	6,014
REVENUES OVER (UNDER) EXPENDITURES				
	160,240	160,240	166,254	6,014
OTHER FINANCING (USES):				
Transfers out	(160,000)	(160,000)	(165,962)	(5,962)
Total other financing (uses)	(160,000)	(160,000)	(165,962)	(5,962)
Net change in fund balance	\$ 240	\$ 240	292	\$ 52
FUND BALANCE:				
Beginning of year			278	
End of year			\$ 570	

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Assessment levied	\$ 83,436	\$ 83,436	\$ 25,048	\$ (58,388)
Use of money and property	425	425	397	(28)
Total revenues	<u>83,861</u>	<u>83,861</u>	<u>25,445</u>	<u>(58,416)</u>
EXPENDITURES:				
Current:				
Public works	76,752	76,752	59,585	17,167
Community development	1,875	1,875	1,539	336
Total expenditures	<u>78,627</u>	<u>78,627</u>	<u>61,124</u>	<u>17,503</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>5,234</u>	<u>5,234</u>	<u>(35,679)</u>	<u>(40,913)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	23,420	23,420
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>23,420</u>	<u>23,420</u>
Net change in fund balance	<u>\$ 5,234</u>	<u>\$ 5,234</u>	<u>(12,259)</u>	<u>\$ (17,493)</u>
FUND BALANCE:				
Beginning of year			<u>48,690</u>	
End of year			<u>\$ 36,431</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Drainage Benefit Assessment District – Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
REVENUES:				
Assessment levied	\$ 5,280	\$ 5,280	\$ 4,032	\$ (1,248)
Use of money and property	60	60	323	263
Total revenues	5,340	5,340	4,355	(985)
EXPENDITURES:				
Current:				
Public works	4,000	4,000	-	4,000
Total expenditures	4,000	4,000	-	4,000
Net change in fund balance	\$ 1,340	\$ 1,340	4,355	\$ 3,015
FUND BALANCE:				
Beginning of year			26,259	
End of year			\$ 30,614	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fire Facilities Improvements - Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
License and permits	\$ 30,000	\$ 30,000	\$ 19,315	\$ (10,685)
Use of property and money	550	550	3,666	3,116
Total revenues	<u>30,550</u>	<u>30,550</u>	<u>22,981</u>	<u>(7,569)</u>
Net change in fund balances	<u>\$ 30,550</u>	<u>\$ 30,550</u>	22,981	<u>\$ (7,569)</u>
FUND BALANCE:				
Beginning of year			<u>307,195</u>	
End of year			<u>\$ 330,176</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Traffic Impact Fee - Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
License and permits	\$ 200,000	\$ 200,000	\$ 139,701	\$ (60,299)
Use of money and property	6,000	6,000	13,017	7,017
Total revenues	<u>206,000</u>	<u>206,000</u>	<u>152,718</u>	<u>(53,282)</u>
OTHER FINANCING (USES):				
Transfers out	(110,000)	(110,000)	-	110,000
Total other financing (uses)	<u>(110,000)</u>	<u>(110,000)</u>	<u>-</u>	<u>110,000</u>
Net change in fund balances	<u>\$ 96,000</u>	<u>\$ 96,000</u>	152,718	<u>\$ 56,718</u>
FUND BALANCE:				
Beginning of year			<u>1,061,456</u>	
End of year			<u>\$ 1,214,174</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Park Development Impact Fee - Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of property and money	\$ 725	\$ 725	\$ 1,776	\$ 1,051
Total revenues	<u>725</u>	<u>725</u>	<u>1,776</u>	<u>1,051</u>
Net change in fund balances	<u>\$ 725</u>	<u>\$ 725</u>	1,776	<u>\$ 1,051</u>
FUND BALANCE:				
Beginning of year			<u>153,690</u>	
End of year			<u>\$ 155,466</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Law Enforcement Improvement Fee - Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
License and permits	\$ 60,000	\$ 60,000	\$ 25,584	\$ (34,416)
Use of money and property	775	775	5,174	4,399
Total revenues	<u>60,775</u>	<u>60,775</u>	<u>30,758</u>	<u>(30,017)</u>
Net change in fund balance	<u>\$ 60,775</u>	<u>\$ 60,775</u>	30,758	<u>\$ (30,017)</u>
FUND BALANCE:				
Beginning of year			<u>435,640</u>	
End of year			<u>\$ 466,398</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Storm Drainage Facilities - Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
License and permits	\$ 150,000	\$ 150,000	\$ 135,908	\$ (14,092)
Use of property and money	6,200	6,200	30,532	24,332
Total revenues	<u>156,200</u>	<u>156,200</u>	<u>166,440</u>	<u>10,240</u>
OTHER FINANCING (USES):				
Transfers out	(1,300,000)	(1,300,000)	(78,432)	1,221,568
Total other financing (uses)	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(78,432)</u>	<u>1,221,568</u>
Net change in fund balances	<u>\$ (1,143,800)</u>	<u>\$ (1,143,800)</u>	88,008	<u>\$ 1,231,808</u>
FUND BALANCE:				
Beginning of year			<u>2,576,229</u>	
End of year			<u>\$ 2,664,237</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Housing Authority - Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of property and money	\$ 3,300	\$ 3,300	\$ 21,630	\$ 18,330
Other revenues	-	-	14,119	14,119
Total revenues	<u>3,300</u>	<u>3,300</u>	<u>35,749</u>	<u>32,449</u>
Net change in fund balances	<u>\$ 3,300</u>	<u>\$ 3,300</u>	35,749	<u>\$ 32,449</u>
FUND BALANCE:				
Beginning of year			<u>245,206</u>	
End of year			<u>\$ 280,955</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sub-Standard Streets Improvements - Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of property and money	\$ 2,250	\$ 2,250	\$ 9,758	\$ 7,508
Other revenues	45,000	45,000	7,200	(37,800)
Total revenues	<u>47,250</u>	<u>47,250</u>	<u>16,958</u>	<u>(30,292)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>47,250</u>	<u>47,250</u>	<u>16,958</u>	<u>(30,292)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(750,000)	(750,000)	(690,726)	59,274
Total other financing sources (uses)	<u>(750,000)</u>	<u>(750,000)</u>	<u>(690,726)</u>	<u>59,274</u>
Net change in fund balances	<u>\$ (702,750)</u>	<u>\$ (702,750)</u>	(673,768)	<u>\$ 28,982</u>
FUND BALANCE:				
Beginning of year			<u>850,878</u>	
End of year			<u>\$ 177,110</u>	

City of Ridgecrest
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For the Year Ended June 30, 2023

Internal Service Funds



City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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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, 2023

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
ASSETS				
Current assets:				
Cash and investments	\$ 2,882,911	\$ -	\$ 288,209	\$ 3,171,120
Interest receivable	13,649	-	899	14,548
Inventories	-	-	16,136	16,136
Total current assets	2,896,560	-	305,244	3,201,804
Noncurrent assets:				
Capital assets:				
Depreciable	-	-	412,893	412,893
Less: accumulated depreciation	-	-	(412,893)	(412,893)
Total capital assets	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	2,896,560	-	305,244	3,201,804
LIABILITIES				
Current Liabilities:				
Accounts payable	77,656	-	18,579	96,235
Accrued expenses	4,713	-	2,951	7,664
Claims payable - due within one year	466,817	-	-	466,817
Total current liabilities	549,186	-	21,530	570,716
Noncurrent liabilities:				
Claims payable - due in more than one year	1,089,240	-	-	1,089,240
Total noncurrent liabilities	1,089,240	-	-	1,089,240
Total liabilities	1,638,426	-	21,530	1,659,956
NET POSITION				
Unrestricted	1,258,134	-	283,714	1,541,848
Total net position	\$ 1,258,134	\$ -	\$ 283,714	\$ 1,541,848

City of Ridgecrest
Combining Statements of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2023

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
OPERATING REVENUES:				
Charges for services	\$ 1,344,876	\$ -	\$ 485,788	\$ 1,830,664
Other revenue	490,528	-	-	490,528
Total operating revenues	<u>1,835,404</u>	<u>-</u>	<u>485,788</u>	<u>2,321,192</u>
OPERATING EXPENSES:				
Administration	1,162,643	244,721	493,090	1,900,454
Total operating expenses	<u>1,162,643</u>	<u>244,721</u>	<u>493,090</u>	<u>1,900,454</u>
OPERATING INCOME (LOSS)	<u>672,761</u>	<u>(244,721)</u>	<u>(7,302)</u>	<u>420,738</u>
NONOPERATING REVENUES:				
Investment income	39,507	-	3,139	42,646
Total nonoperating revenues	<u>39,507</u>	<u>-</u>	<u>3,139</u>	<u>42,646</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>712,268</u>	<u>(244,721)</u>	<u>(4,163)</u>	<u>463,384</u>
TRANSFERS:				
Transfers in	-	1,208,418	-	1,208,418
Transfers out	(1,221,552)	-	(16,266)	(1,237,818)
Total transfers	<u>(1,221,552)</u>	<u>1,208,418</u>	<u>(16,266)</u>	<u>(29,400)</u>
Changes in net position	<u>(509,284)</u>	<u>963,697</u>	<u>(20,429)</u>	<u>433,984</u>
NET POSITION (DEFICIT):				
Beginning of year	1,767,418	(963,697)	304,143	1,107,864
End of year	<u>\$ 1,258,134</u>	<u>\$ -</u>	<u>\$ 283,714</u>	<u>\$ 1,541,848</u>

City of Ridgecrest
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2023

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user departments	\$ 1,415,047	\$ -	\$ 485,788	\$ 1,900,835
Payments to suppliers or employees for goods and services	(1,083,968)	(244,721)	(495,916)	(1,824,605)
Insurance premiums and settlements and insurance recoveries, net	202,196	-	-	202,196
Other operating revenue	490,528	-	-	490,528
Net cash provided by (used in) operating activities	1,023,803	(244,721)	(10,128)	768,954
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund borrowings	-	(963,697)	-	(963,697)
Transfers in	-	1,208,418	-	1,208,418
Transfers out	(1,221,552)	-	(16,266)	(1,237,818)
Net cash provided by (used in) noncapital financing activities	(1,221,552)	244,721	(16,266)	(993,097)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	31,118	-	2,614	33,732
Net cash provided by investing activities	31,118	-	2,614	33,732
Net change in cash and cash equivalents	(166,631)	-	(23,780)	(190,411)
CASH AND CASH EQUIVALENTS				
Beginning of year	3,049,542	-	311,989	3,361,531
End of year	<u>\$ 2,882,911</u>	<u>\$ -</u>	<u>\$ 288,209</u>	<u>\$ 3,171,120</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 672,761	\$ (244,721)	\$ (7,302)	\$ 420,738
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	-
Changes in current assets and liabilities:				
Accounts receivable	70,171	-	-	70,171
Inventories	-	-	(4,058)	(4,058)
Accounts payable	72,410	-	204	72,614
Accrued expenses	6,265	-	1,028	7,293
Claims payable	202,196	-	-	202,196
Total adjustments	<u>351,042</u>	<u>-</u>	<u>(2,826)</u>	<u>348,216</u>
Net cash provided by (used in) operating activities	<u>\$ 1,023,803</u>	<u>\$ (244,721)</u>	<u>\$ (10,128)</u>	<u>\$ 768,954</u>

City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Fiduciary Funds



City of Ridgecrest
Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2023

	Private Purpose Trust Funds		
	Donations	RDA Obligation Retirement	Total
ASSETS			
Cash and investments	\$ 3,630	\$ 2,191,283	\$ 2,194,913
Interest receivable	29	11,344	11,373
Capital assets:			
Non-depreciable	-	2,202,440	2,202,440
Depreciable, net	-	1,188,836	1,188,836
Total assets	<u>3,659</u>	<u>5,593,915</u>	<u>5,597,574</u>
LIABILITIES			
Accounts payable	3,610	-	3,610
Deposits payable	-	2,000	2,000
Unearned revenue	-	-	-
Interest payable	-	377,241	377,241
Due to City of Ridgecrest	-	1,483,603	1,483,603
Bonds payable, due in one year	-	1,691,000	1,691,000
Bonds payable, due in more than one year	-	19,432,000	19,432,000
Total liabilities	<u>3,610</u>	<u>22,985,844</u>	<u>22,989,454</u>
NET POSITION (DEFICIT)			
Restricted for individuals, organizations and/or other governments	49	(17,391,929)	(17,391,880)
Total net position (deficit)	<u>\$ 49</u>	<u>\$ (17,391,929)</u>	<u>\$ (17,391,880)</u>

City of Ridgecrest
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the Year Ended June 30, 2023

	Private Purpose Trust Funds		
	Donations	RDA Obligation Retirement	Total
ADDITIONS:			
Taxes	\$ -	\$ 882,315	\$ 882,315
Revenue from use of money and property	49	33,584	33,633
Other revenue	-	289,795	289,795
Total additions	<u>49</u>	<u>1,205,694</u>	<u>1,205,743</u>
DEDUCTIONS:			
Community development	1,288	22,868	24,156
Depreciation expense	-	75,501	75,501
Interest expense	-	822,507	822,507
Transfers to City of Ridgecrest (Note 7)	-	3,540,403	3,540,403
Total deductions	<u>1,288</u>	<u>4,461,279</u>	<u>4,462,567</u>
Changes in net position	(1,239)	(3,255,585)	(3,256,824)
NET POSITION:			
Beginning of year	1,288	(14,136,344)	(14,135,056)
End of year	<u>\$ 49</u>	<u>\$ (17,391,929)</u>	<u>\$ (17,391,880)</u>

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City of Ridgecrest
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Statistical Section



City of Ridgecrest
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For the Year Ended June 30, 2023

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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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental activities					
Net investment in capital assets	\$ 58,475,170	\$ 55,142,182	\$ 56,589,811	\$ 55,669,889	\$ 55,436,365
Restricted	7,991,076	7,795,261	6,078,065	6,980,817	6,634,279
Unrestricted (deficit)	<u>(2,770,728)</u>	<u>5,068,439</u>	<u>(11,004,325)</u>	<u>(14,710,817)</u>	<u>(14,904,898)</u>
Total governmental activities net position	<u><u>63,695,518</u></u>	<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>
Business-type activities					
Net investment in capital assets	15,131,537	15,215,765	15,088,300	15,372,381	15,477,073
Restricted	-	-	-	-	-
Unrestricted	<u>43,527,547</u>	<u>50,928,310</u>	<u>42,350,469</u>	<u>39,489,149</u>	<u>36,118,037</u>
Total business type activities net position	<u><u>58,659,084</u></u>	<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>
Primary government					
Net investment in capital assets	73,606,707	70,357,947	71,678,111	71,042,270	70,913,438
Restricted	7,991,076	7,795,261	6,078,065	6,980,817	6,634,279
Unrestricted	<u>40,756,819</u>	<u>55,996,749</u>	<u>31,346,144</u>	<u>24,778,332</u>	<u>21,213,139</u>
Total primary government net position	<u><u>\$ 122,354,602</u></u>	<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>

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

	Fiscal Years				
	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities					
Net investment in capital assets	\$ 55,677,430	\$ 48,401,633	\$ 43,739,184	\$ 42,325,287	\$ 34,386,270
Restricted	6,470,708	11,058,233	11,197,956	9,961,497	10,718,146
Unrestricted (deficit)	(14,913,324)	(12,569,000)	(13,765,063)	(16,350,067)	(4,801,114)
Total governmental activities net position	<u>47,234,814</u>	<u>46,890,866</u>	<u>41,172,077</u>	<u>35,936,717</u>	<u>40,303,302</u>
Business-type activities					
Net investment in capital assets	16,263,175	16,710,100	14,635,228	15,069,345	15,581,116
Restricted	-	-	-	-	-
Unrestricted	29,419,315	23,924,994	21,515,449	18,473,732	18,060,765
Total business type activities net position	<u>45,682,490</u>	<u>40,635,094</u>	<u>36,150,677</u>	<u>33,543,077</u>	<u>33,641,881</u>
Primary government					
Net investment in capital assets	71,940,605	65,111,733	58,374,412	57,394,632	49,967,386
Restricted	6,470,708	11,058,233	11,197,956	9,961,497	10,718,146
Unrestricted	14,505,991	11,355,994	7,750,386	2,123,665	13,259,651
Total primary government net position	<u>\$ 92,917,304</u>	<u>\$ 87,525,960</u>	<u>\$ 77,322,754</u>	<u>\$ 69,479,794</u>	<u>\$ 73,945,183</u>

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

	Fiscal Years				
	2023	2022	2021	2020	2019
Expenses					
Governmental activities:					
General government	\$ 11,676,045	\$ (2,156,848)	\$ 2,940,494	\$ 3,544,612	\$ 4,913,832
Public safety	14,541,781	(682,802)	8,275,604	7,694,408	7,393,899
Public works	7,313,358	7,129,835	4,415,605	3,932,154	3,854,999
Transportation	-	-	-	-	-
Community development	2,300,807	1,264,593	991,673	816,593	764,184
Health	-	-	-	-	-
Culture and leisure	2,067,676	1,990,216	1,624,180	1,621,784	1,692,123
Interest and fiscal agent fees	822,640	868,449	903,407	916,918	1,097,275
Total governmental activities expenses	38,722,307	8,413,443	19,150,963	18,526,469	19,716,312
Business type activities:					
TDA Transit	4,389,919	(1,461,529)	1,057,420	834,485	270,484
Wastewater	10,781,324	405,421	2,956,688	2,502,465	814,134
Solid Waste Collection	-	-	-	-	-
Total business type activities expenses	15,171,243	(1,056,108)	4,014,108	3,336,950	1,084,618
Total primary government expenses	\$ 53,893,550	\$ 7,357,335	\$ 23,165,071	\$ 21,863,419	\$ 20,800,930
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 3,335,953	\$ 4,735,253	\$ 260,147	\$ 238,529	\$ 230,989
Public safety	-	-	405,193	291,783	327,538
Public works	4,516	-	-	7,007	381,776
Transportation	-	-	-	-	-
Community development	23,306	(13,960)	749,373	550,707	5,336
Health	-	-	-	-	-
Culture and leisure	200	-	203,009	186,472	290,578
Operating grants and contributions	4,736,089	2,544,996	1,636,261	1,499,442	1,957,254
Capital grants and contributions	760,130	-	1,727,612	1,237,922	274,427
Total governmental activities program revenues	8,860,194	7,266,289	4,981,595	4,011,862	3,467,898
Business type activities:					
Charges for services:					
TDA Transit	302,370	521,664	184,940	392,427	302,057
Wastewater	6,214,371	6,702,509	6,594,567	5,827,372	6,025,138
Operating grants and contributions	137,212	154,889	149,111	89,269	149,429
Total business type activities program revenues	6,653,953	7,379,062	6,928,618	6,309,068	6,476,624
Total primary government program revenues	\$ 15,514,147	\$ 14,645,351	\$ 11,910,213	\$ 10,320,930	\$ 9,944,522
Net (Expense)/Revenue					
Governmental activities	\$ (29,862,113)	\$ (1,147,154)	\$ (14,169,368)	\$ (14,514,607)	\$ (16,248,414)
Business type activities	(8,517,290)	8,435,170	2,914,510	2,972,118	5,392,006
Total primary government net expense	\$ (38,379,403)	\$ 7,288,016	\$ (11,254,858)	\$ (11,542,489)	\$ (10,856,408)

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

	Fiscal Years				
	2018	2017	2016	2015	2014
Expenses					
Governmental activities:					
General government	\$ 5,019,286	\$ 1,751,017	\$ 1,754,299	\$ 2,298,464	\$ 2,393,838
Public safety	7,079,047	7,311,427	6,684,042	7,436,539	7,833,984
Public works	5,049,067	4,109,004	3,545,280	2,848,720	2,413,076
Transportation	87,535	82,051	2,213,317	3,284,356	2,097,999
Community development	-	1,089,482	1,018,186	817,626	703,912
Health	1,011,653	-	-	-	5,270
Culture and leisure	1,776,087	1,892,820	1,426,011	1,679,152	1,756,316
Interest and fiscal agent fees	227,286	255,588	275,499	292,989	319,028
Total governmental activities expenses	<u>20,249,961</u>	<u>16,491,389</u>	<u>16,916,634</u>	<u>18,657,846</u>	<u>17,523,423</u>
Business type activities:					
TDA Transit	552,170	849,257	832,756	757,646	868,224
Wastewater	1,579,721	1,599,732	2,496,953	2,082,287	1,519,731
Solid Waste Collection	-	-	-	-	-
Total business type activities expenses	<u>2,131,891</u>	<u>2,448,989</u>	<u>3,329,709</u>	<u>2,839,933</u>	<u>2,387,955</u>
Total primary government expenses	<u>\$ 22,381,852</u>	<u>\$ 18,940,378</u>	<u>\$ 20,246,343</u>	<u>\$ 21,497,779</u>	<u>\$ 19,911,378</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 236,180	\$ 291,687	\$ 267,637	\$ 270,810	\$ 326,982
Public safety	205,734	334,668	292,613	392,093	186,170
Public works	497,833	4,765	-	-	223,811
Transportation	-	-	-	-	13,970
Community development	-	468,418	704,566	287,611	-
Health	(9,478)	-	-	-	-
Culture and leisure	344,560	333,364	368,473	345,877	292,439
Operating grants and contributions	1,230,709	1,328,471	1,647,328	2,315,476	1,982,127
Capital grants and contributions	699,272	2,196,184	1,042,058	7,728,784	384,661
Total governmental activities program revenues	<u>3,204,810</u>	<u>4,957,557</u>	<u>4,322,675</u>	<u>11,340,651</u>	<u>3,410,160</u>
Business type activities:					
Charges for services:					
TDA Transit	208,178	309,271	252,822	252,359	273,698
Wastewater	6,259,227	6,084,876	5,803,024	3,893,420	2,650,298
Operating grants and contributions	87,869	451,898	93,577	92,834	259,868
Total business type activities program revenues	<u>6,555,274</u>	<u>6,846,045</u>	<u>6,149,423</u>	<u>4,238,613</u>	<u>3,183,864</u>
Total primary government program revenues	<u>\$ 9,760,084</u>	<u>\$ 11,803,602</u>	<u>\$ 10,472,098</u>	<u>\$ 15,579,264</u>	<u>\$ 6,594,024</u>
Net (Expense)/Revenue					
Governmental activities	\$ (17,045,151)	\$ (11,533,832)	\$ (12,593,959)	\$ (7,317,195)	\$ (14,113,263)
Business type activities	<u>4,423,383</u>	<u>4,397,056</u>	<u>2,819,714</u>	<u>1,398,680</u>	<u>795,909</u>
Total primary government net expense	<u>\$ (12,621,768)</u>	<u>\$ (7,136,776)</u>	<u>\$ (9,774,245)</u>	<u>\$ (5,918,515)</u>	<u>\$ (13,317,354)</u>

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

	Fiscal Years				
	2023	2022	2021	2020	2019
General Revenues and					
Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 3,221,039	\$ 3,008,839	\$ 2,884,710	\$ 2,661,305	\$ 2,392,910
Sales taxes	13,030,058	10,955,498	9,608,803	8,058,076	8,111,952
Transient occupancy taxes	1,879,068	1,751,721	1,336,952	1,411,102	1,458,498
Special assessments	29,080	29,228	847,761	520,280	546,580
Other taxes	1,182,479	1,014,249	985,352	697,697	776,234
Investment earnings	458,850	142,019	115,320	344,353	338,153
Miscellaneous	183,658	196,279	971,568	138,941	175,031
Gain (loss) on disposal of capital assets	-	-	(3,235)	-	-
Revenues from Fiduciary Fund	3,540,403	250,000	251,486	577,193	1,719,172
Transfers	2,027,114	141,652	894,313	858,729	681,948
Total governmental activities	25,551,749	17,489,485	17,893,030	15,267,676	16,200,478
Business-type activities:					
Other taxes	1,457,998	-	116,741	432,866	666,486
Investment earnings	520,425	159,136	199,998	609,813	633,302
Miscellaneous	1,080,990	252,652	240,303	2,227	10,907
Transfers	(2,027,114)	(141,652)	(894,313)	(858,729)	(681,948)
Total business type activities	1,032,299	270,136	(337,271)	186,177	628,747
Total primary government	\$ 26,584,048	\$ 17,759,621	\$ 17,555,759	\$ 15,453,853	\$ 16,829,225
Change in Net Position					
Governmental activities	\$ (4,310,364)	\$ 16,342,331	\$ 3,723,662	\$ 753,069	\$ (47,936)
Business type activities	(7,484,991)	8,705,306	2,577,239	3,158,295	6,020,753
Total primary government	\$ (11,795,355)	\$ 25,047,637	\$ 6,300,901	\$ 3,911,364	\$ 5,972,817

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

	Fiscal Years				
	2018	2017	2016	2015	2014
General Revenues and					
Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 2,326,379	\$ 1,976,015	\$ 2,125,926	\$ 1,600,406	\$ 1,967,098
Sales taxes	7,783,312	6,535,498	5,974,873	5,681,776	5,314,304
Transient occupancy taxes	1,553,230	1,585,442	1,443,149	1,218,081	1,150,741
Special assessments	532,936	392,664	1,639,143	282,488	74,113
Other taxes	767,820	709,003	714,218	703,389	694,879
Investment earnings	156,521	86,111	33,919	18,355	20,619
Miscellaneous	371,280	192,484	1,124,780	357,064	396,063
Gain (loss) on disposal of capital assets	-	-	-	-	-
Revenues from Fiduciary Fund	4,562,229	5,085,152	3,735,484	5,154,181	2,278,026
Transfers	111,008	690,252	1,037,827	615,822	263,539
Total governmental activities	18,164,715	17,252,621	17,829,319	15,631,562	12,159,382
Business-type activities:					
Other taxes	505,553	618,970	721,500	577,392	614,050
Investment earnings	306,226	147,005	84,815	48,259	41,852
Miscellaneous	12,553	11,638	19,398	18,870	9,969
Transfers	(111,008)	(690,252)	(1,037,827)	(615,822)	(263,539)
Total business type activities	713,324	87,361	(212,114)	28,699	402,332
Total primary government	\$ 18,878,039	\$ 17,339,982	\$ 17,617,205	\$ 15,660,261	\$ 12,561,714
Change in Net Position					
Governmental activities	\$ 1,119,564	\$ 5,718,789	\$ 5,235,360	\$ 8,314,367	\$ (1,953,881)
Business type activities	5,136,707	4,484,417	2,607,600	1,427,379	1,198,241
Total primary government	\$ 6,256,271	\$ 10,203,206	\$ 7,842,960	\$ 9,741,746	\$ (755,640)

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

	Fiscal Years				
	2023	2022	2021	2020	2019
General Fund					
Nonspendable	\$ 56,345	\$ 56,345	\$ 56,345	\$ 56,345	\$ 56,345
Restricted	262,431	763,725	477,884	390,413	512,181
Committed	-	-	-	-	-
Assigned	7,199,527	7,199,527	6,322,178	3,992,710	2,445,622
Unassigned	12,957,649	9,432,417	5,374,195	3,202,799	2,313,755
Total General Fund	\$ 20,475,952	\$ 17,452,014	\$ 12,230,602	\$ 7,642,267	\$ 5,327,903
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	5,469,456	5,311,636	3,975,559	5,189,697	4,811,665
Committed	177,110	850,878	831,454	760,820	718,298
Assigned	1,927,757	700,581	109,704	141,203	771,031
Unassigned (deficit)	(36,737)	(747,170)	(150,888)	-	(148,821)
Total all other governmental funds	\$ 7,537,586	\$ 6,115,925	\$ 4,765,829	\$ 6,091,720	\$ 6,152,173
TOTAL FUND BALANCES	\$ 28,013,538	\$ 23,567,939	\$ 16,996,431	\$ 13,733,987	\$ 11,480,076

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

	Fiscal Years				
	2018	2017	2016	2015	2014
General Fund					
Nonspendable	\$ 56,345	\$ 56,345	\$ 232	\$ 525	\$ 996
Restricted	-	480,047	341,946	247,365	213,216
Committed	-	-	-	-	-
Assigned	-	957,258	357,412	1,051,917	
Unassigned	2,629,252	(18,602)	1,017	(2,300,838)	(2,533,123)
Total General Fund	<u>\$ 2,685,597</u>	<u>\$ 1,475,048</u>	<u>\$ 700,607</u>	<u>\$ (1,001,031)</u>	<u>\$ (2,318,911)</u>
All other governmental funds					
Nonspendable	\$ -	\$ 4,629,159	\$ 5,114,159	\$ 5,584,159	\$ 6,034,159
Restricted	4,193,637	4,881,004	4,488,041	2,978,577	3,341,192
Committed	630,079	630,079	577,399	555,508	923,079
Assigned	704,038	437,944	676,411	595,888	206,500
Unassigned (deficit)	(334,739)	(75,206)	(36,194)	(19,831)	-
Total all other governmental funds	<u>\$ 5,193,015</u>	<u>\$ 10,502,980</u>	<u>\$ 10,819,816</u>	<u>\$ 9,694,301</u>	<u>\$ 10,504,930</u>
TOTAL FUND BALANCES	<u><u>\$ 7,878,612</u></u>	<u><u>\$ 11,978,028</u></u>	<u><u>\$ 11,520,423</u></u>	<u><u>\$ 8,693,270</u></u>	<u><u>\$ 8,186,019</u></u>

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

	Fiscal Years				
	2023	2022	2021	2020	2019
Revenues					
Taxes	\$ 19,599,223	\$ 17,045,507	\$ 14,977,624	\$ 12,976,980	\$ 13,200,593
Intergovernmental	5,904,738	3,254,124	3,945,653	2,763,444	1,874,641
Licenses and permits	933,322	1,750,147	1,493,009	1,011,225	782,372
Fines and forfeitures	57,537	81,580	72,893	42,455	56,368
Assessment levied	29,080	29,228	27,122	442,465	86,386
Use of money and property	752,121	453,242	231,702	26,882	441,312
Charges for services	1,278,259	1,351,176	528,631	388,068	513,062
Revenue from Fiduciary Fund	3,540,403	250,000	251,486	577,193	1,719,172
Other revenue	263,222	402,547	395,851	168,807	247,768
Total revenues	32,357,905	24,617,551	21,923,971	18,397,519	18,921,674
Expenditures					
General Government	3,524,521	2,807,058	2,147,292	2,136,371	12,897,324
Public safety	7,515,129	5,587,410	6,603,020	5,729,303	15,444,495
Public works	5,073,793	4,690,232	1,965,858	1,731,888	1,820,244
Transportation	-	-	-	-	-
Community development	1,390,543	1,033,645	799,576	749,677	701,492
Health	-	-	-	-	-
Culture and leisure	2,040,119	1,794,774	1,555,030	1,535,970	1,673,952
Capital outlay	8,904,385	1,213,846	4,020,085	2,945,162	2,855,637
Debt service:					
Principal	680,000	885,000	735,000	565,000	-
Interest	840,330	886,994	921,326	934,129	1,018,345
Total expenditures	29,968,820	18,898,959	18,747,187	16,327,500	36,411,489
Excess of revenues over (under) expenditures	2,389,085	5,718,592	3,176,784	2,070,019	(17,489,815)
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	-	19,955,000
Premium on issuance of long-term debt	-	-	-	-	401,127
Transfers in	13,749,110	5,182,204	6,362,950	4,576,524	2,926,834
Transfers out	(11,692,596)	(4,981,239)	(5,928,075)	(4,089,896)	(2,861,160)
Total other financing sources (uses)	2,056,514	200,965	434,875	486,628	20,421,801
Net change in fund balances	\$ 4,445,599	\$ 5,919,557	\$ 3,611,659	\$ 2,556,647	\$ 2,931,986
Debt service as a percentage of non-capital expenditures	7.2%	10.0%	11.2%	11.2%	3.0%

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

	Fiscal Years				
	2018	2017	2016	2015	2014
Revenues					
Taxes	\$ 13,152,082	\$ 11,510,228	\$ 10,968,507	\$ 10,030,177	\$ 9,880,106
Intergovernmental	1,353,224	2,965,293	2,128,892	9,384,909	1,906,762
Licenses and permits	913,327	796,224	2,299,752	549,406	256,780
Fines and forfeitures	45,540	70,153	57,869	72,806	84,493
Assessment revenues	72,369	32,068	19,676	10,526	10,526
Use of money and property	284,202	271,516	220,630	253,342	245,182
Charges for services	491,351	548,420	552,666	553,864	389,830
Revenue from Fiduciary Fund	4,562,229	5,085,152	3,735,484	5,154,181	2,278,026
Other revenue	378,442	241,083	1,141,106	358,840	403,262
Total revenues	21,252,766	21,520,137	21,124,582	26,368,051	15,454,967
Expenditures					
General Government	2,097,342	1,859,295	1,840,348	2,540,062	2,170,611
Public safety	6,424,222	6,562,421	7,000,933	7,315,370	7,513,168
Public works	2,690,681	1,473,982	356,541	438,038	392,764
Transportation	-	-	2,206,292	3,805,537	2,109,108
Community development	906,075	922,933	1,109,245	725,192	619,829
Health	18,499	34,707	-	-	-
Culture and leisure	1,557,797	1,591,654	1,371,883	1,449,654	1,250,608
Capital outlay	4,814,881	7,488,021	4,274,384	9,244,943	1,963,373
Debt service:					
Principal	5,440,000	485,000	470,000	562,689	537,102
Interest	325,328	262,216	281,766	301,407	328,494
Total expenditures	24,274,825	20,680,229	18,911,392	26,382,892	16,885,057
Excess of revenues over (under) expenditures	(3,022,059)	839,908	2,213,190	(14,841)	(1,430,090)
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-
Transfers in	2,981,036	3,329,759	3,546,397	3,424,771	2,771,099
Transfers out	(3,388,915)	(3,712,062)	(2,932,464)	(2,902,679)	(2,344,830)
Total other financing sources (uses)	(407,879)	(382,303)	613,933	522,092	426,269
Net change in fund balances	\$ (3,429,938)	\$ 457,605	\$ 2,827,123	\$ 507,251	\$ (1,003,821)
Debt service as a percentage of non-capital expenditures	29.6%	5.7%	5.1%	5.0%	5.8%

City of Ridgecrest
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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

Sources of Tax Revenues	Business <u>Licenses</u>	Franchise <u>Tax</u>	Property <u>Tax</u> ¹	Sales <u>Tax</u> ²	Transient <u>Occupancy</u>	Gas <u>Tax</u>	<u>TOTAL</u>
2022-2023	\$ 214,423	\$ 1,153,716	\$ 3,221,039	\$ 13,030,058	\$ 1,879,068	\$ 683,542	\$ 20,181,847
2021-2022	202,770	965,077	2,955,090	10,955,496	1,751,721	1,257,986	18,088,139
2020-2021	184,935	963,826	2,884,711	9,608,803	1,345,337	1,157,303	16,144,915
2019-2020	174,527	674,181	2,661,305	8,058,076	1,411,102	1,209,990	14,189,181
2018-2019	145,475	762,399	2,478,324	8,026,538	1,458,498	1,104,523	13,975,758
2017-2018	144,584	752,898	2,398,569	7,711,121	1,553,230	675,811	13,236,213
2016-2017	144,905	696,403	2,058,828	6,452,685	1,585,442	459,629	11,397,892
2015-2016	149,850	702,751	2,125,926	5,974,873	1,443,149	549,595	10,946,144
2014-2015	153,909	691,617	1,600,406	5,694,928	1,218,081	755,236	10,114,177
2013-2014	141,689	682,692	1,967,098	5,465,676	1,150,741	856,525	10,264,420

NOTES:

- 1) The City passed "Measure L" allowing an additional increase of 0.75% in the local sales tax rate. This local measure became effective October 1, 2012 and ended in March 31, 2017 when it was replaced by "Measure V" allowing an increase of 1% in the local sales tax rate. Measure V became effective April 1, 2017 and will sunset on March 31, 2025.
- 2) The City passed "Measure P" allowing an additional increase of 1.00% in the local sales tax rate. This local measure became effective April 1, 2023 and will sunset on March 30, 2032.

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

<u>CATEGORY</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Residential	\$ 1,693,303,435	\$ 1,560,175,701	\$ 1,477,997,931	\$ 1,405,112,355	\$ 1,327,387,621
Commercial	282,944,850	271,577,746	263,222,709	257,498,876	252,686,511
Industrial	24,996,304	24,570,699	24,654,805	24,495,492	21,080,342
Government	4,372	5,145	5,096	5,001	4,906
Institutional	17,664,614	12,574,027	11,112,790	10,952,339	14,610,423
Miscellaneous	183,253	179,660	177,818	174,332	170,914
Recreational	10,696,296	10,453,823	12,248,722	11,950,739	8,541,854
Vacant Land	58,956,779	59,778,632	57,353,057	56,966,180	56,437,924
SBE Non-Unitary	1,307	1,307	1,307	1,089	1,089
Unsecured	39,054,433	34,005,802	33,624,049	34,674,769	34,404,914
Exempt	-	-	(5,052,752)	(5,049,156)	(5,049,156)
TOTALS	\$ 2,127,805,643	\$ 1,973,322,542	\$ 1,880,395,284	\$ 1,796,782,016	\$ 1,715,326,498
Total Direct Rate	0.07187%	0.71870%	0.07194%	0.06442%	0.06443%

NOTES:

Exempt values are not included in Total

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

Source: HdL Coren & Cone

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

<u>CATEGORY</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Residential	\$ 1,251,771,276	\$ 1,167,123,275	\$ 1,068,010,028	\$ 1,092,525,005	\$ 1,069,793,922
Commercial	252,639,635	240,625,807	225,510,393	223,912,566	233,678,787
Industrial	18,153,574	18,977,532	18,074,075	17,932,576	18,100,825
Government	5,113	5,017	59,571	64,153	171,731
Institutional	14,315,723	12,330,675	11,065,209	9,867,943	11,683,412
Miscellaneous	167,563	164,278	161,811	158,642	157,926
Recreational	8,765,625	10,172,213	8,412,087	8,131,483	8,120,756
Vacant Land	56,019,484	51,949,910	55,352,678	57,178,455	59,944,917
SBE Non-Unitary	1,089	1,089	800	89,975	89,975
Unsecured	35,138,901	33,221,298	33,975,856	36,089,423	35,264,251
Exempt	(5,138,156)	(5,632,678)	(5,519,156)	(5,116,781)	(4,865,220)
TOTALS	\$ 1,636,977,983	\$ 1,528,938,416	\$ 1,415,103,352	\$ 1,440,833,440	\$ 1,432,141,282
Total Direct Rate	0.06443%	0.06442%	0.06443%	0.06443%	0.06459%

NOTES:

Exempt values are not included in Total

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

Source: HdL Coren & Cone

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

10 Year Detail of Rates producing Revenue for City of Ridgecrest					
City General Fund Direct Rates				RDA Incremental Rate ²	Total Direct Rate ⁵
Year	Levy per Prop. 13	Debt Rate(s)	Total City Rates	1% + applicable voter approved debt	
2022-2023	0.05190%	0.00000%	0.05190%	-	0.07186%
2021-2022	0.05190%	0.00000%	0.05190%	-	0.07187%
2020-2021	0.05190%	0.00000%	0.05190%	-	0.07194%
2019-2020	0.05190%	0.00000%	0.05190%	-	0.06442%
2018-2019	0.05190%	0.00000%	0.05190%	-	0.06443%
2017-2018	0.05190%	0.00000%	0.05190%	-	0.06443%
2016-2017	0.05190%	0.00000%	0.05190%	-	0.06442%
2015-2016	0.05190%	0.00000%	0.05190%	-	0.06443%
2014-2015	0.05190%	0.00000%	0.05190%	-	0.06443%
2013-2014	0.05190%	0.00000%	0.05190%	-	0.06459%

10 Year Detail Breakdown of the Property Tax Dollar										
Agency	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
City of Ridgecrest¹	0.05190	0.05190	0.05190	0.05190	0.05190	0.05190	0.05190	0.05190	0.05190	0.05190
Sierra Sands Child Dev	0.00000	0.00000	0.00000	0.00000	0.00509	0.00000	0.00000	0.00509	0.00509	0.00509
County Advertising	0.00075	0.00075	0.00075	0.00074	0.00074	0.00075	0.00075	0.00074	0.00072	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	0.13010	0.12500	0.13010	0.15040	0.12500	0.12510	0.12510
Kern County Fire Fund	0.10580	0.10580	0.10580	0.10580	0.10580	0.10580	0.08550	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	0.14110
Kern County Water Agency	0.00719	0.00719	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	0.47560	0.47561
TOTAL PROP. 13 RATE⁴	1.00000									
Kern Community College	0.03124	0.03861	0.03385	0.03303	0.03367	0.03625	0.01318	0.01357	0.01045	0.01264
Sierra Sand Unified School District	0.05460	0.05781	0.05468	0.05533	0.05158	0.06669	0.06412	0.06697	0.06163	0.06261
Total Voter Approved Rate³	0.08584	0.09642	0.08853	0.08836	0.08525	0.10294	0.07730	0.08055	0.07208	0.07525
TOTAL TAX RATE	1.08584	1.09642	1.08853	1.08836	1.08525	1.10294	1.07730	1.08055	1.07208	1.07525

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.

Source: HdL Coren & Cone

City of Ridgecrest
Schedule 8
Top Ten Principal Property Taxpayers
Fiscal Year 2023 and Ten Years Prior

Taxpayer	2022-2023			2013-2014		
	Rank	Percentage of Total Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Walmart Inc	1	\$ 20,448,530	0.96%	2	\$ 9,474,300	0.66%
K Partners Ridgecrest III LP	2	19,352,033	0.91%	1	21,486,525	1.50%
Desert Oasis Apartments LLC	3	13,000,000	0.61%			
Chauhan Jorawar	4	10,356,501	0.49%			
La Mirage Condos LLC	5	8,398,659	0.39%			
Home Depot Development Maryland Inc	6	8,385,156	0.39%	3	8,508,539	0.59%
Naval Weapons Federal Credit Union	7	7,819,838	0.37%	5	7,179,109	0.50%
Heritage Living LLC	8	7,412,780	0.35%			
Aspire Hospitality LLC	9	7,389,386	0.35%			
United Rentals LLC	10	7,135,389	0.34%			
Oceanic Ridgecrest LP				4	7,285,442	0.51%
Benderson Randall 1993-1 Trust				6	6,893,011	0.48%
China Lake and Ridgecrest LLC				7	6,436,921	0.45%
Ridgecrest Regional Hospital				8	6,415,274	0.45%
Ridgecrest Capital L P				9	5,341,581	0.37%
Giichi Sakurai Rev Trust				10	5,320,174	0.37%
Top Ten Totals		<u>\$ 109,698,272</u>	<u>5.16%</u>		<u>\$ 84,340,876</u>	<u>5.87%</u>
CITY TOTALS		\$ 1,973,322,542			\$ 1,458,515,387	

Source: HdL Coren & Cone

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

Fiscal Year Ended <u>June 30</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ¹	Total Collections to Date	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2023	\$ 425,914	\$ 421,300	98.92%	\$ 10,265	\$ 431,565	101.33%
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%

NOTES:

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

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

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

Fiscal Year	GOVERNMENTAL ACTIVITIES			Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Lease	Total Primary Government		
2023	\$ 17,090,000	\$ -	\$ 17,090,000	1.25%	\$ 613
2022	17,770,000	-	17,770,000	1.50%	633
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

NOTES:

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

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

Fiscal Year	GOVERNMENTAL ACTIVITIES		Percentage of Taxable Assessed Property Values ^a	Per Capita ^b
	General Obligation Bonds	Total		
2023	\$ 17,090,000	\$ 17,090,000	0.91%	\$ 613
2022	17,770,000	17,770,000	0.95%	633
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

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

City of Ridgecrest
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Debt Outstanding 6/30/2023	% Applicable	City's Share of Debt as of 6/30/23 ¹
Kern Community College District Safety, Repair & Improvement District	\$ 88,698,557	1.980%	\$ 1,756,231
Kern Community College District School Facilities Improvement District No. 1	329,853,183	1.968%	6,491,511
Sierra Sands Joint Unified School District	<u>12,573,559</u>	77.432%	<u>9,735,958</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 17,983,700
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Kern County Certificates of Participation	104,963,511	1.922%	2,017,399
Kern County Pension Obligation Bonds	94,617,067	1.922%	1,818,540
Kern County Board of Education Certificates of Participation	31,330,000	1.922%	602,163
Kern County Community College District Certificates of Participation	23,000,000	1.774%	408,020
Kern County Community College District Benefit Obligations	73,200,000	1.774%	1,298,568
Sierra Sands Joint Unified School District General Fund Obligations	8,320,165	77.432%	6,442,470
City of Ridgecrest	\$ 17,090,000	100.000%	\$ 17,090,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 29,677,159
OVERLAPPING TAX INCREMENT DEBT	\$ 21,123,000	100.000%	\$ 21,123,000
TOTAL DIRECT DEBT			\$ 17,090,000
TOTAL OVERLAPPING DEBT			<u>\$ 51,693,860</u>
COMBINED TOTAL DEBT			<u><u>\$ 68,783,860</u></u> ²

NOTES:

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

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

Source: MuniServices, LLC

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

Legal Debt Margin Calculation	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>
Assessed value	\$ 2,127,805,643	\$ 1,973,322,542	\$ 1,880,398,284	\$ 1,801,831,172	\$ 1,715,326,498
Debt limit (15% of assessed value)	319,170,846	295,998,381	282,059,743	270,274,676	257,298,975
Debt applicable to limit:					
General obligation bonds	17,090,000	17,770,000	18,655,000	19,390,000	19,955,000
Less: Amount set aside for repayment of general obligation debt	<u>1,389,381</u>	<u>1,389,380</u>	<u>1,428,970</u>	<u>1,430,338</u>	<u>1,444,523</u>
Total net debt applicable to limit	<u>15,700,619</u>	<u>16,380,620</u>	<u>17,226,030</u>	<u>17,959,662</u>	<u>18,510,477</u>
Legal debt margin	\$ 303,470,227	\$ 279,617,761	\$ 264,833,713	\$ 252,315,014	\$ 238,788,498
Total debt applicable to the limit as a percentage of debt limit	<u>4.92%</u>	<u>5.53%</u>	<u>6.11%</u>	<u>6.64%</u>	<u>7.19%</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

	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>
Assessed value	\$ 1,636,977,983	\$ 1,534,571,094	\$ 1,420,622,508	\$ 1,445,950,221	\$ 1,437,006,502
Debt limit (15% of assessed value)	245,546,697	230,185,664	213,093,376	216,892,533	215,550,975
Debt applicable to limit:					
General obligation bonds	-	5,440,000	5,925,000	6,395,000	6,845,000
Less: Amount set aside for repayment of general obligation debt	4,201	752,188	751,359	751,356	751,356
Total net debt applicable to limit	<u>(4,201)</u>	<u>4,687,812</u>	<u>5,173,641</u>	<u>5,643,644</u>	<u>6,093,644</u>
Legal debt margin	\$ 245,550,898	\$ 225,497,852	\$ 207,919,735	\$ 211,248,889	\$ 209,457,331
Total debt applicable to the limit as a percentage of debt limit	<u>0.00%</u>	<u>2.04%</u>	<u>2.43%</u>	<u>2.60%</u>	<u>2.83%</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

SPECIAL ASSESSMENT BONDS

Fiscal <u>Year</u>	Special Assessment <u>Collections</u>	Current Assessment <u>Collections</u>	Debt Service		<u>Coverage</u>
			<u>Principal</u>	<u>Interest</u>	
2023	\$ -	\$ 26,035	\$ -	\$ -	\$ -
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	-	-	-

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

Year	Population (1)	Personal Income (2)	Personal Per Capita Income	Median Age	School Enrollment (3)	Unemployment Rate (4)
2023	27,885	\$ 1,370,080,676	\$ 49,133	37.9	5,088	2.80%
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%

NOTES:

Source: MuniServices/Avenu Insights & Analytics

(1) Population Projections are provided by California Department of Finance Projections.

(2) Income Data is provided by the United States Census Data.

(3) Public School Enrollment is for the Sierra Sands Unified School District Only.

(4) Unemployment rates are provided by the EDD, Bureau of Labor Statistics Department.

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

City of Ridgecrest
Schedule 16
Principal Employers
Fiscal Year 2023 and Ten Years Prior

<u>Employer</u>	<u>2022-2023</u>			<u>2013-2014</u>		
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Naval Air Weapons Station China Lake*	5,669	1	40.78%	6,635	1	39.03%
Ridgecrest Regional Hospital	900	2	6.47%	574	4	3.38%
Sierra Sands Unified School District	654	3	4.71%	597	3	3.51%
Searles Valley Minerals	590	4	4.24%	670	2	3.94%
Walmart Supercenter**	301	5	2.17%	222	5	1.31%
Cerro Coso Community College	176	6	1.27%	150	7	0.88%
Albertson's Inc (2 Locations)	171	7	1.23%	142	8	0.84%
City of Ridgecrest**	135	8	0.97%	135	9	0.79%
Alta One Federal Credit Union	120	9	0.86%	133	10	0.78%
Home Depot	106	10	0.76%			
Jacobs Technology				200	6	1.18%
Total Top Employers	8,822		63.47%	9,458		55.64%
Total Labor Force (1)			13,900			17,000

NOTES:

Source: MuniServices/Avenu Insights & Analytics

Source: 2014, previously published ACFR

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

* No response from business, prior year count applied.

** Includes FTE and PTE.

(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)

FUNCTION/PROGRAM	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
City Council	5	5	5	5	5	5	5	5	5	5
City Manager	2	1	1	1	1	1	1	1.4	1.5	1
City Clerk	1	1	1	1	1	1	1	1.05	1	1
Finance	6	6	6	5	5	5	6	6	5.5	5.5
Information Technology	3	3	2	2	2	2	2	2	2	2
Human Resources	2	1	1	1	1	1	1	1	1.5	1.5
Community Development	6	5	3	4	3	2	5.5	4.55	4.5	5
Planning Commissioners	5	5	5	5	5	5	5	5	5	5
Public Safety										
Police Officers-Sworn	32	28	32	32	32	32	32	32	32	32
Other Full Time Employees	21	19	19	19	19	19	19	17	17	17
PACT Volunteers	60	60	50	50	60	79	84	82	89	83
Public Works										
Engineering	4	5	5	5	4	4	5	4	4	3
Maintenance	15	15	11	9	7	7	7	7	7	7
Transit Services	8	8	9	8	8	8	8	8	8	8
Wastewater/Sewer	9	9	9	7	7	5	5	5	5	5
Culture & Recreation	19	19	19	19	19.5	20.2	19.2	30	27	24

NOTES:

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

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

FUNCTION/PROGRAM	2023	2022	2021	2020	2019
Police					
Physical Arrests	2,198	2,147	2,980	2,273	2,539
Parking Violations	342	54	68	75	161
Traffic Violations	1,042	689	642	677	592
Community Development					
Building Permits Issued	1,312	1,441	1,334	929	2,395
Building Permits Valuation (in millions)	6	17	25	21	12
Building Inspections Performed	1,893	2,962	2,928	1,687	1,533
Planning Permits Issued	54	80	80	70	78
Public Services					
Street Resurfacing (miles)	15	7	10	8	5
Street Light Replacement ^a	n/a	n/a	n/a	n/a	n/a
Potholes Filled	960	1,080	1,150	1,200	1,250
Waste Water Average Daily Treatment (millions of gallons)	2	2	2	2	2
Transit Route (Service) Miles ^b	66,992	45,399	43,603	76,777	96,315
Transit Passenger Count	10,326	4,980	3,895	9,165	11,537
Parks & Recreation ^c					
Sports Field Participation	175,935	159,713	34,825	49,210	135,869
Community Center/Gym/Pool Participation	69,787	58,800	8,910	60,289	67,707
Other Participation	71,900	64,600	46,510	45,110	65,605

NOTES:

- a) Street light replacement is done by Southern California Edison
- b) Transit Route Miles and Passenger Count lower in 2020 and 2021 due to the COVID-19 pandemic restrictions
- c) 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)

FUNCTION/PROGRAM	2018	2017	2016	2015	2014
Police					
Physical Arrests	2,609	2,972	1,495	2,805	1,281
Parking Violations	293	195	126	148	114
Traffic Violations	478	325	408	458	792
Community Development					
Building Permits Issued	759	1,655	1,305	604	1,020
Building Permits Valuation (in millions)	20	17	21	6	9
Building Inspections Performed	1,924	3,523	2,718	2,684	1,925
Planning Permits Issued	127			173	163
Public Services					
Street Resurfacing (miles)	7	9	7	8	2
Street Light Replacement ^a	n/a	n/a	n/a	n/a	n/a
Potholes Filled	1,540	1,650	1,800	2,200	2,400
Waste Water Average Daily Treatment (millions of gallons)	2	2	2	2	2
Transit Route (Service) Miles ^b	143,290	98,317	97,006	96,112	95,869
Transit Passenger Count	12,151	15,957	13,629	17,101	17,724
Parks & Recreation ^c					
Sports Field Participation	130,869	129,869	103,449	81,259	75,113
Community Center/Gym/Pool Participation	69,707	69,707	76,259	105,984	103,218
Other Participation	65,605	65,605	36,094	65,713	72,615

NOTES:

- a) Street light replacement is done by Southern California Edison
- b) Transit Route Miles and Passenger Count lower in 2020 and 2021 due to the COVID-19 pandemic restrictions
- c) 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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	16	15	19	20	20	20	20	20	18	17
Motorcycle unit	4	4	4	4	4	4	4	4	5	8
K-9 unit	1	1	1	1	1	1	1	1	1	1
Streets										
Streets (centerline miles) ¹	126	126	126	126	216	216	216	216	216	216
Streetlights	1546	1546	1546	1546	1540	1540	1540	1540	1502	1469
Traffic Signals										
CalTrans maintained	7	7	7	7	7	7	7	7	7	7
City of Ridgecrest maintained	14	14	14	14	14	14	14	12	12	10
Culture & Recreation										
Total Park Acreage ²	65.98	46.88	46.88	46.88	46.88	46.88	46.88	46.88	46.88	46.88
Parks	3	3	3	3	5	5	5	5	5	5
Baseball Fields	5	5	5	5	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	0	1	1	1
Community Centers	2	2	2	2	2	2	2	2	2	2
Waste Water										
Sanitary Sewers (miles)	142	142	142	142	142	142	142	142	142	142
Storm Sewers (miles)	5	5	5	5	5	5	5	5	5	5
Treatment Capacity (millions of gallons/day)	3.6	3.6	3.7	3.7	3.6	3.6	3.6	3.6	3.6	3.6
Transit Services										
Minibuses										
Fixed Route	1	2	2	7	8	8	8	8	8	7
Dial A Ride	4	5	5	3	2	1	1	1	2	2
Bus Shelters	10	10	10	10	10	10	10	9	8	8

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) Total Park Acreage was revised in 2023 to encompass all park land, not limited to actively utilized areas.

Source: Various City Departments