

2016

CAFR
FOR THE YEAR ENDED JUNE 30



COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of
RIDGECREST

City of Ridgecrest, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2016

Prepared by the Finance Department

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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CITY OF RIDGECREST

Phone 760-499-5000
100 West California Avenue, Ridgecrest, CA 93555-4054
www.ridgecrest-ca.gov

December 20, 2016

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

Attached herein we hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Ridgecrest, California (City) for the Fiscal Year ended June 30, 2016. These financial statements are presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

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

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

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

PROFILE OF THE CITY OF RIDGECREST

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

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

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

As the only incorporated community in the Indian Wells Valley, Ridgecrest boasts a thriving economy and a robust population of about 28,000 people. Ridgecrest acts as the shopping and business center for northeastern Kern County.

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

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook

After experiencing the worst economic decline in recent history, the City's financial position has begun to stabilize with modest improvements. Transient Occupancy Tax (TOT) and sales tax revenues are more sensitive to the economic swings. These two sources represent 49% of the total General Fund revenue. Fortunately for the City, employment outlook is favorable. Based on the Employment Development Department (EDD) Labor Force data, the City has maintained job levels and the City's unemployment has seen a drop in rate from 6.9 to 6.1%. California's unemployment rate is 5.7%.

Retail sales are rebounding at a slow pace from the doldrums after the burst of the housing bubble in 2008. Consumers continue to remain cautiously optimistic as the economy begins to stabilize. As a result of the June 5, 2012 election, the City successfully passed a local option sales tax called Measure L. This measure adds .75% to the sales tax making it a total of 8%. It became effective on October 1, 2012 and will end March 31, 2017, when Measure V, a 1% local option sales tax, begins. The City received \$2.69 million in Measure L funds for fiscal year 2016.

The City is beginning to see an upswing in community development and new construction. With more than a 100% increase in permits, the increase in valuation is primarily due to the construction of the Super Wal-Mart. As the City leaders continue to concentrate on economic development, this trend is expected to rise. The following table summarizes the historical data for the local construction activity:

Year	Permits	Inspections	Valuation
2010	439	2,759	18.0 M
2011	423	2,510	13.0 M
2012	302	4,299	19.0 M
2013	705	1,603	5.0 M
2014	1020	1,925	9.0 M
2015	615	2,688	5.7 M
2016	1305	2,718	21 M

Economic Development

Economic Development has a positive outlook for 2017.

- The Super Walmart Center has opened the last quarter of 2016 and will provide additional sale taxes in 2017.
- The RRSA has successfully sold several lots within the Ridgecrest Business Park. Including a 25 acer entertainment project for 5.5 million dollars
- The City has entered into municipal services agreement (MSA) to bring additional general revenue funds and new jobs to the city commencing in an estimated in three to five years.
- The City has continued to expand its retail sector with plans in review for a new Tractor Supply and Harbor Freight Tools.
- The RRSA has begun projects and improvement within the 2010 Tax Allocation Bond Issuance of eighteen point nine million (\$18.9M), less six million (\$6M) for the RRSA anticipated payback. The City is still currently in litigation for three million (\$3M) and will be initiating legislation on an additional three million (\$3M), with hopes the City will prevail.
- The City is expecting to see an increase in its retail sector due to expansion of its major employer NAWS by four hundred and fifty jobs and a federal employee salary increase of 15% this year.
- The city will see over two hundred and fifty new jobs from the new super Wal-Mart, as well as, new jobs form the Ridgecrest regional hospital in 2017

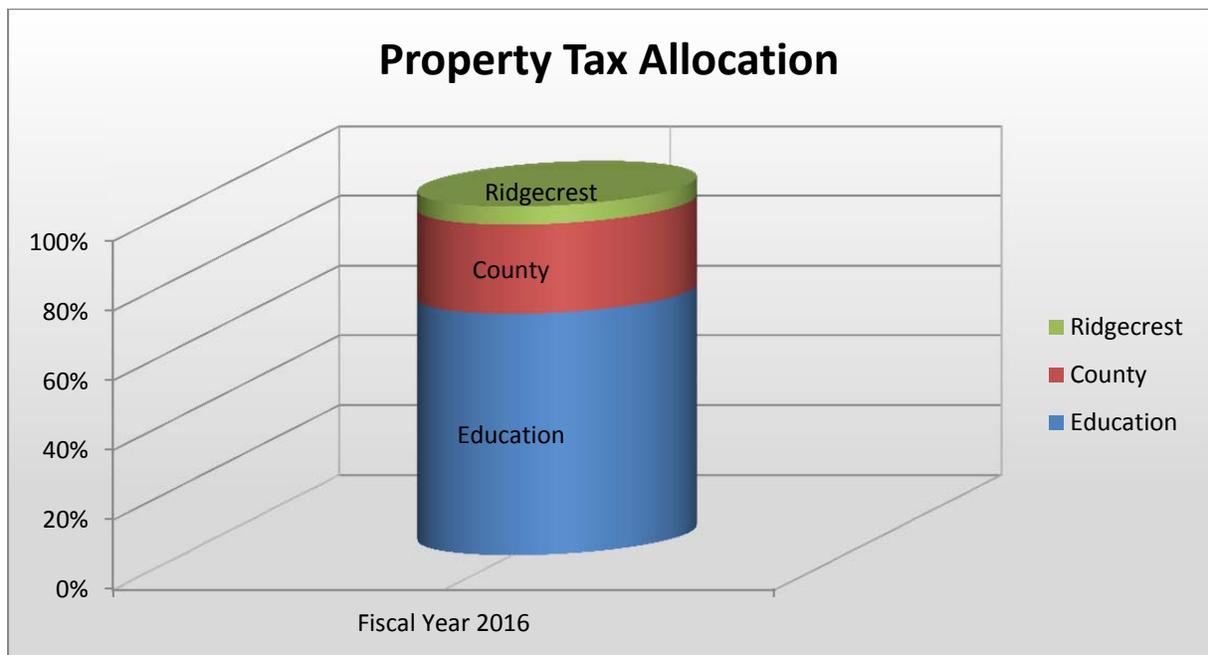
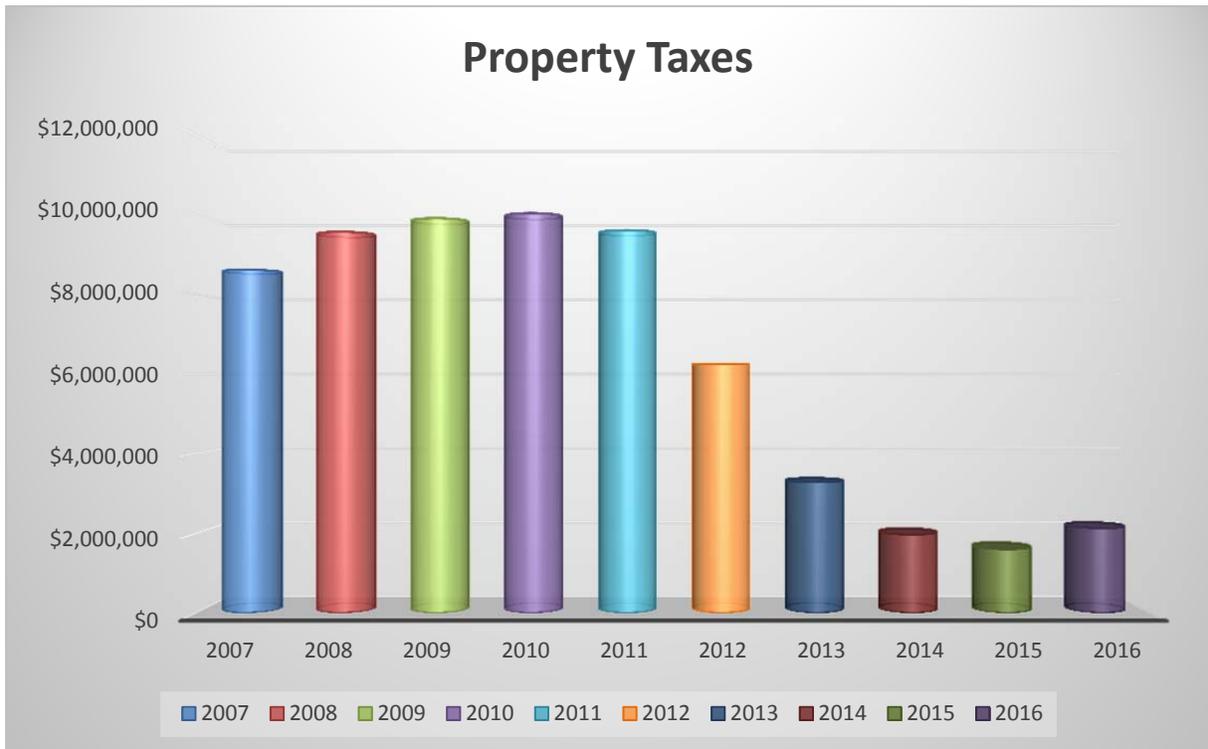
The ever expanding budget crisis of the State of California remains a huge concern for the City as the leadership in Sacramento continues to shift local revenues to help finance the state's budget deficits. The dissolution of the redevelopment agencies that became effective in February 1, 2012 continues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

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

Property Tax

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

In fiscal years 2000 to 2001, the property tax revenue had negative growth due to dwindling home valuations. In FY 2002, property tax revenue started to move in upward direction, where it peaked up by 16.6% in FY 2004 and another 30% increase in FY 2005 over the previous year's receipts. This was a well-received indication of rising local property values, as well as, new development activity. In FY 2006, the State started to split the payment of motor vehicle license fees (MVLFF) into two components. These components are the statutory rate and the "property tax in lieu of MVLFF" to Property Tax. The shifting of MVLFF to property tax has added an average of \$2M annually to the City's property tax revenue, resulting in an increase of 46% in FY 2006. With the dissolution of the RDA, property tax has been drastically reduced, with a 35% reduction in 2012 from 2011, and in 2013 a further decrease of 47% from 2012. FY 2013 property tax revenue suffered a 66% loss from 2012. The 2014 Property Tax is 40% lower, due to a one-time payment in 2013, along with a repayment of \$0.29 million for previous year's RDA pass-thru. Additionally, FY 2015 property tax was reduced by 18.6% due to the continued \$0.29 million repayment. 2016 saw the first property tax increase since 2010. This increase, due to the end of overage repayment, represents 33%. The City anticipates property taxes will level out and will continue to conservatively budget future year's proceeds.



Sales Tax

The City’s single largest revenue source is sales tax. The total sales tax in Kern County is 7.25% of the sale price of taxable goods and services sold at retail. Ridgecrest receives 1% of taxable sales from the State Board of Equalization. Effective October 1, 2012, sales tax in the City was raised by .75% due to the passage of Measure L. Sales tax increased by 5% in FY 2016 from prior year, due to moderate growth in overall sales tax receipts. In the last ten years, the City’s sales tax revenue has continuously climbed at an average rate of 8%, with 2013, by far, the largest increase due to Measure L. Measure L has been crucial in maintaining Public Safety and Road Maintenance; however, this local sales tax option will expire on March 31, 2017. The City returned to voters in November 2016 to increase the local tax measure to 1% for a term of 8 years.

Sales tax leakage to the metropolitan areas of Victorville, Bakersfield and Lancaster-Palmdale continues to be a big concern for the City especially with limited shopping choices for clothing stores, restaurants and car dealerships. Even with the City’s lower sales tax rates, a significant amount of local retail sales is spent outside of Ridgecrest. With the opening of the Super Wal-Mart in November 2016, the City hopes to retain local spending along with drawing retail sales from outlying areas.

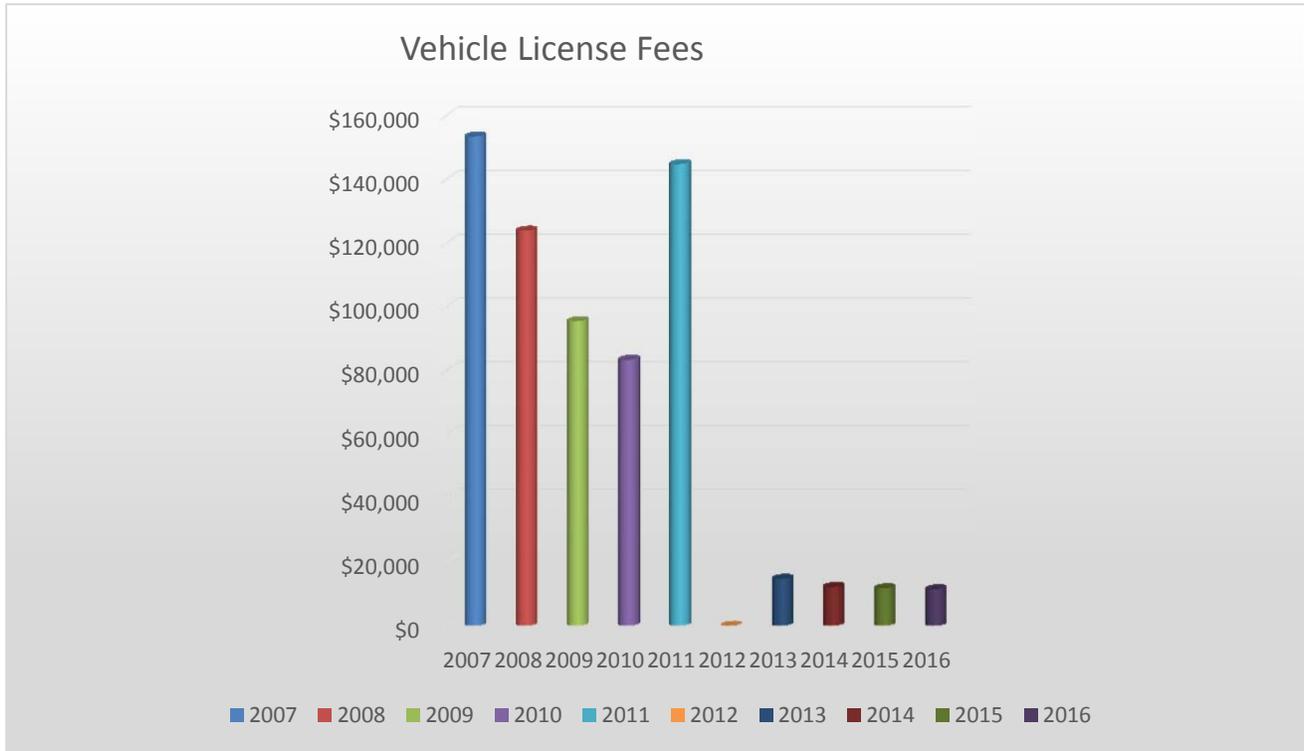


Vehicle License Fees

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

It should be noted that VLF funds now, like sales tax, have been split by the State into two pieces. These two pieces are the statutory rate and the “property tax in lieu of VLF”. In FY 2011, the statutory component (the rate by State law was reduced from 2.0% to 0.65%) brought to the Ridgecrest Treasury \$144,761, a 74% increase over prior fiscal year. However, for FY 2012, the City did not receive any VLF monies. The chart below indicates the trend of VLF revenue. The City received \$11,467 in FY 2016, \$305 less than the City received in FY 2015.

The State started the split in FY 2006. The property-tax in lieu of VLF component remained stable in FY 2016 in the amount of \$1,510,777, a slight increase of \$326 from FY 2015. This amount is included in the property tax revenue category instead of the VLF revenue category; thereby, the reason for the tremendous decrease in the chart. Also, in FY 2006, the City received a one-time payment of \$466,886 from the State per AB 1457 for the MVLF Backfill Gap Loan.



Transient Occupancy Tax

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

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

TOT has averaged a 5% growth rate for the last ten fiscal years. FY 2011 saw a significant decline in TOT revenue by 19%. This decrease is directly attributable to the relocation of the Empire Challenge which filled hotels to occupancy limits with participants in August; as well as, the reduction of federal defense employee travel. In FY 2013 TOT receipts went down almost 5% due to sequestration. FY 2014 TOT increased 5.1% due to the end of sequestration along with increased employment on the Navy Base. With continued economic development, in 2016 the City realized an 18% increase in TOT revenue which is expected to continue to rise.

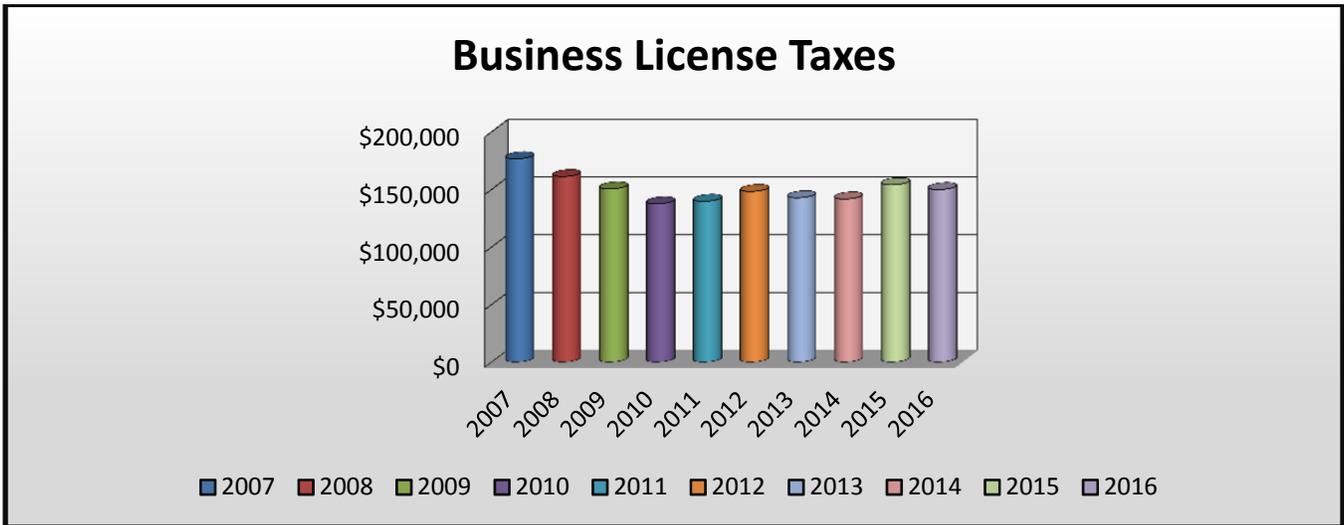
Effective October 1, 2012, lodging operators were required to assess their guests an additional 2%, making the total hotel tax 12%. The additional assessment is a pass through to the RACVB minus collections costs. This will expire five years from its effective date.



Business License Taxes

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

In FY 2007, the City conducted a business license audit targeting certain business groups that the City had overlooked in enforcement of this ordinance. This brought in extra revenue of \$37,328 causing a spike in revenue in that fiscal year at a 24% increase compared to FY 2006. FY 2013 saw business license revenue decrease by 3.7% from FY 2012 likely due to business closures, with the NAWS sequestration markedly reduced spending within the community. FY 2016 saw a decrease of business licenses, with a decrease of 2.7%. With the mild improvement in the economy, the City expects to see a small increase over the next few years. Over the last six years, the City’s business license tax revenue has increased an average of 1.5% annually.



INTERNAL CONTROL STRUCTURE:

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

BUDGETARY CONTROLS:

The City maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse on June 30, encumbrances outstanding as of June 30, 2016 are disclosed in the notes to the financial statements. Appropriations for FY 2016 will provide authority to complete those transactions.

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

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ridgecrest for its CAFR for the fiscal year ended June 30, 2015. This was the eleventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

LOOKING TO THE FUTURE

Many factors from previous years continue to impact the next fiscal year, both positively and negatively. The City continues to sponsor the annual Petroglyph festival, which brings in thousands of tourists. TAB funds were released in December 2013 of \$24.9 million to be used for economic development and construction projects in FY 2015-16; Measure L continues to bring in an additional \$2.6 million annually. Measure V, which was approved by the voters in November 2016, will continue measure L at an increase rate of 1% for 8 years. FY 2016-17 sales tax is trending higher than previous year due to the triple-flip wind down. Transient Occupancy Tax (TOT) is expected to make marginal gains. Property sales enabled the City to set-aside \$750K into a general fund reserve.

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

Overall, the economy has stabilized and is expected to make modest gains. Fiscal year 2017 budget assumed conservative revenue estimates along with controlled appropriations to ensure increased fund balance annually. The City is continually reviewing increased revenue opportunities in new grants and fees, along with reviewing efficiencies in order to cut cost. The City Council receives periodic reports on projected year-end balance to ensure the City's financial position continues to strengthen. Strategies are being implemented in fiscal year 2017 to improve fund balance in order to bolster reserves in the general fund. New hires after December 31, 2012 who are not currently in the public pension system will be enrolled in substantially lower pension benefit and will be required to pay at least 50% of the pension cost. This reform may have a minimal savings in the current budget but there will be substantial savings in the long term.

Economic Development/Redevelopment

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

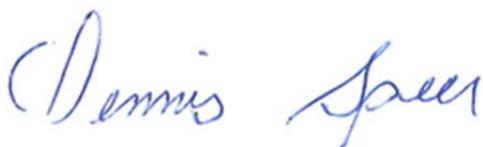
Despite its challenges, Ridgecrest is a city filled with opportunities, where people, commodities, retail, manufacturing, medical resources, innovation, research and development, and the China Lake NAWS converge to create an Eastern Sierra High Desert regional center. Tourism and hospitality services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

ACKNOWLEDGMENTS

While the 2016 CAFR reflects the improvement that Ridgecrest has made to its finances, it also reflects the depth of the impacts that recession and accompanying budget cuts have made on the organization. But, numbers cannot portray the level of commitment that has been and continues to be displayed by City employees. Simply put, the organization would not have survived its budgetary challenges and display the progress shown in this CAFR without the creativity and perseverance of its staff. The citizens of Ridgecrest should be proud to have such dedicated public servants protecting their homes, maintaining their streets, and providing many other services that make life manageable.

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

Respectfully submitted,



Dennis Speer
City Manager/RRSA Executive Director



W. Tyrell Staheli
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Ridgecrest
California**

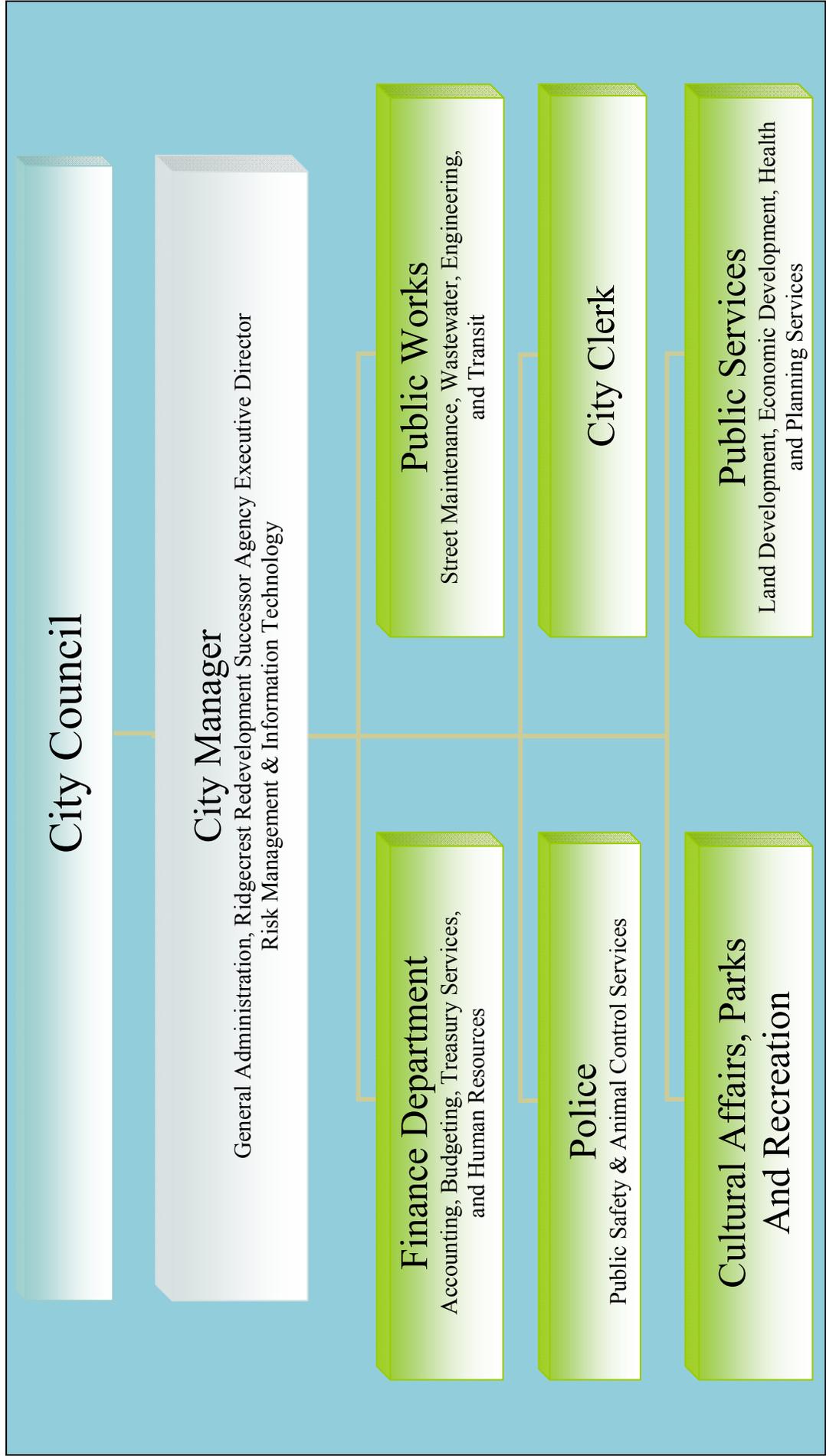
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF RIDGECREST

Comprehensive Annual Financial Report
For The Year Ended June 30, 2016





City of Ridgecrest

Comprehensive Annual Financial Report

Principal Officials as of June 30, 2016

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

City Staff as of June 30, 2016

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

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Financial Section



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ridgecrest, California (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Unrestricted Net Position Deficit

The City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* in fiscal year ended June 30, 2016. The implementation of GASB 68 caused the City to report an Unrestricted Net Position of \$16,350,067 as of June 30, 2015. The Unrestricted Net Position Deficit as of June 30, 2016 has decreased to \$13,798,539. The City has established a Plan to alleviate the remainder of the Unrestricted Net Position Deficit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Budgetary Comparison Schedules, Schedules of the Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Contributions – Pension Plans, and Schedule of Funding Progress - OPEB on pages 7 through 18 and 96 through 107 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The Combining and Individual Non-Major Fund Financial Statements and Non-Major Governmental Funds Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Non-Major Fund Financial Statements and Non-Major Governmental Funds Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016, on our 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 PwC Group, LLP". The signature is written in a cursive, flowing style.

San Diego, California
December 20, 2016

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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

Independent Auditors’ Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ridgecrest, California (the “City”) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 20, 2016.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

The PwC Group, LLP

San Diego, California
December 20, 2016

City of Ridgecrest
Management Discussion and Analysis
For the Year Ended June 30, 2016

Management of the City of Ridgecrest (the “City”) provides the Management Discussion and Analysis of the City’s Comprehensive Annual Financial Report (CAFR) for readers of the City’s financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year (FY) ended June 30, 2016. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City’s financial statements, which follow. Keep in mind that the Financial Highlights, immediately following, are strictly snapshots of information. Net position, changes in net position and fund disclosures are discussed in more detail later in the report.

Financial Highlights – Primary Government

♦ *Government-Wide Highlights*

Net Position – Assets of the City exceeded its liabilities at fiscal year ending June 30, 2016 by \$77.29 million, this compared to \$69.48 million at fiscal year end June 30, 2015. This is an overall increase of \$7.81 million or an increase of 11% of prior year’s net position. Net position for governmental activities exceeded liabilities by \$41.1 million and this compares to \$35.9 million at June 30, 2015 an increase of 14%. This reflects the sale of surplus property, as well as, reduction in expenditures. Assets for business-type activities exceeded liabilities by \$36.15 million compared to \$33.54 million at June 30, 2015, an increase of 7.8%, an example of the stabilization of the economy.

Changes in Net Position – The City’s net position increased \$7.8 million in FY 2015-2016; this compared to a \$9.74 million increase in FY 2014-2015. Net position of governmental activities increased \$5.2 million compared to an increase of \$8.3 million in 2014-2015. Net position of business-type activities increased by \$2.6 million compared to a \$1.4 increase in FY 2014-2015. This reflects the leveling of the RDA Successor wind-down, Measure L sales tax option, along with the growth of the economy.

♦ *Fund Highlights*

Governmental Funds – At the close of FY 2015-2016 the City’s total governmental funds reported a fund balance of \$11.52 million, a \$2.83 million increase from the FY 2014-2015 balance of 8.69 million, a 33% increase, reflective of debt service fund reduction of \$0.43 million, realized every year, and increases in fund balance in the General Fund.

General Fund – The fund balance of the general fund on June 30, 2016 was 699K, an increase of \$1.7 million from the June 30, 2015 balance of (\$1 million). This increase was due to reduction in expenses along with modest growth in revenues and property sales.

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

OVERVIEW OF FINANCIAL STATEMENTS

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

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the Year Ended June 30, 2016

Government-Wide Financial Statements

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

- ♦ *Statement of Net Position* - The Statement of Net Position presents summarized information of all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This financial statement combines and consolidates governmental funds current financial resources with capital assets and long-term obligations.

- ♦ *Statement of Activities and Changes in Net Position* - The Statement of Activities and Changes in Net Position presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

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

Fund Financial Statements

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

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

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

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenses and changes in fund balance with the governmental-wide financial statements can be found on pages 22 and 24..

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the Year Ended June 30, 2016

The City has twenty (20) governmental funds, of which 5 are considered major funds for presentation purposes. Each major fund is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenses and changes in fund balances. The City's five (5) major funds are: General Fund, State Gas Tax Fund, Grant Operations Special Revenue Fund, City Debt Service Fund, and Capital Improvements Capital Projects Fund. Data from the non-major governmental funds (e.g., Park Development Impact Fund, TDA Street Fund, etc.) are combined into a single, aggregated presentation. The governmental fund financial statements can be found on pages 32-55. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 112-137.

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

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

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

The basic proprietary funds financial statements can be found on pages 32-37.

- ♦ 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 59-98.

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 102-108.

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the Year Ended June 30, 2016

City of Ridgecrest's Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Current & Other Assets	\$ 9,148,653	6,135,010	\$ 21,216,654	17,777,700	\$ 30,365,307	23,912,710
Capital Assets	55,807,469	54,595,600	17,139,843	17,573,960	72,947,312	72,169,560
Total Assets	64,956,122	60,730,610	38,356,497	35,351,660	103,312,619	96,082,270
Deferred Outflow	1,891,291	1,271,969	362,225	134,430	2,253,516	1,406,399
Current Liabilities	4,673,210	4,754,836	309,817	296,157	4,983,027	5,050,993
Long-term Liabilities	19,564,094	18,617,279	2,064,003	1,295,419	21,628,097	19,912,698
Total Liabilities	24,237,304	23,372,115	2,373,820	1,591,576	26,611,124	24,963,691
Deferred Inflow	1,472,573	2,693,747	194,225	351,437	1,666,798	3,045,184
Investments in Capital						
Net of Related Debt	43,738,119	42,325,287	14,635,228	15,069,345	58,373,347	57,394,632
Restricted	11,197,956	9,961,497	-	-	11,197,956	9,961,497
Unrestricted	(13,798,539)	(16,350,067)	21,515,449	18,473,732	7,716,910	2,123,665
Total Net Position	41,137,536	35,936,717	36,150,677	33,543,077	77,288,213	69,479,794

The chart above reflects the City's combined net position (governmental and business-type activities) which totals \$77.3 million at the close of fiscal year ending June 30, 2016.

75.5% of the City's total net position reflects its investment in capital assets (e.g., land, streets, sewers, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

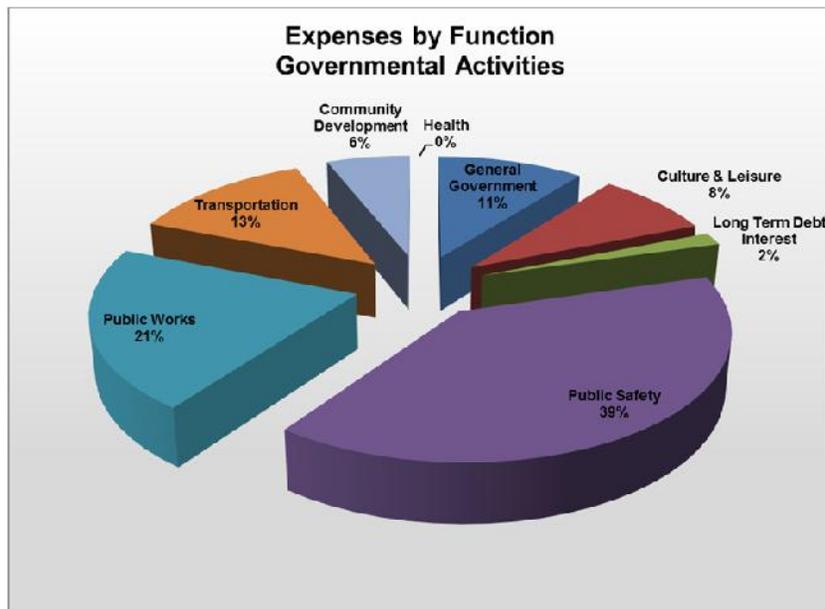
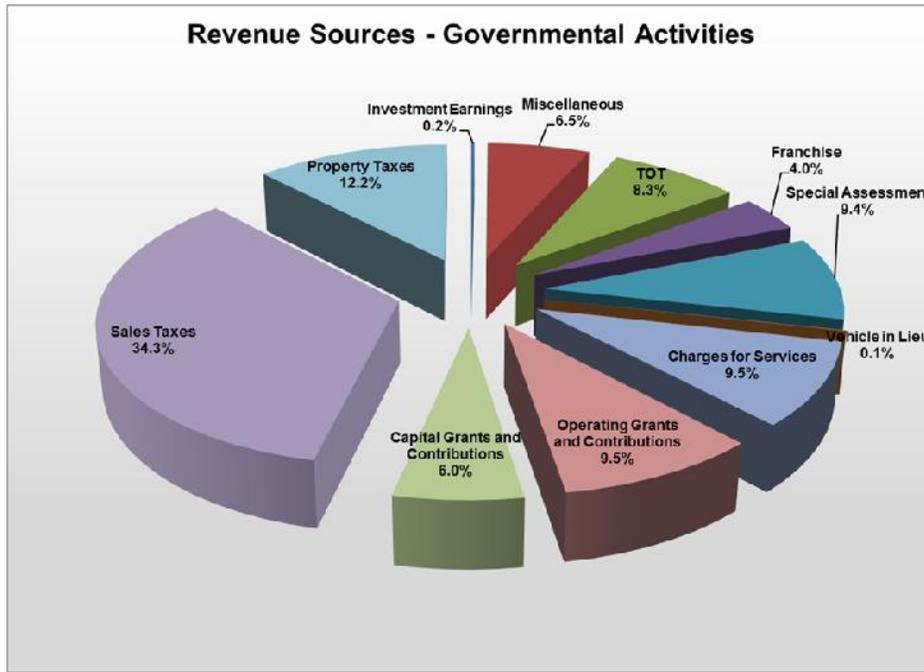
The remaining City net position (24.5%) represents resources that are subject to external restrictions (e.g., capital projects, community development, debt services and special projects) and resources that are unrestricted to meet the City's ongoing obligations to citizens and creditors.

At the end of the FY 2015-16, the City is able to report positive balances in all three categories of net position, both for the government as a whole; as well as, for its separate governmental and business-type activities. The City's net position was increased by \$7.8 million during the fiscal year, a 11.2% increase. This increase can be attributed to overall reduction in expenditures and proceeds on the sale of property.

**City of Ridgecrest
Management Discussion and Analysis (Continued)
For the Year Ended June 30, 2016**

Governmental Activities

Governmental activities increased the City’s net position by \$5.2 million. The increase in the net position for governmental activities is attributed to an increase in cash and investments due to property sales and lowered expenditures. The charts that follow show the program revenues, general revenues and expenses by function for all Governmental activities.



City of Ridgecrest
Management Discussion and Analysis (Continued)
For the Year Ended June 30, 2016

	For the Year Ended June 30, 2016					
	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 1,645,544	\$ 1,296,391	6,055,846	4,145,779	\$ 7,701,390	\$ 5,442,170
Operating grants and contributions	1,647,328	2,315,476	93,577	92,834	1,740,905	2,408,310
Capital grants and contributions	1,042,058	7,728,784	-	-	1,042,058	7,728,784
Total program revenues	<u>4,334,930</u>	<u>11,340,651</u>	<u>6,149,423</u>	<u>4,238,613</u>	<u>10,484,353</u>	<u>15,579,264</u>
General revenues:						
Property taxes	2,125,926	1,600,406	-	-	2,125,926	1,600,406
Sales taxes	5,962,618	5,681,776	-	-	5,962,618	5,681,776
Other taxes	3,796,510	2,203,958	721,500	577,392	4,518,010	2,781,350
Investment earnings	33,919	18,355	84,815	48,259	118,734	66,614
Other revenues	4,860,264	5,511,245	19,398	18,870	4,879,662	5,530,115
Total general revenues	<u>16,779,237</u>	<u>15,015,740</u>	<u>825,713</u>	<u>644,521</u>	<u>17,604,950</u>	<u>15,660,261</u>
Total revenues	<u>21,114,167</u>	<u>26,356,391</u>	<u>6,975,136</u>	<u>4,883,134</u>	<u>28,089,303</u>	<u>31,239,525</u>
Expenses:						
General government	1,787,775	2,298,464	-	-	1,787,775	2,298,464
Public safety	6,684,042	7,436,539	-	-	6,684,042	7,436,539
Public works	3,546,345	2,848,720	-	-	3,546,345	2,848,720
Transportation	2,213,317	3,284,356	-	-	2,213,317	3,284,356
Community Development	1,018,186	817,626	-	-	1,018,186	817,626
Health	-	-	-	-	-	-
Culture & Leisure	1,426,011	1,679,152	-	-	1,426,011	1,679,152
Interest on long-term debt	275,499	292,989	-	-	275,499	292,989
Transit	-	-	832,756	757,646	832,756	757,646
Waste Water	-	-	2,496,953	2,082,287	2,496,953	2,082,287
Solid Waste Collection	-	-	-	-	-	-
Total expenses	<u>16,951,175</u>	<u>18,657,846</u>	<u>3,329,709</u>	<u>2,839,933</u>	<u>20,280,884</u>	<u>21,497,779</u>
Increase (decrease) in net position before transfers	4,162,992	7,698,545	3,645,427	2,043,201	7,808,419	9,741,746
Transfers & extraordinary Items	1,037,827	615,822	(1,037,827)	(615,822)	-	-
Change in net position	5,200,819	8,314,367	2,607,600	1,427,379	7,808,419	9,741,746
Net position, beginning of year (as restated)	35,936,717	27,622,350	33,543,077	32,115,698	69,479,794	59,738,048
Net position, end of year	<u>\$ 41,137,536</u>	<u>\$ 35,936,717</u>	<u>\$ 36,150,677</u>	<u>\$ 33,543,077</u>	<u>\$ 77,288,213</u>	<u>\$ 69,479,794</u>

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the Year Ended June 30, 2016

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) and
 - Administration which includes non-departmental City Hall expense, Advertising & Promotion.
- ♦ Public Safety expenses include both Police and Fire Protection Services.
- ♦ Community Development expenses includes planning, building, housing, code enforcement, and economic development expenses.
- ♦ Culture & Leisure expenses cover Parks and Recreation services including the operation of the Senior Center building, Recreation Services and the Community Center.
- ♦ Public Works include engineering and its administration.

Business Type Activities

The City operates two business-type activities. These are the City's Transit System and its Wastewater System. These business-type activities increased the City's net position by \$2.6 million over the prior year compared to an increase of \$1.4 million from FY 2014-2015.

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

INTERNAL SERVICE FUNDS

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

Human Resources/Risk Management

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

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the Year Ended June 30, 2016

Self- Insurance Workers' Compensation

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

Fleet Maintenance

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

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

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

Governmental Funds

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

- ♦ *Governmental Funds* – The following schedule is a summary of governmental fund revenues for fiscal year ended June 30, 2016, and includes Major and Non-Major Funds. It reflects the amount for each source of revenue and what percentage of the total revenue that source of revenue represents.

<u>Source of Revenue</u>	<u>FY 13-14 Amount</u>	<u>Percent of Total</u>	<u>FY 14-15 Amount</u>	<u>Percent of Total</u>	<u>FY 15-16 Amount</u>	<u>Percent of Total</u>
Taxes	\$ 9,880,106	63.9%	\$ 10,030,177	38.0%	\$ 10,968,507	51.9%
Intergovernmental	1,906,762	12.3%	9,384,909	35.6%	2,128,892	10.0%
Licenses, Permits & Fees	256,780	1.7%	549,406	2.1%	2,299,752	10.9%
Fines and Forfeitures	84,493	0.5%	72,806	0.3%	57,869	0.3%
Use of Money & Property	245,182	1.6%	253,342	1.0%	220,630	1.0%
Charges for Services	389,830	2.5%	553,864	2.1%	552,666	2.6%
Assessment Revenues	10,526	0.1%	10,526	0.0%	19,676	0.1%
Transfers form Fiduciary Fund	2,278,026	14.7%	5,154,181	19.5%	3,735,484	17.7%
Other Revenues	403,262	2.6%	358,840	1.4%	1,141,106	5.4%
Total	\$ 15,454,967	100.0%	\$ 26,368,051	100.0%	\$ 21,124,582	100.0%

As of the end of the current year, the City of Ridgecrest's governmental funds reported combined ending fund balances of \$11.5 million, an increase of \$2.81 million in comparison FY 2014-2015 ending funding balance. Of this ending balance the unassigned fund balance is (\$36,194). The majority of the fund balance, \$5.1 million, is non-spendable as the balance represents the advance made to the former RDA to refund the 1999 COP and the payment receive from the Successor Agency can only be used to pay the 2005 Refunding Certificates of Participation.

Of the \$4.8 million of restricted fund balance, \$341,946 of this belongs to the General Fund, \$751,359 to the City Debt Service Fund and \$3.7 million to other governmental funds. As stated above, these funds are restricted in their use to the special purpose for which they were collected.

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the Year Ended June 30, 2016

Committed Fund Balance includes amounts that are committed for specific purposes by formal action of the City Council. Amounts classified as “committed” are not subject to legal enforceability like restricted fund balance; however, those amounts cannot be used for any other purpose unless the City Council removes or changes the limitation by taking the same form of action it employed to previously impose the limitation. Total committed fund balance within the governmental funds is \$577,399; \$16,570 is committed for Park Development and \$560,829 is committed for Sub-Standard Street projects.

Assigned Fund Balance includes amounts that are intended by the City to be used for specific purposes but are neither restricted nor limited. Of the combined ending fund balance of \$11,519,406, 9% or \$1,033,823 is classified as Assigned Fund Balance, set aside for Capital Improvements and Measure L funded street maintenance.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

	For the Fiscal Year Ended June 30, 2016				For the Fiscal Year Ended June 30, 2015			
	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			\$ (1,001,031)				\$ (2,318,911)	
Resources (inflows):								
Taxes	9,763,500	9,523,446	10,393,508	870,062	9,938,031	9,938,031	9,356,253	(581,778)
Intergovernmental revenue	452,620	556,091	416,886	(139,205)	368,187	807,217	840,383	33,166
Licenses, fees, and permits	406,600	759,803	696,606	(63,197)	168,300	168,300	279,334	111,034
Fines and forfeitures	59,300	59,300	57,869	(1,431)	66,300	66,300	72,806	6,506
Use of money and property	314,046	314,046	196,241	(117,805)	203,030	203,030	239,605	36,575
Current service charges	443,930	443,930	552,666	108,736	514,381	514,381	553,864	39,483
Other revenues	298,200	298,200	1,079,137	780,937	247,900	247,900	338,491	90,591
Transfers from other funds	1,806,600	1,848,058	1,673,260	(174,798)	2,726,326	2,116,543	2,446,315	329,772
Amount available for appropriation	13,544,796	13,802,874	15,066,173	1,263,299	14,232,455	14,061,702	14,127,051	65,349
Charges to appropriations (outflows):								
General government	1,988,299	1,936,573	1,834,147	102,426	2,015,064	1,997,229	2,506,451	(509,222)
Public safety	7,082,555	7,161,751	6,755,693	406,058	6,639,894	7,174,358	7,098,082	76,276
Public works	320,481	491,713	356,541	135,172	455,041	365,109	283,672	81,437
Community development	978,055	1,175,859	1,090,591	85,268	647,351	658,313	688,464	(30,151)
Health	3,661	36,923	-	36,923	50,000	68,140	-	68,140
Culture and leisure	1,363,673	1,325,751	1,371,883	(46,132)	1,205,947	1,240,277	1,435,334	(195,057)
Capital Outlay	292,200	373,394	280,792	92,602	551,492	992,275	-	992,275
Non-departmental:								
Transfers to other funds	1,813,117	2,105,938	1,675,905	430,033	1,287,060	1,405,194	797,168	608,026
Total charges to appropriations	13,842,041	14,607,902	13,365,552	1,242,350	12,851,849	13,900,895	12,809,171	1,091,724
Excess of resources over (under) charges to appropriations	(297,245)	(805,028)	1,700,621	2,505,649	1,380,606	160,807	1,317,880	1,157,073
Fund balance, June 30			\$ 699,590				\$ (1,001,031)	

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the Year Ended June 30, 2016

Capital Asset and Debt Administration

The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2016, amounts to \$64.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads and highways, sewers, storm drains and related infrastructure. Total capital assets saw increases, with an increase of \$508,715 from prior year. New assets total \$942,832 for governmental activities, primarily due to new construction on street improvement. With the end of available Tax Allocation Bonds (TAB) funds, construction will wind down in 2016-17. The schedule below shows the summary of the City's capital assets by class and by type of activity. The assets are reported at historical cost, net of accumulated depreciation when applicable. These amounts do not represent the market value or replacement cost of the City's assets, which would be substantially more.

	Government Activities	Business-Type Activities	Total
<i>Non-Depreciable Assets:</i>			
Land	\$ 2,425,599	\$ 1,614,217	\$ 4,039,816
Construction in process	3,325,887	2,423	3,328,310
Total non-depreciable assets, net	<u>5,751,486</u>	<u>1,616,640</u>	<u>7,368,126</u>
<i>Depreciable Assets:</i>			
Buildings and improvements	6,648,254	3,305,880	9,954,134
Machinery and equipment	7,001,812	3,742,598	10,744,410
Infrastructure	119,260,132	18,877,601	138,137,733
	<u>132,910,198</u>	<u>25,926,079</u>	<u>158,836,277</u>
Less accumulated depreciation	(88,998,565)	(12,907,491)	(101,906,056)
Total depreciable assets, net	<u>43,911,633</u>	<u>13,018,588</u>	<u>56,930,221</u>
Total capital assets	<u>\$ 49,663,119</u>	<u>\$ 14,635,228</u>	<u>\$ 64,298,347</u>

Additional information on the capital assets can be found in Note 4 on pages 74-76 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 \$6.8 million, a net decrease of \$1.8 million compared from prior year due to decrease of principle and an increase in compensated absences. The outstanding debt of \$6.8 million consists of \$5.44 million for the 2005 Refunding COP bonds that were issued in fiscal year 2006 to advance refund the 1999 COP in order to capture favorable interest rates to lower the City's borrowing.

Long Term Debt from Fiduciary Funds has a balance of \$26.3 million from the 2010 Tax Allocation Refunding Bond to provide funds to refund the 1999 Tax Allocation Bonds.

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the Year Ended June 30, 2016

	Balance			Balance June 30, 2016	Due within one year	Due in more than one year
	June 30, 2015	Additions	Deletions			
Governmental Activities						
2005 Refunding Certificates of Participation	6,395,000	-	(470,000)	5,925,000	485,000	5,440,000
Compensated Absences	2,202,438	993,842	(944,174)	2,252,106	892,410	1,359,696
Total Government Activities	8,597,438	993,842	(1,414,174)	8,177,106	1,377,410	6,799,696
Fiduciary Funds						
Tax Allocation Bonds	28,990,000	-	(1,055,000)	27,935,000	1,055,000	26,880,000
Less: Bond discount	(591,147)	-	26,870	(564,277)		(564,277)
	28,425,723	-	(1,028,130)	27,370,723	1,055,000	26,315,723
Total	\$ 37,023,161	\$ 993,842	\$ (2,442,304)	\$ 35,547,829	\$ 2,432,410	\$ 33,115,419

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its assessed valuation. Additional information on the City of Ridgecrest long-term debt can be found in Note 5 on page 77 of this report.

Economic Factors and Next Year's Budget

Many factors from previous years continue to impact the next fiscal year, both positively and negatively. On the positive side, Super Wal-Mart opened the beginning of FY 2017. Plans are underway to fill the vacancy within the old Wal-Mart building with retail. The City continues to hold the annual Petroglyph festival in November, which brought in thousands of tourists. Sales tax has been steadily increasing. TAB funds were released in December 2013 of \$24.9 million to be used for economic development and construction projects in FY 2014-15 and continuing into FY2016-17; Measure L continues to bring in an additional \$2.6 million annually and was approved for an increase to 1% by voters.

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

Overall, the economy has stabilized and is expected to make modest gains. Fiscal year 2017 budget assumed conservative revenue estimates along with controlled appropriations to ensure increased fund balance annually. The City is continually reviewing increased revenue opportunities in new grants and fees, along with reviewing efficiencies in order to cut cost. The City Council receives periodic reports on projected year-end balance to ensure the City's financial position continues to strengthen. Strategies are being implemented in fiscal year 2017 to improve fund balance in order to bolster reserves in the general fund. New hires after December 31, 2012 who are not currently in the public pension system will be enrolled in substantially lower pension benefit and will be required to pay at least 50% of the pension cost. This reform may have a minimal savings in the current budget but there will be substantial savings in the long term.

The State of California has legally taken away the redevelopment assets and revenue from every city in the State, has significantly changed the revenue sources, and has required the City to look for other revenue options with a significant focus on economic development. The passage of Measure L has significantly mitigated the effects on Police and Streets, and the passage of Measure V will continue that effort with an increased funding level.

City of Ridgecrest
Management Discussion and Analysis (Continued)
For the Year Ended June 30, 2016

REQUESTS FOR INFORMATION

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

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Basic Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Government-Wide Financial Statements



City of Ridgecrest
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 10,599,892	\$ 17,311,200	\$ 27,911,092
Receivables:			
Accounts	407,917	137,838	545,755
Taxes	1,752,195	26,762	1,778,957
Interest	26,809	21,459	48,268
Deposits	10,241	-	10,241
Due from fiduciary fund	56,345	-	56,345
Internal balances	(3,719,395)	3,719,395	-
Inventories	15,666	-	15,666
Total current assets	<u>9,149,670</u>	<u>21,216,654</u>	<u>30,366,324</u>
Noncurrent assets:			
Cash and investments with fiscal agent	751,359	-	751,359
Advances to Fiduciary Fund	5,114,159	2,504,615	7,618,774
Loans receivable	242,471	-	242,471
Capital assets:			
Nondepreciable	5,751,486	1,616,640	7,368,126
Depreciable, net	43,912,698	13,018,588	56,931,286
Total capital assets, net	<u>49,664,184</u>	<u>14,635,228</u>	<u>64,299,412</u>
Net OPEB asset	68,820	-	68,820
Total noncurrent assets	<u>55,840,993</u>	<u>17,139,843</u>	<u>72,980,836</u>
Total assets	<u>64,990,663</u>	<u>38,356,497</u>	<u>103,347,160</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	1,891,291	362,225	2,253,516
Total deferred outflows of resources	<u>1,891,291</u>	<u>362,225</u>	<u>2,253,516</u>

City of Ridgecrest
Statement of Net Position (Continued)
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	974,717	81,268	1,055,985
Interest payable	86,745	-	86,745
Salaries payable	162,938	27,147	190,085
Other payroll deductions payable	159,942	-	159,942
Deposits payable	88,699	-	88,699
Unearned revenue	1,158,394	201,402	1,359,796
Claims payable - due within one year	664,365	-	664,365
Compensated absences - due within one year	892,410	-	892,410
Long-term debt - due within one year	485,000	-	485,000
Total current liabilities	<u>4,673,210</u>	<u>309,817</u>	<u>4,983,027</u>
Long-term liabilities:			
Claims payable	831,910	-	831,910
Aggregate net pension liability - due in more than one year	11,932,488	2,064,003	13,996,491
Compensated absences - due in more than one year	1,359,696	-	1,359,696
Long-term debt - due in more than one year	5,440,000	-	5,440,000
Total long-term liabilities	<u>19,564,094</u>	<u>2,064,003</u>	<u>21,628,097</u>
Total liabilities	<u>24,237,304</u>	<u>2,373,820</u>	<u>26,611,124</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	1,472,573	194,225	1,666,798
Total deferred inflows of resources	<u>1,472,573</u>	<u>194,225</u>	<u>1,666,798</u>
NET POSITION			
Net investment in capital assets	43,739,184	14,635,228	58,374,412
Restricted for:			
Special projects	199,768	-	199,768
Debt service	5,865,518	-	5,865,518
Capital projects	4,790,724	-	4,790,724
Other purpose	341,946	-	341,946
Total restricted	<u>11,197,956</u>	<u>-</u>	<u>11,197,956</u>
Unrestricted (deficit)	<u>(13,765,063)</u>	<u>21,515,449</u>	<u>7,750,386</u>
Total net position	<u>\$ 41,172,077</u>	<u>\$ 36,150,677</u>	<u>\$ 77,322,754</u>

City of Ridgecrest
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 1,754,299	\$ 267,637	\$ 11,244	\$ -	\$ 278,881
Public safety	6,684,042	292,613	503,681	18,927	815,221
Public works	3,115,236	-	-	1,010,661	1,010,661
Transportation	2,213,317	-	1,124,595	-	1,124,595
Community development	1,018,186	704,566	7,808	-	712,374
Culture and leisure	1,426,011	368,473	-	12,470	380,943
Interest on long-term debt	275,499	-	-	-	-
Total governmental activities	<u>16,486,590</u>	<u>1,633,289</u>	<u>1,647,328</u>	<u>1,042,058</u>	<u>4,322,675</u>
TDA transit	832,756	252,822	93,577	-	346,399
Wastewater improvement	2,496,953	5,803,024	-	-	5,803,024
Total business-type activities	<u>3,329,709</u>	<u>6,055,846</u>	<u>93,577</u>	<u>-</u>	<u>6,149,423</u>
Total primary government	<u>\$ 19,816,299</u>	<u>\$ 7,689,135</u>	<u>\$ 1,740,905</u>	<u>\$ 1,042,058</u>	<u>\$ 10,472,098</u>

City of Ridgecrest
Statement of Activities (Continued)
For the Year Ended June 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (1,475,418)	\$ -	\$ (1,475,418)
Public safety	(5,868,821)	-	(5,868,821)
Public works	(2,104,575)	-	(2,104,575)
Transportation	(1,088,722)	-	(1,088,722)
Community development	(305,812)	-	(305,812)
Culture and leisure	(1,045,068)	-	(1,045,068)
Interest on long-term debt	(275,499)	-	(275,499)
Total governmental activities	(12,163,915)	-	(12,163,915)
Business-Type activities:			
TDA transit	-	(486,357)	(486,357)
Wastewater improvement	-	3,306,071	3,306,071
Total business-type activities	-	2,819,714	2,819,714
Total primary government	(12,163,915)	2,819,714	(9,344,201)
General revenues:			
Taxes:			
Property taxes	2,125,926	-	2,125,926
Sales taxes	5,974,873	-	5,974,873
Transient occupancy tax	1,443,149	-	1,443,149
Franchise tax	702,751	-	702,751
Special assessments	1,639,143	-	1,639,143
Vehicle in lieu tax	11,467	721,500	732,967
Total taxes	11,897,309	721,500	12,618,809
Investment earnings	33,919	84,815	118,734
Miscellaneous	1,124,780	19,398	1,144,178
Revenues from Fiduciary Fund	3,735,484	-	3,735,484
Transfers	1,037,827	(1,037,827)	-
Total general revenues and transfers	17,829,319	(212,114)	17,617,205
Change in net position	5,665,404	2,607,600	8,273,004
Net position - beginning of year	35,936,717	33,543,077	69,479,794
Net position - end of year	\$ 41,602,121	\$ 36,150,677	\$ 77,752,798

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Fund Financial Statements

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



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Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Comprehensive Annual Financial Report
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Governmental Fund Financial Statements



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental Funds of the City are outlined below:

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

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

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

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

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

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

**City of Ridgecrest
Balance Sheet
Governmental Funds
June 30, 2016**

	Major Funds				
	General Fund	State Gas Tax Special Revenue Fund	Grant Operations Special Revenue Fund	City Debt Service Fund	Capital Improvements Capital Projects Fund
ASSETS					
Cash and investments	\$ 3,298,436	\$ 4,071	\$ 1,135,116	\$ -	\$ 968,393
Cash and investments with fiscal agent	-	-	-	751,359	-
Receivables:					
Accounts	200,784	-	1,417	-	80,227
Taxes	1,678,276	43,762	-	-	-
Interest	21,042	-	-	-	382
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from fiduciary funds	56,345	-	-	-	-
Deposits	-	-	-	-	-
	232	-	-	-	-
Advances to other funds	-	-	-	-	-
Advances to Fiduciary Fund	-	-	-	5,114,159	-
Total assets	\$ 5,255,115	\$ 47,833	\$ 1,136,533	\$ 5,865,518	\$ 1,049,002
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 438,134	\$ 74,740	\$ -	\$ -	\$ 408,825
Salaries payable	150,699	9,287	-	-	-
Other payroll deductions payable	139,179	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits payable	57,672	-	-	-	31,027
Unearned revenue	49,429	-	1,100,125	-	8,840
Advances from other funds	3,719,395	-	-	-	-
Total liabilities	4,554,508	84,027	1,100,125	-	448,692
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	232	-	-	5,114,159	-
Restricted	341,946	-	36,408	751,359	-
Committed	-	-	-	-	-
Assigned	357,412	-	-	-	600,310
Unassigned (deficit)	1,017	(36,194)	-	-	-
Total fund balances	700,607	(36,194)	36,408	5,865,518	600,310
Total liabilities, deferred inflows of resources and fund balances	\$ 5,255,115	\$ 47,833	\$ 1,136,533	\$ 5,865,518	\$ 1,049,002

**City of Ridgecrest
Balance Sheet (Continued)
Governmental Funds
June 30, 2016**

	Other Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 4,207,804	\$ 9,613,820
Cash and investments with fiscal agent	-	751,359
Receivables:		
Accounts	115,617	398,045
Taxes	29,324	1,751,362
Interest	5,385	26,809
Loans	242,471	242,471
Due from other funds	-	-
Due from fiduciary funds	-	56,345
Deposits	10,241	10,241
Inventories	-	232
Advances to other funds	-	-
Advances to Fiduciary Fund	-	5,114,159
Total assets	\$ 4,610,842	\$ 17,964,843
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 14,597	\$ 936,296
Salaries payable	-	159,986
Other payroll deductions payable	-	139,179
Due to other funds	-	-
Deposits payable	-	88,699
Unearned revenue	-	1,158,394
Advances from other funds	-	3,719,395
Total liabilities	14,597	6,201,949
 Deferred Inflows of Resources:		
Unavailable revenue	242,471	242,471
Total deferred inflows of resources	242,471	242,471
 Fund Balances:		
Nonspendable	-	5,114,391
Restricted	3,700,274	4,829,987
Committed	577,399	577,399
Assigned	76,101	1,033,823
Unassigned (deficit)	-	(35,177)
Total fund balances	4,353,774	11,520,423
Total liabilities, deferred inflows of resources and fund balances	\$ 4,610,842	\$ 17,964,843

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2016

Total Fund Balances - Total Governmental Funds	<u>\$ 11,520,423</u>
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Amount reported in Government-Wide Statement of Net Position	49,664,184
Net OPEB asset resulting from making OPEB contributions in excess of annual OPEB cost.	<u>68,820</u>
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Compensated absences - due within one year	(892,410)
Compensated absences - due in more than one year	(1,359,696)
Long-term debt - due within one year	(485,000)
Long-term debt - due in more than one year	<u>(5,440,000)</u>
	<u>(8,177,106)</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>(11,932,488)</u>
Pension contributions made during the year after the measurement date are reported as expenditures in governmental funds and as deferred outflow of resources in the government-wide financial statements.	<u>1,405,615</u>
Actuarially determined pension deferred outflows of resources are reported in the government-wide statements:	
Difference between expected and actual experience	31,230
Difference between employer contributions and proportionate share of contributions	58,565
Deferred change in pension plan proportion	<u>395,881</u>
	<u>485,676</u>
Actuarially determined pension deferred inflows of resources are reported in the government-wide statements:	
Difference between expected and actual experience	(98,382)
Changes in actuarial assumptions	(747,964)
Difference between employer contributions and proportionate share of contributions	(109,205)
Deferred change in pension plan proportion	<u>(139,571)</u>
	<u>(1,095,122)</u>
Difference between projected and actual earnings on pension plan investments are reported in the government-wide statements.	<u>(377,451)</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>(86,745)</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>242,471</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>(546,200)</u>
Net Position of Governmental Activities	<u><u>\$ 41,172,077</u></u>

City of Ridgecrest
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds				
	General Fund	State Gas Tax Special Revenue Fund	Grant Operations Special Revenue Fund	City Debt Service Fund	Capital Improvements Capital Projects Fund
REVENUES:					
Taxes	\$ 10,393,508	\$ -	\$ -	\$ -	\$ -
Intergovernmental	416,886	549,594	7,808	-	1,010,662
License and permits	696,606	-	-	-	-
Fines and forfeitures	57,869	-	-	-	-
Assessment levied	-	-	-	-	-
Use of money and property	196,241	47	132	3	749
Charges for services	552,666	-	-	-	-
Transfers from Fiduciary Fund	-	-	-	-	-
Other revenues	1,079,137	-	-	-	-
	<u>13,392,913</u>	<u>549,641</u>	<u>7,940</u>	<u>3</u>	<u>1,011,411</u>
EXPENDITURES:					
Current:					
General government	1,833,130	-	-	-	-
Public safety	6,755,693	243,078	-	-	-
Public works	356,541	-	-	-	-
Transportation	-	2,206,292	-	-	-
Community development	1,090,591	-	-	-	-
Culture and leisure	1,371,883	-	-	-	-
Capital outlay	280,792	5,818	-	-	3,987,774
Debt service:					
Principal	-	-	-	470,000	-
Interest and fiscal charges	-	-	-	281,766	-
Total expenditures	<u>11,688,630</u>	<u>2,455,188</u>	<u>-</u>	<u>751,766</u>	<u>3,987,774</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,704,283</u>	<u>(1,905,547)</u>	<u>7,940</u>	<u>(751,763)</u>	<u>(2,976,363)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	1,423,260	1,778,241	-	-	340,242
Transfers Out	(1,675,905)	(393,711)	-	-	-
Transfers from Successor Agency	250,000	500,000	-	281,736	2,703,748
Total other financing sources (uses)	<u>(2,645)</u>	<u>1,884,530</u>	<u>-</u>	<u>281,736</u>	<u>3,043,990</u>
Net changes in fund balances	<u>1,701,638</u>	<u>(21,017)</u>	<u>7,940</u>	<u>(470,027)</u>	<u>67,627</u>
FUND BALANCES:					
Beginning of year	(1,001,031)	(15,177)	28,468	6,335,545	532,683
End of year	<u>\$ 700,607</u>	<u>\$ (36,194)</u>	<u>\$ 36,408</u>	<u>\$ 5,865,518</u>	<u>\$ 600,310</u>

City of Ridgecrest
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2016

	Other Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ 574,999	\$ 10,968,507
Intergovernmental	143,942	2,128,892
License and permits	1,603,146	2,299,752
Fines and forfeitures	-	57,869
Assessment levied	19,676	19,676
Use of money and property	23,458	220,630
Charges for services	-	552,666
Transfers from Fiduciary Fund	-	-
Other revenues	61,969	1,141,106
Total revenues	2,427,190	17,389,098
EXPENDITURES:		
Current:		
General government	7,218	1,840,348
Public safety	2,162	7,000,933
Public works	-	356,541
Transportation	-	2,206,292
Community development	18,654	1,109,245
Culture and leisure	-	1,371,883
Capital outlay	-	4,274,384
Debt service:		
Principal	-	470,000
Interest and fiscal charges	-	281,766
Total expenditures	28,034	18,911,392
REVENUES OVER (UNDER) EXPENDITURES	2,399,156	(1,522,294)
OTHER FINANCING SOURCES (USES):		
Transfers In	4,654	3,546,397
Transfers Out	(862,848)	(2,932,464)
Transfers from Successor Agency	-	3,735,484
Total other financing sources (uses)	(858,194)	4,349,417
Net changes in fund balances	1,540,962	2,827,123
FUND BALANCES:		
Beginning of year	2,812,812	8,693,300
End of year	<u>\$ 4,353,774</u>	<u>\$ 11,520,423</u>

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 2,827,123
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.	4,150,523
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds (Net of \$19,556 reported in Internal Service Funds).	(3,186,481)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, transfers, and disposals) decreased Net Position.	(20,144)
The repayment of debt principal consumes the current financial resources of governmental funds; however, it has no effect on net position.	470,000
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.	967,753
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	(49,668)
Changes in net OPEB asset	32,476
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.	6,267
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.	-
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.	49,766
Change in Net Position of Governmental Activities	\$ 5,247,615

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Proprietary Fund Financial Statements



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Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 649,586	\$ 16,661,614	\$ 17,311,200	\$ 986,072
Receivables:				
Accounts	90,244	47,594	137,838	9,872
Taxes	-	26,762	26,762	833
Interest	899	20,560	21,459	-
Due from other funds	-	-	-	-
Inventories	-	-	-	15,434
Prepaid items	-	-	-	-
Total current assets	740,729	16,756,530	17,497,259	1,012,211
Noncurrent assets:				
Advances to other funds	-	3,719,395	3,719,395	-
Advances to Fiduciary Fund	-	2,504,615	2,504,615	-
Capital assets:				
Non-depreciable	-	1,616,640	1,616,640	-
Depreciable	1,089,616	24,836,462	25,926,078	412,893
Less: accumulated depreciation	(809,521)	(12,097,969)	(12,907,490)	(412,893)
Total capital assets	280,095	14,355,133	14,635,228	-
Total noncurrent assets	280,095	20,579,143	20,859,238	-
Total assets	1,020,824	37,335,673	38,356,497	1,012,211
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows	153,249	208,976	362,225	-
Total deferred outflows of resources	153,249	208,976	362,225	-
LIABILITIES				
Current liabilities:				
Accounts payable	661	80,607	81,268	38,421
Salaries payable	10,481	16,666	27,147	2,952
Other payroll deductions payable	-	-	-	20,763
Unearned revenue	201,402	-	201,402	-
Claims payable - due within one year	-	-	-	664,365
Total current liabilities	212,544	97,273	309,817	726,501
Noncurrent liabilities:				
Net pension liability - due in more than one year	873,232	1,190,771	2,064,003	-
Claims payable - due in more than one year	-	-	-	831,910
Total noncurrent liabilities	873,232	1,190,771	2,064,003	831,910
Total liabilities	1,085,776	1,288,044	2,373,820	1,558,411
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows	82,172	112,053	194,225	-
Total deferred inflows of resources	82,172	112,053	194,225	-
NET POSITION				
Net investment in capital assets	280,095	14,355,133	14,635,228	-
Unrestricted (deficit)	(273,970)	21,789,419	21,515,449	(546,200)
Total net position	\$ 6,125	\$ 36,144,552	\$ 36,150,677	\$ (546,200)

See accompanying Notes to the Basic Financial Statements.

City of Ridgecrest
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement	Total	
OPERATING REVENUES:				
Charges for services	\$ 252,822	\$ 5,803,024	\$ 6,055,846	\$ 760,458
Other revenue	-	19,398	19,398	920,311
Total operating revenues	<u>252,822</u>	<u>5,822,422</u>	<u>6,075,244</u>	<u>1,680,769</u>
OPERATING EXPENSES:				
Transportation	736,075	-	736,075	-
Health	-	2,105,472	2,105,472	-
Administration	-	-	-	2,056,736
Depreciation	96,681	391,481	488,162	-
Total operating expenses	<u>832,756</u>	<u>2,496,953</u>	<u>3,329,709</u>	<u>2,056,736</u>
OPERATING INCOME (LOSS)	<u>(579,934)</u>	<u>3,325,469</u>	<u>2,745,535</u>	<u>(375,967)</u>
NONOPERATING REVENUES:				
Taxes	721,500	-	721,500	-
Intergovernmental	93,577	-	93,577	-
Use of money and property	1,440	83,375	84,815	1,839
Total nonoperating revenues	<u>816,517</u>	<u>83,375</u>	<u>899,892</u>	<u>1,839</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>236,583</u>	<u>3,408,844</u>	<u>3,645,427</u>	<u>(374,128)</u>
TRANSFERS:				
Transfers in	89,108	-	89,108	1,411,881
Transfers out	(381,627)	(745,308)	(1,126,935)	(987,987)
Total transfers	<u>(292,519)</u>	<u>(745,308)</u>	<u>(1,037,827)</u>	<u>423,894</u>
Changes in net position	(55,936)	2,663,536	2,607,600	49,766
NET POSITION:				
Beginning of year, as restated (Note 15)	62,061	33,481,016	33,543,077	(595,966)
End of year	<u>\$ 6,125</u>	<u>\$ 36,144,552</u>	<u>\$ 36,150,677</u>	<u>\$ (546,200)</u>

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City of Ridgecrest
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	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	\$ 162,066	\$ 5,827,659	\$ 5,989,725	\$ 767,409
Payments to suppliers or employees for goods and services	(708,202)	(1,735,596)	(2,443,798)	(1,319,126)
Insurance premiums and settlements or insurance recovery	-	-	-	(492,341)
Others	-	19,398	19,398	920,311
Net cash provided by (used in) operating activities	(546,136)	4,111,461	3,565,325	(123,747)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Taxes	721,500	(26,762)	694,738	-
Intergovernmental	93,577	-	93,577	-
Transfers in	89,108	-	89,108	1,411,881
Transfers out	(381,627)	(745,308)	(1,126,935)	(987,987)
Net cash provided by (used in) noncapital financing activities	522,558	(772,070)	(249,512)	423,894
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	-	(54,045)	(54,045)	-
Cash received from repayment of advances	-	133,646	133,646	-
Net cash provided by capital and related financing activities	-	79,601	79,601	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	634	69,616	70,250	1,006
Net cash provided by investing activities	634	69,616	70,250	1,006
Net increase (decrease) in cash and cash equivalents	(22,944)	3,488,608	3,465,664	301,153
CASH AND CASH EQUIVALENTS:				
Beginning of year	672,530	13,173,006	13,845,536	684,919
End of year	<u>\$ 649,586</u>	<u>\$ 16,661,614</u>	<u>\$ 17,311,200</u>	<u>\$ 986,072</u>

City of Ridgecrest
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds		Total	Governmental Activities - Internal Service Funds
	T.D.A. Transit	Wastewater Improvement		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (579,934)	\$ 3,325,469	\$ 2,745,535	\$ (375,967)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	96,681	391,481	488,162	-
Changes in current assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable	(90,244)	24,635	(65,609)	6,951
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Inventories	-	-	-	922
Pension related deferred outflows	(84,555)	(143,240)	(227,795)	-
Accounts payable	(1,187)	10,197	9,010	(10,540)
Salaries payable	(242)	5,404	5,162	(1,684)
Due to other funds	-	-	-	-
Claims payable	-	-	-	235,808
Unearned revenue	(512)	-	(512)	-
Net pension liability	211,270	557,314	768,584	20,763
Pension related deferred inflows	(97,413)	(59,799)	(157,212)	-
Total adjustments	<u>33,798</u>	<u>785,992</u>	<u>819,790</u>	<u>252,220</u>
Net cash provided by (used in) operating activities	<u>\$ (546,136)</u>	<u>\$ 4,111,461</u>	<u>\$ 3,565,325</u>	<u>\$ (123,747)</u>

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City of Ridgecrest
Comprehensive Annual Financial Report
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Fiduciary Fund Financial Statements



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Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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FIDUCIARY FUND FINANCIAL STATEMENTS

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

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

City of Ridgecrest
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments	\$ 9,683,874	\$ 452,544
Cash and investments with fiscal agents	5,356,372	-
Loans receivable	3,050,978	-
Interest receivable	84,508	615
Capital assets:		
Non-depreciable	2,202,440	-
Depreciable, net	1,862,381	-
Total assets	<u>22,240,553</u>	<u>\$ 453,159</u>
LIABILITIES		
Due to City of Ridgecrest	-	\$ 56,345
Due to bondholders	-	396,814
Accounts payable	4,376	-
Deposits payable	2,000	-
Advances from City of Ridgecrest	7,618,774	-
Pension-related liability	200,000	-
Bonds payable	27,370,723	-
Total liabilities	<u>35,195,873</u>	<u>\$ 453,159</u>
NET POSITION		
Net Position (Deficit):		
Held in trust for Successor Agency to Ridgecrest Redevelopment Agency	(12,957,982)	
Held in trust for Donation	2,662	
Total net position (deficit)	<u>\$ (12,955,320)</u>	

City of Ridgecrest
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Taxes	\$ 4,488,224
Revenue from use of money and property	12,330
Other revenue	500
Total additions	<u>4,501,054</u>
DEDUCTIONS:	
Community development	228,149
Depreciation expense	271,968
Interest expense	1,739,608
Transfers to City of Ridgecrest (Note 6)	3,735,484
Total deductions	<u>5,975,209</u>
Change in fiduciary net position	(1,474,155)
NET POSITION:	
Beginning of year	<u>(11,481,165)</u>
End of year	<u><u>\$ (12,955,320)</u></u>

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City of Ridgecrest
Comprehensive Annual Financial Report
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Notes to the Basic Financial Statements



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Comprehensive Annual Financial Report
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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, 2016

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

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

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

B. Basis of Accounting and Measurement Focus

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

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

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government–Wide Financial Statements

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

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

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

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

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

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

Governmental Fund Financial Statements

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

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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

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

Governmental funds of the City are outlined below:

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

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

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

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

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

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

Proprietary Fund Financial Statements

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

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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

Proprietary funds of the City are outlined below:

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

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

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

Fiduciary Fund Financial Statements

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

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

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

C. Cash, Cash Equivalents and Investment

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investment (Continued)

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

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

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by a fiscal agent for the redemption of bonded debt and for acquisition and construction of capital projects.

E. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$100,000; all other capital assets are set at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and improvements	15-50 years
Machinery and Equipment	5-20 years
Infrastructure	15-50 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, and park lands. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Long-Term Debt

Government-Wide Financial Statements

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

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

Fund Financial Statements

The fund financial statements do not present long-term debt but rather show it in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position.

G. Compensated Absences

Government-Wide Financial Statements

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

Fund Financial Statements

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

H. Pensions

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Pensions (Continued)

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

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

I. Property Taxes

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

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

J. Net Position

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

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

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

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

K. 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.

L. Use of Estimates

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Fair Value Measurement

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, this statement 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.

N. Accounting Changes

GASB has issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement became effective for periods beginning after June 15, 2015 and did not have any new measurement impact and additional disclosure is reflected in the notes to the financial statements for the year ended June 30, 2016.

GASB has issued Statement No. 73, *Accounting and Financial reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes standards relating to the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement became effective for periods beginning after June 15, 2015, and should be applied retroactively. This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Accounting Changes (Continued)

GASB has issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement establishes standards relating accounting and financial reporting for certain external investment pools and pool participants. This statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015 and did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2016:

	Primary Government			Fiduciary Funds	Total
	Governmental Activities	Business-type Activities	Total		
Cash and investments	\$ 10,599,892	\$ 17,311,200	\$ 27,911,092	\$ 10,136,418	\$ 38,047,510
Cash and investments with fiscal agent	751,359	-	751,359	5,356,372	6,107,731
Total	\$ 11,351,251	\$ 17,311,200	\$ 28,662,451	\$ 15,492,790	\$ 44,155,241

Cash, cash equivalents, and investments, excluding investments with fiscal agents, consisted of the following at June 30, 2016:

Cash and cash equivalents:	
Petty cash	\$ 1,620
Demand deposits	2,588,562
Investments:	
Local Agency Investment Fund	35,455,707
Money market funds	3,518,814
U.S. Agencies	2,588,917
Total	\$ 44,153,620

At June 30, 2016, cash and investments, excluding restricted cash and investments held by fiscal agent, are reported at fair value based on quoted market prices. The following table represents the fair value measurements of investments recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within GASB 27 fair value hierarchy in which the fair value measurements fall at June 30, 2016:

Investment Type	Total as of June 30, 2016	Percentage of Investments	Measurement Inputs
Local Agency Investment Fund	35,455,707	85.31%	Level 2
U.S. Agencies	2,588,917	6.23%	Level 2
Money market funds	3,518,814	8.47%	Not Rated
Total	\$ 41,563,438		

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

A. Cash Deposits

The carrying amounts of the City's demand deposits were \$2,588,562 at June 30, 2016. Bank balances were \$2,623,463 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below.

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

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

B. Investments

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

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

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

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, 2016 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, 2016

Note 2 – Cash and Investments (Continued)

C. External Investment Pool (Continued)

As of June 30, 2016, the City had \$35,455,707 invested in LAIF, which had invested 2.81% 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, 2016, 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 (Level 2 inputs). The fair value of the City's position in the pool is the same as the value of the pool shares. The credit quality rating of LAIF is unrated As of June 30, 2016.

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. At June 30, 2016, the City's pooled cash and investments had the following maturities:

Interest Rate Risk (Continued)

As of June 30, 2016, the City had the following investments and maturities:

	<u>Amount</u>	<u>Maturities</u>	
		<u>1 year or less</u>	
Cash and cash equivalent:			
Petty cash	\$ 1,620	\$	1,620
Demand deposits	2,588,562		2,588,562
Investments:			
Local Agency Investment Fund	35,455,707		35,455,707
Money market funds	3,518,814		3,518,814
U.S. Agencies	2,588,917		2,588,917
Total	<u>\$ 44,153,620</u>	<u>\$</u>	<u>44,153,620</u>

Credit Risk

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

	<u>Amount</u>	<u>Credit Quality Ratings</u>	
		<u>Moody's</u>	<u>Standard & Poor's</u>
Investments:			
Local Agency Investment Fund	\$ 35,455,707	Not Rated	Not Rated
Money market funds	3,518,814	Not Rated	Not Rated
U.S. Agencies	2,588,917	Not Rated	Not Rated
Total	<u>\$ 41,563,438</u>		

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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.

Note 3 – Loan Program

A. Governmental Activities

At June 30, 2016, the outstanding balance of the City loan program is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Loans receivables:				
High Desert loans	\$ 254,810	\$ -	\$ (12,339)	\$ 242,471
Total	<u>\$ 254,810</u>	<u>\$ -</u>	<u>\$ (12,339)</u>	<u>\$ 242,471</u>

High Desert Loans

The City entered into a loan agreement with High Desert Haven in the amount of \$375,000 on October 5, 2001. The purpose of the loan was for the construction and operation of twenty-six unit senior assisted housing. The loan is to be paid over thirty years and bears interest of the 3% compounded annually. As of June 30, 2016, the loan balance is \$242,471.

B. Fiduciary Fund Financial Statements

At June 30, 2016, the outstanding balance of the Fiduciary Activities loans receivable is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Loans receivables:				
AMG Ridgecrest Pacific Associates	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Globe Project	50,978	-	-	50,978
Total	<u>\$ 3,050,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,050,978</u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Loan Program (Continued)

B. Fiduciary Fund Financial Statements (Continued)

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

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

Note 4 – Interfund Balances and Transactions

A. Due To and From Other Funds

At June 30, 2016, the City had the following short-term interfund receivables and payables to cover cash shortfalls:

		Due from other funds	
		General Fund	Total
Due to other funds	Agency Funds	\$ 56,345	\$ 56,345
	Total	\$ 56,345	\$ 56,345

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

B. Advances To and From Other Funds

In 2013, the General Fund entered into loan agreement with Wastewater Improvement Enterprise Fund in the amount of \$4,250,000. The loan is to be repaid over 30 years at 0.5% interest rate per year. This loan is for paying back the franchise fees the Wastewater Fund had paid General Fund from fiscal years ended June 30, 2006 through 2012. At June 30, 2016, the outstanding balance of the agreement was \$3,719,395.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 4 – Interfund Balances and Transactions (Continued)

B. Advances To and From Other Funds

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 134,313	\$ 18,597	\$ 152,910
2018	134,985	17,925	152,910
2019	135,660	17,250	152,910
2020	136,338	16,572	152,910
2021	137,020	15,890	152,910
2022-2026	695,445	69,107	764,552
2027-2031	713,006	51,546	764,552
2032-2036	731,010	33,542	764,552
2037-2041	749,469	15,083	764,552
2042	152,149	754	152,903
Total	\$ 3,719,395	\$ 256,266	\$ 3,975,661

C. Transfers

At June 30, 2016, the City had the following transfers:

		Transfers Out							
		State Gas Tax		Non-major Governmental Funds	TDA Transit Enterprise Fund	Wastewater Improvement Enterprise Funds		Internal Service Funds	Total
		General Fund	Special Revenue Fund			Enterprise Funds			
Transfers In	General Fund	\$ -	\$ 297,010	\$ 155,696	\$ 287,894	\$ 562,250	\$ 120,410	\$ 1,423,260	
	State Gas Tax Fund	1,138,597	-	639,644	-	-	-	1,778,241	
	Capital Improvements	87,673	-	67,508	-	-	185,061	340,242	
	Non-major								
	Governmental Funds	4,654	-	-	-	-	-	4,654	
	Transit Enterprise Fund	89,108	-	-	-	-	-	89,108	
	Internal Service Funds	355,873	96,701	-	93,733	183,058	682,516	1,411,881	
Total	\$ 1,675,905	\$ 393,711	\$ 862,848	\$ 381,627	\$ 745,308	\$ 987,987	\$ 5,047,386		

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 4 – Interfund Balances and Transactions (Continued)

C. Transfers (Continued)

Additional details regarding transfers in and out are as follows:

The transfers from General Fund to the following funds and its purposes are as follows: 1) \$87,673 to Capital Improvement Fund for the Measure L funding of the City's local match on three grant funded capital projects, namely Traffic Signal on China Lake Blvd & Upjohn Ave (TS1201), Curb, Gutter & Sidewalk at three local schools (ST1201) and China Lake Blvd between Upjohn and Bowman Ave (ST1304). 2) \$1,138,597 to Gas Tax Fund for the Measure L funding of the street maintenance. 3) \$4,654 to Special Capital Project Fund for the cost of the General Plan review project. 4) \$89,108 to Transit Fund for the city's local match of the cost of running the transit service. 4) \$355,873 to Internal Service Fund for insurance allocation.

Gas Tax Fund transferred \$297,010 to the General Fund for overhead allocations and \$96,701 to Internal Service Fund for insurance allocation.

The transfers from Non-major governmental funds to the following funds and its purposes are as follows: 1) \$155,696 to General Fund from Supplemental Law Enforcement Service Fund (\$114,838) for public safety and the balance of \$40,858 coming from Park Development Impact Fee Fund for the funding of the repair of the well. 2) \$639,644 to Gas Tax Fund from TDA Streets and Roads Fund for street maintenance; 3) \$67,508 to Capital Improvements Fund from Proposition 1B money for the streets project at Sunland between Upjohn Ave and Ridgecrest Blvd per City Council resolution 10-90

Transit Enterprise Fund transferred \$287,894 to General Fund for administrative overhead allocation and \$93,733 to Internal Service Fund for insurance allocation.

Wastewater Enterprise Fund transferred \$562,250 to General Fund for administrative overhead allocation and \$183,058 to Internal Service Fund for insurance allocation.

Internal Service Funds transfer to General Fund of \$120,410 was for administrative overhead allocation. While the transfer of \$682,516 is consisted of \$664,365 to Self Insurance Workers Compensation Fund for the payments of claims and settlements for the year and the balance of \$18,151 from the Fleet Maintenance ISF fund for insurance allocation. The transfer of \$185,061 to Capital Improvements Fund was the insurance proceeds received for the construction of the concession stand that was destroyed by fire in July 2013.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Advances to Fiduciary Fund

At June 30, 2016, the City had advanced the Fiduciary Fund \$7,618,773.

On November 1, 2005, the City and the Agency have entered into a reimbursement agreement, pursuant to which the Agency has agreed to reimburse the City for all Lease payments. The Agency’s reimbursement obligation is secured by a pledge of certain tax increment revenues arising in the Agency’s Ridgecrest Redevelopment Project. Certain outstanding and future bonds of the Agency have or may have a claim on tax increment revenues that is senior to the Agency’s reimbursement obligation under the Reimbursement Agreement. On February 1, 2012, the outstanding balance was transferred to the Successor Agency due to the dissolution of the Agency. At June 30, 2016, the outstanding balance of the agreement was \$5,114,159. Payment of the loan is done annually. It is reduced by the principal portion of the lease payment of the dissolved Agency towards the 2005 Refunding Certificates of Participation.

On June 19, 2002, the Wastewater Improvement Enterprise Fund loaned the Agency Fund \$2,000,000 for the purpose of paying costs and expenses in connection with implementing the redevelopment plan. The loan is to be repaid over 10 years. On February 1, 2012, the outstanding balance was transferred to the Successor Agency due to the dissolution of the Agency. On February 28, 2015, the final payment of the outstanding balance of \$200,000 was made as approved by Department of Finance on ROPS 14-15B. At June 30, 2015, the outstanding balance was paid off.

On June 16, 2010, per resolution 10-49, the City Council and Agency Board approved the funding of the construction of the Ridgecrest Photovoltaic Solar Energy Production Field. The field is located at 125 South Warner St., also known as the Helmer's Park. This 495.9 kW DC Solar Photovoltaic System is designed to produce 90% of the Civic Center's current annual electrical power consumption and decrease the Center's energy bill by more than \$136,000 annually. The resolution also authorized the Agency to borrow money from the Wastewater Improvement Fund to finance the construction cost of the solar field which amounted to \$3,123,000, to be paid in 5 years at the interest rate of 1/2% per annum. On February 1, 2012, the outstanding balance was transferred to the Successor Agency due to the dissolution of the Agency. At June 30, 2016, the outstanding balance of the agreement was \$2,504,615. The City submitted approval requests for the payment of this loan and has yet to be received from the Department of Finance.

The annual requirements to amortize the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 2,504,615	\$ 31,386	\$ 2,536,001
Total	\$ 2,504,615	\$ 31,386	\$ 2,536,001

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Transfers from Fiduciary Fund

During the year ended June 30, 2016, the Successor Agency made the following transfers: 1) \$250,000 to the City’s General Fund for the administrative allowance due to the dissolution of the Redevelopment Agency; 2) \$281,736 to the City’s Debt Service Fund to cover the preparation cost of the 2005 COP arbitrage analysis, fiscal agent fees and for the lease payment to cover the interest payment to the 2005 Certificate of Participation Bonds; 3) \$2,703,748 to the Capital Projects Fund for several streets construction projects being funded by the proceeds of the 2010 Tax Allocation Bond (2010 TAB); and 4) \$500,000 to Gas Tax Fund for the 2010 TAB funding of streets micropaving projects.

Note 7 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for governmental activities for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Reclassifications	Balance June 30, 2016
Nondepreciable assets:					
Land	\$ 2,415,580	\$ 13,500	\$ (3,481)	\$ -	\$ 2,425,599
Construction in progress	11,118,070	2,421,508	(14,320)	(10,199,371)	3,325,887
Total nondepreciable assets	13,533,650	2,435,008	(17,801)	(10,199,371)	5,751,486
Depreciable assets					
Building and improvements	6,155,284	492,970	-	-	6,648,254
Machinery and equipment	6,928,734	85,859	(12,781)	-	7,001,812
Infrastructure	107,924,076	1,136,685	-	10,199,371	119,260,132
Subtotal	121,008,094	1,715,514	(12,781)	10,199,371	132,910,198
Less accumulated depreciation					
Building and improvements	(2,215,497)	(229,206)	-	-	(2,444,703)
Machinery and equipment	(5,851,797)	(313,789)	10,438	-	(6,155,148)
Infrastructure	(77,754,163)	(2,643,486)	-	-	(80,397,649)
Subtotal	(85,821,457)	(3,186,481)	10,438	-	(88,997,500)
Total depreciable assets, net	35,186,637	(1,470,967)	(2,343)	10,199,371	43,912,698
Total	\$ 48,720,287	\$ 964,041	\$ (20,144)	\$ -	\$ 49,664,184

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2016 are as follows:

General government	\$ 179,941
Public safety	228,131
Public works	2,577,968
Community development	101,774
Culture and leisure	98,667
Total depreciation expense	\$ 3,186,481

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 7 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital assets for business-type activities for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Nondepreciable assets:				
Land	\$ 1,614,217	\$ -	\$ -	\$ 1,614,217
Construction in progress	-	2,423	-	2,423
Total nondepreciable assets	1,614,217	2,423	-	1,616,640
Depreciable assets				
Building and improvements	3,305,880	-	-	3,305,880
Machinery and equipment	3,690,976	51,622	-	3,742,598
Infrastructure	18,877,601	-	-	18,877,601
Subtotal	25,874,457	51,622	-	25,926,079
Less accumulated depreciation				
Building and improvements	(1,337,750)	(48,646)	-	(1,386,396)
Machinery and equipment	(2,939,352)	(184,776)	-	(3,124,128)
Infrastructure	(8,142,227)	(254,740)	-	(8,396,967)
Subtotal	(12,419,329)	(488,162)	-	(12,907,491)
Total depreciable assets, net	13,455,128	(436,540)	-	13,018,588
Total	\$ 15,069,345	\$ (434,117)	\$ -	\$ 14,635,228

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2016 are as follows:

T.D.A. Transit	\$ 96,681
Wastewater Improvement	391,481
Total depreciation expense	\$ 488,162

C. Fiduciary Funds

Summary of changes in capital assets for fiduciary activities for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Nondepreciable assets:				
Land	\$ 2,202,440	\$ -	\$ -	\$ 2,202,440
Total nondepreciable assets	2,202,440	-	-	2,202,440
Depreciable assets				
Building and improvements	12,092,609	-	-	12,092,609
Subtotal	12,092,609	-	-	12,092,609
Less accumulated depreciation				
Building and improvements	(9,958,260)	(271,968)	-	(10,230,228)
Subtotal	(9,958,260)	(271,968)	-	(10,230,228)
Total depreciable assets, net	2,134,349	(271,968)	-	1,862,381
Total	\$ 4,336,789	\$ (271,968)	\$ -	\$ 4,064,821

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Long-term Obligations

A. Governmental Activities

Summary of changes in long-term liabilities for the governmental activities for the year ended June 30, 2016 is as follows:

	Balance			Balance June 30, 2016	Classification	
	July 1, 2015	Additions	Deletions		Due within One Year	Due in more than One Year
Governmental Activities:						
2005 Refunding Certificates of Participation	\$ 6,395,000	\$ -	\$ (470,000)	\$ 5,925,000	\$ 485,000	\$ 5,440,000
Compensated absences	2,202,438	993,842	(944,174)	2,252,106	892,410	1,359,696
Total governmental activities	<u>\$ 8,597,438</u>	<u>\$ 993,842</u>	<u>\$ (1,414,174)</u>	<u>\$ 8,177,106</u>	<u>\$ 1,377,410</u>	<u>\$ 6,799,696</u>

2005 Refunding Certificates of Participation

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

2005 Refunding Certificates of Participation (Continued)

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

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 485,000	\$ 260,236	\$ 745,236
2018	510,000	240,351	750,351
2019	525,000	218,931	743,931
2020	555,000	184,216	739,216
2021	575,000	86,037	661,037
2022-2026	3,275,000	460,125	3,735,125
TOTAL	<u>\$ 5,925,000</u>	<u>\$ 1,449,897</u>	<u>\$ 7,374,897</u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Long-term Obligations (Continued)

A. Governmental Activities (Continued)

Compensated Absences

Compensated absences at June 30, 2016, amounted to \$2,252,106. Typically, the Self-Insurance Fund (Internal Service Fund) has been used to liquidate the liability for compensated absences. There is no fixed payment schedule for compensated absences.

B. Fiduciary Funds

Summary of changes in long-term liabilities for the fiduciary funds for the year ended June 30, 2016 is as follows:

	Balance			Balance June 30, 2016	Classification	
	July 1, 2015	Additions	Deletions		Due within One Year	Due in more than One Year
Fiduciary Funds:						
Tax Allocation Bonds	\$ 28,990,000	\$ -	\$ (1,055,000)	\$ 27,935,000	\$ 1,055,000	\$ 26,880,000
Less: Bond discount	(591,147)	-	26,870	(564,277)	-	(564,277)
Total fiduciary activities	\$ 28,398,853	\$ -	\$ (1,028,130)	\$ 27,370,723	\$ 1,055,000	\$ 26,315,723

2010 Tax Allocation Refunding Bonds

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

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Long-term Obligations (Continued)

B. Fiduciary Funds (Continued)

The annual requirements to amortize the bonds outstanding at June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,055,000	1,658,518	\$ 2,873,011
2018	1,050,000	1,605,768	2,821,393
2019	1,050,000	1,550,643	2,766,268
2020	1,040,000	1,492,893	2,713,518
2021	1,040,000	1,435,693	2,713,518
2022-2026	5,110,000	6,347,200	12,681,608
2027-2031	7,650,000	4,517,288	11,615,869
2032-2036	8,225,000	2,075,150	11,808,106
2037	1,715,000	106,291	9,905,344
TOTAL	<u>\$ 27,935,000</u>	<u>\$ 20,789,444</u>	<u>\$ 59,898,635</u>

Note 9 – Risk Management

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

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

General Liability Insurance

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

Workers' Compensation

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Risk Management (Continued)

Workers' Compensation (Continued)

The workers' compensation and general liability claims payable of \$1,496,275 reported at June 30, 2016. Of the total claims payable, \$664,365 is due within the next fiscal year. During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year.

Changes in the claims liability amounts were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2013-2014	\$ 1,543,277	\$ 541,754	\$ (587,343)	\$ 1,497,688
2014-2015	1,497,688	710,621	(947,842)	1,260,467
2015-2016	1,260,467	900,173	(664,365)	1,496,275

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2015, is as follows:

Total assets	<u>\$ 738,658,237</u>
Total deferred outflows	<u>\$ 3,329,112</u>
Total liabilities	<u>\$ 602,870,657</u>
Total deferred inflows	<u>\$ 1,444,075</u>
Total equities	<u>\$ 137,672,617</u>
Total revenues	<u>\$ 787,536,407</u>
Total expenses	<u>\$ 762,270,435</u>
Expenses over revenues	<u>\$ 25,265,972</u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Public Employees’ Retirement System

Summary

Aggregate Net Pension Liability

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

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ 5,874,468	\$ 873,232	\$ 1,190,771	7,938,471
CalPERS Safety Plans	6,058,020	-	-	6,058,020
Total	\$ 11,932,488	\$ 873,232	\$ 1,190,771	\$ 13,996,491

Deferred Outflows of Resources

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

Pension Contributions Made after the Measurement Date

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ 603,839	\$ 89,760	\$ 122,400	\$ 815,999
CalPERS Safety Plans	801,776	-	-	801,776
Total	\$ 1,405,615	\$ 89,760	\$ 122,400	\$ 1,617,775

Positive Adjustments due to Differences in Proportions

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ 395,881	\$ 58,847	\$ 80,246	\$ 534,974
CalPERS Safety Plans	-	-	-	-
Total	\$ 395,881	\$ 58,847	\$ 80,246	\$ 534,974

Differences between Expected and Actual Experience

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ 31,230	\$ 4,642	\$ 6,330	\$ 42,202
CalPERS Safety Plans	-	-	-	-
Total	\$ 31,230	\$ 4,642	\$ 6,330	\$ 42,202

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Public Employees’ Retirement System (Continued)

Summary (Continued)

Deferred Outflows of Resources (Continued)

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

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ -	\$ -	\$ -	\$ -
CalPERS Safety Plans	58,565	-	-	58,565
Total	<u>\$ 58,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,565</u>

Total Pension-related Deferred Outflows

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ 1,030,950	\$ 153,249	\$ 208,976	\$ 1,393,175
CalPERS Safety Plans	860,341	-	-	860,341
Total	<u>\$ 1,891,291</u>	<u>\$ 153,249</u>	<u>\$ 208,976</u>	<u>\$ 2,253,516</u>

Deferred Inflows of Resources

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

Difference between Projected and Actual Earnings on Pension Plan Investments

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ 148,122	\$ 22,018	\$ 30,025	\$ 200,165
CalPERS Safety Plans	229,329	-	-	229,329
Total	<u>\$ 377,451</u>	<u>\$ 22,018</u>	<u>\$ 30,025</u>	<u>\$ 429,494</u>

Negative Adjustments due to Differences in Proportions

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ -	\$ -	\$ -	\$ -
CalPERS Safety Plans	139,571	-	-	139,571
Total	<u>\$ 139,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,571</u>

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Public Employees’ Retirement System (Continued)

Summary (Continued)

Deferred Inflows of Resources (Continued)

Changes in Assumptions

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ 295,468	\$ 43,921	\$ 59,892	\$ 399,281
CalPERS Safety Plans	452,496	-	-	452,496
Total	\$ 747,964	\$ 43,921	\$ 59,892	\$ 851,777

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

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ 109,205	\$ 16,233	\$ 22,136	\$ 147,574
CalPERS Safety Plans	-	-	-	-
Total	\$ 109,205	\$ 16,233	\$ 22,136	\$ 147,574

Differences between Expected and Actual Experience

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ -	\$ -	\$ -	\$ -
CalPERS Safety Plans	98,382	-	-	98,382
Total	\$ 98,382	\$ -	\$ -	\$ 98,382

Total Pension-related Deferred Inflows

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ 552,795	\$ 82,172	\$ 112,053	\$ 747,020
CalPERS Safety Plans	919,778	-	-	919,778
Total	\$ 1,472,573	\$ 82,172	\$ 112,053	\$ 1,666,798

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Public Employees’ Retirement System (Continued)

Summary (Continued)

Pension Expense/(Income)

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

	Governmental Activities	Business-Type Activities		Total
		Enterprise Funds		
		TDA Transit Fund	Wastewater Fund	
CalPERS Miscellaneous Plans	\$ 428,698	\$ 63,725	\$ 86,898	\$ 579,321
CalPERS Safety Plans	125,907	-	-	125,907
Total	\$ 554,605	\$ 63,725	\$ 86,898	\$ 705,228

Pension Plans

Plan Description

Substantially all City employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the Safety Classic, Miscellaneous Classic, Safety PEPRAs or Miscellaneous PEPRAs cost-sharing multiple employer defined benefit plans administered by California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. The Classic Plans are closed to new entrants only eligible for employees hired prior to January 1, 2013. Employees hired after January 1, 2013 are eligible to enroll in the PEPRAs plans. Benefit Provisions under the Plans are established by State statutes within the Public Employee’s Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic safety and miscellaneous CalPERS member becomes eligible for Service Retirement upon attainment of age 50 and 55, respectively, with at least 5 years of credited service. Public Employee Pension Reform Act (PEPRA) safety and miscellaneous members become eligible for service retirement upon attainment of age 57 and 62, respectively, 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 12 full-time equivalent monthly pay. Retirement benefits for classic safety miscellaneous employees are calculated as 3% and 2.7%, respectively, of the average final 12 months compensation. Retirement benefits for PEPRA safety and miscellaneous employees are calculated as 2.7% and 2%, respectively, of the average final 36 months compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

Benefits Provided (Continued)

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee’s retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

Employees Covered

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

	Active employees	Inactive employees or beneficiaries currently receiving benefits	Inactive employees entitled to but not yet receiving benefits
Miscellaneous Plans	68	103	92
Safety Plans	32	43	26

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the active contribution rate was 9% of annual payroll for the Safety Classic Plan, 8% for the Miscellaneous Classic Plan, and 11.50% for the Safety PEPRA Plan, and 6.25%, for Miscellaneous PEPRA Plan. The average employer’s contribution rate was 23.301% of annual payroll for the Miscellaneous Classic Plan, 34.324% for the Safety Classic Plan, 11.153% for the Safety PEPRA Plan, and 6.237% for the Miscellaneous PEPRA Plan.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

Contributions (Continued)

For the measurement period ended June 30, 2015, the plan’s proportionate share of aggregate employer contributions made for each Plan was as follows:

	<u>Contributions - employer</u>
Miscellaneous Plans	\$ 636,740
Safety Plans	747,875
Total	\$ 747,875

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

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

As of June 30, 2016, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Plan Total Pension Liability</u>	<u>Increase (Decrease) Plan Fiduciary Net Position</u>	<u>Plan Net Pension Liability/(Asset)</u>
Miscellaneous Plans:			
Balance at: 6/30/14 (Valuation date)	\$ 31,486,825	\$ 25,018,992	\$ 6,467,833
Balance at: 6/30/15 (Measurement date)	32,136,170	24,197,699	7,938,471
Net Changes during 2014-2015	649,345	(821,293)	1,470,638
Safety Plans:			
Balance at: 6/30/14 (Valuation date)	\$ 24,198,114	\$ 17,982,414	\$ 6,215,700
Balance at: 6/30/15 (Measurement date)	25,704,062	19,646,042	6,058,020
Net Changes during 2014-2015	1,505,948	1,663,628	(157,680)

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

(1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2014). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2015). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2014-15).

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

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

(3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.

(5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

The City’s proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 was as follows:

	Miscellaneous Plans	Safety Plans
Proportion June 30, 2014	0.10180%	0.00999%
Proportion June 30, 2015	0.28936%	0.14702%
Change - Increase (Decrease)	0.18756%	0.13703%

For the year ended June 30, 2016, the City recognized pension expense in the amounts of \$579,321 and \$125,907, for the Miscellaneous plans and Safety plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. 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.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2014-15 measurement period is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired).

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

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

At June 30, 2016, 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
Difference between projected and actual earning on pension plan investments	\$ -	\$ (200,165)
Adjustment due to differences in proportions	534,974	-
Changes in assumptions	-	(399,281)
Difference between actual and expected experience	42,203	-
Difference between Employer's actual contributions and proportionate share of contributions	-	(147,574)
Total	\$ 577,177	\$ (747,020)

Safety Plans		
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between projected and actual earning on pension plan investments	\$ -	\$ (229,329)
Adjustment due to differences in proportions	-	(139,571)
Changes in assumptions	-	(452,496)
Difference between actual and expected experience	-	(98,382)
Difference between Employer's actual contributions and proportionate share of contributions	58,565	-
Total	\$ 58,565	\$ (919,778)

For the Miscellaneous plans and Safety plans, \$815,999 and \$801,776, respectively, was reported as deferred outflows of resources related to pensions resulting from City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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
2016	\$ (138,549)	\$ (406,972)
2017	(140,022)	(400,802)
2018	(147,132)	(334,952)
2019	255,860	281,513
2020	-	-
Thereafter	-	-
	\$ (169,843)	\$ (861,213)

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website under Forms and Publications.

Change of Assumption

In accordance with GASB 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.5% (net of administrative expense in 2014) to 7.65% as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

Discount Rate (Continued)

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

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

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

The long-term expected real rate of return by asset class for the measurement period ended June 30, 2016 was as follows:

Asset Class	New Strategic Allocation	Real Return Years 1-10 ¹	Real Return Years 11+ ²
Global Equity	50.00%	5.25%	5.71%
Global Fixed Income	17.00%	0.99%	2.43%
Inflation Sensitive	4.00%	0.45%	3.36%
Private Equity	14.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	0.00%	4.50%	5.09%
Liquidity	4.00%	-0.55%	-1.05%
	100%		

¹An expected inflation of 2.5% used for this period

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Public Employees’ Retirement System (Continued)

Pension Plans (Continued)

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

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

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous Plans	13,313,370	7,938,471	3,500,868
Safety Plans	9,713,086	6,058,020	3,060,933
	\$ 23,026,456	\$ 13,996,491	\$ 6,561,800

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2016, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

Note 11 – Other Postemployment Benefits

Plan Description

The City provides \$125 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 2017, the required employer contributions under the CalPERS Health plan will be \$128 per month. CalPERS adjusts this amount annually based on an inflation index.

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

Funding Policy

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

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 11 – Other Postemployment Benefits (Continued)

Funding Policy (Continued)

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

Annual OPEB Cost and Net OPEB Obligation (Asset)

For fiscal year ended June 30, 2016, the City’s annual OPEB cost was \$136,849. The City’s annual required contribution (ARC) was \$136,866. The City paid CalPERS a total of \$34,801 for its share of the retirees’ health insurance premium. The City also paid directly eligible retirees (from PEAR group) that opted to get their health insurance outside of CalPERS and those payments totaled \$10,500. With the City’s direct contribution of \$91,565 to the OPEB trust fund and implicit rate subsidy of \$32,459, the City’s total OPEB contribution for the fiscal year ended June 30, 2016, is \$169,325.

The following table shows the components of the City’s Annual OPEB Cost for the year ended June 30, 2016, the amount actually contributed to the plan, and changes in the City’s Net OPEB obligation (asset):

Annual Required Contribution (ARC)	\$ 136,866
Interest on Net OPEB Obligation (Assets) @ 7.28%	(2,646)
Adjustment to ARC	2,629
Annual OPEB Cost	136,849
Contribution Made (ARC Inclusive of Benefit Payments)	(169,325)
(Increase) in Net OPEB Obligation (Assets)	(32,476)
Net OPEB Obligation (Assets) - Beginning of year	(36,344)
Net OPEB Obligation (Assets) - End of year	\$ (68,820)

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

	Annual OPEB Cost	Actual Contributions	Percentage Contribution	Change in Net OPEB Obligation (Asset)	Net OPEB Obligation (Asset) at June 30
2013-2014	\$ 77,761	\$ 77,948	100.2%	\$ (187)	\$ (36,156)
2014-2015	82,018	82,206	100.2%	(188)	(36,344)
2015-2016	136,849	169,325	123.7%	(32,476)	(68,820)

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 11 – Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions

The ARC was determined as part of the June 30, 2015, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.61% investment rate of return (net of administrative expenses), (b) 7.61% discount rate, (c) projected annual salary increases range of 3.0%, (d) inflation rate of 2.8%, (e) CalPERS Assumption Model was used in determining the factor for pre-retirement turnover, pre-retirement mortality, post-retirement mortality and retirement age. Employee currently retired who have elected CalPERS medical coverage are assumed to continue coverage for their lifetime and the lifetime of their spouse if covered. 50% of future non-PEAR active employees are assumed to elect retiree health coverage at retirement. 100% of future PEAR retirees are assumed to elect retiree health coverage at retirement with 50% electing the \$250 reimbursement benefit over the CalPERS benefit. Of those electing coverage approximately 20% are assumed to elect coverage for their spouse. A female spouse is assumed to be 3 years younger than a male spouse. The City’s \$100 monthly benefit is not assumed to increase in future years. On the other hand, the CalPERS minimum required employer contribution is assumed to increase by 4% each year. The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level percentage-of-pay method on a closed-basis. The remaining amortization period at June 30, 2016 is assumed to be 23 years. The 2013 actuarial study did not include an assumption on the health care trend.

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was 47.63% funded. The actuarial accrued liability for benefits was \$961,858, and the actuarial value of assets was \$449,520, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$512,338. The covered payroll (annual payroll for active employees covered by the plan) was \$5,189,000, and the ratio of the UAAL to the covered payroll was 9.87%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend rate (estimated annually at between 5% and 7%). Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 12 – Other Required Disclosures

A. Deficit Net Position/Fund Balances

At June 30, 2016, the Governmental Activities on the Statement of Net Position had an unrestricted net position deficit of (\$13,765,063).

At June 30, 2016, the following funds had a fund balances (deficit) or unrestricted net position (deficit), which will be eliminated through the reduction in future expenditures and/or the use of new funding sources:

Fund	Fund Type	Deficit
State Gas Tax Fund	Special Revenue Fund	\$ (36,194)
Human Resource and Risk Management	Internal Service Fund	(759,457)
RDA Retirement Obligation	Fiduciary Fund	(12,957,982)

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 12 – Other Required Disclosures (Continued)

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2016, expenditures exceeded appropriations in the following function(s) of the General Fund.

Fund	Function	Excess Expenditures
General Fund	Culture and Leisure	\$ 46,132

Note 13 – Classification of Fund Balances

	Major Funds					Other Governmental Funds	Total
	General Fund	State Gas Tax Fund	Grant Operations Fund	City Debt Service Fund	Capital Improvements		
Nonspendable:							
Inventory	\$ 232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232
Advances to Fiduciary Fund	-	-	-	5,114,159	-	-	5,114,159
Total nonspendable	232	-	-	5,114,159	-	-	5,114,391
Restricted:							
Asset seizure	46,472	-	-	-	-	-	46,472
Asset Seizure - drug/gang	12,233	-	-	-	-	-	12,233
DARE/CHAMPS car donations	2,951	-	-	-	-	-	2,951
Proposition 172	110,683	-	-	-	-	-	110,683
Spay & neuter donations	81,619	-	-	-	-	-	81,619
Freedom park donation	1,430	-	-	-	-	-	1,430
Housing	-	-	-	-	-	88,895	88,895
Debt service	-	-	-	751,359	-	-	751,359
AB 3229	-	-	-	-	-	29,466	29,466
Proposition 30	86,558	-	-	-	-	-	86,558
Grant operations	-	-	36,408	-	-	-	36,408
TCRF capital projects	-	-	-	-	-	6,866	6,866
Street construction/maintenanc	-	-	-	-	-	115,641	115,641
Capital projects	-	-	-	-	-	3,459,268	3,459,268
Community partnership	-	-	-	-	-	138	138
Total restricted	341,946	-	36,408	751,359	-	3,700,274	4,829,987
Committed:							
Park development	-	-	-	-	-	16,570	16,570
Substandard street improvement	-	-	-	-	-	560,829	560,829
Total committed	-	-	-	-	-	577,399	577,399
Assigned:							
Capital improvements	-	-	-	-	600,310	-	600,310
Measure L	357,412	-	-	-	-	-	357,412
Landscaping & lighting district Business park capital projects	-	-	-	-	-	38,133	38,133
	-	-	-	-	-	37,968	37,968
Total assigned	357,412	-	-	-	600,310	76,101	1,033,823
Unassigned	1,017	(36,194)	-	-	-	-	(35,177)
Total Fund Balances	\$ 700,607	\$ (36,194)	\$ 36,408	\$ 5,865,518	\$ 600,310	\$ 4,353,774	\$ 11,520,423

City of Ridgecrest
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 14 – Commitments and Contingencies

A. Litigation

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

B. Grants

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

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Required Supplementary Information (Unaudited)



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2016

Note 1 – Budgetary Information

The City maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City maintains an encumbrance accounting system to provide management with information regarding obligations against appropriations. Budgetary compliance is based on expenditures during the period (GAAP), rather than expenditures and encumbrances (non-GAAP). Because appropriations lapse at June 30, encumbrances outstanding at June 30, 2016 are disclosed in the notes to the financial statements. Appropriations for fiscal year 2016 will provide authority to complete those transactions.

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

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

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

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 9,763,500	\$ 9,523,446	\$ 10,393,508	\$ 870,062
Intergovernmental	452,620	556,091	416,886	(139,205)
License and permits	406,600	759,803	696,606	(63,197)
Fines and forfeitures	59,300	59,300	57,869	(1,431)
Assessment levied	-	-	-	
Use of property and money	314,046	314,046	196,241	(117,805)
Charges for services	443,930	443,930	552,666	108,736
Other revenues	298,200	298,200	1,079,137	780,937
Total revenues	<u>11,738,196</u>	<u>11,954,816</u>	<u>13,392,913</u>	<u>1,438,097</u>
EXPENDITURES:				
Current:				
General government	1,988,299	1,936,573	1,833,130	103,443
Public safety	7,082,555	7,161,751	6,755,693	406,058
Public works	320,481	491,713	356,541	135,172
Community development	978,055	1,175,859	1,090,591	85,268
Health	3,661	36,923	-	36,923
Culture and leisure	1,363,673	1,325,751	1,371,883	(46,132)
Capital outlay	292,200	373,394	280,792	92,602
Total expenditures	<u>12,028,924</u>	<u>12,501,964</u>	<u>11,688,630</u>	<u>813,334</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(290,728)</u>	<u>(547,148)</u>	<u>1,704,283</u>	<u>2,251,431</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,294,000	1,335,458	1,423,260	87,802
Transfers Out	(1,813,117)	(2,105,938)	(1,675,905)	430,033
Transfers from Successor Agency	512,600	512,600	250,000	(262,600)
Total other financing sources (uses)	<u>(6,517)</u>	<u>(257,880)</u>	<u>(2,645)</u>	<u>255,235</u>
Net change in fund balances	<u>\$ (297,245)</u>	<u>\$ (805,028)</u>	<u>1,701,638</u>	<u>\$ 2,506,666</u>
FUND BALANCES:				
Beginning of year			<u>(1,001,031)</u>	
End of year			<u>\$ 700,607</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – State Gas Tax Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 686,000	\$ 686,000	\$ 549,594	\$ (136,406)
Use of property and money	200	200	47	(153)
Total revenues	<u>686,200</u>	<u>686,200</u>	<u>549,641</u>	<u>(136,559)</u>
EXPENDITURES:				
Current:				
Public safety	240,000	243,250	243,078	172
Transportation	2,522,880	2,532,917	2,206,292	326,625
Total expenditures	<u>2,768,780</u>	<u>2,776,167</u>	<u>2,455,188</u>	<u>320,979</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,082,580)</u>	<u>(2,089,967)</u>	<u>(1,905,547)</u>	<u>184,420</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	3,409,000	3,653,067	1,778,241	(1,874,826)
Transfers Out	(400,000)	(400,000)	(393,711)	6,289
Transfers from Successor Agency	-	-	500,000	500,000
Total other financing sources (uses)	<u>3,009,000</u>	<u>3,253,067</u>	<u>1,884,530</u>	<u>(1,368,537)</u>
Net change in fund balances	<u>\$ 926,420</u>	<u>\$ 1,163,100</u>	<u>(21,017)</u>	<u>\$ (1,184,117)</u>
FUND BALANCE:				
Beginning of year			<u>(15,177)</u>	
End of year			<u>\$ (36,194)</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Grant Operations Special Revenue Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 7,714	\$ 770,756	\$ 7,808	\$ (762,948)
Use of property and money	50	50	132	82
Total revenues	<u>7,764</u>	<u>770,806</u>	<u>7,940</u>	<u>(762,866)</u>
EXPENDITURES:				
Current:				
Public works	3,000	3,000	-	3,000
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 4,764</u>	<u>\$ 767,806</u>	7,940	<u>\$ (759,866)</u>
Net change in fund balances	<u>\$ 4,764</u>	<u>\$ 767,806</u>	7,940	<u>\$ (759,866)</u>
FUND BALANCE:				
Beginning of year			<u>28,468</u>	
End of year			<u>\$ 36,408</u>	

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedules of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plans

Measurement Period	June 30, 2015 ¹	June 30, 2014 ¹
City's Proportion of the Net Pension Liability	0.28936%	0.10180%
City's Proportionate Share of the net Pension Liability 3, 4	\$ 7,938,471	\$ 6,467,833
City's Covered-Employee Payroll 2	\$ 3,452,998	\$ 3,478,615
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	<u>229.90%</u>	<u>185.93%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>75.30%</u>	<u>79.46%</u>

California Public Employees' Retirement System ("CalPERS") Safety Plans

Measurement Period	June 30, 2015 ¹	June 30, 2014 ¹
City's Proportion of the Net Pension Liability	0.14702%	0.00999%
City's Proportionate Share of the net Pension Liability 3, 4	\$ 6,058,020	\$ 6,215,700
City's Covered-Employee Payroll 2	\$ 2,407,380	\$ 2,454,879
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	<u>251.64%</u>	<u>253.20%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>76.43%</u>	<u>74.31%</u>

Notes to Schedule:

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

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

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

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

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

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

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedules of the Contributions
For the Year Ended June 30, 2016

	2015-16 ¹	2014-15 ¹	2013-14 ¹
California Public Employees' Retirement System ("CalPERS") Miscellaneous Plans			
Actuarially Determined Contribution ²	\$ 815,999	\$ 271,845	\$ 623,008
Contribution in Relation to the Actuarially Determined Contribution ²	(815,999)	(271,845)	(623,008)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered-Employee Payroll ³	\$ 3,556,588	\$ 3,452,998	\$ 3,478,615
Contributions as a Percentage of Covered-Employee Payroll	22.94%	7.87%	17.91%
California Public Employees' Retirement System ("CalPERS") Safety Plans			
Actuarially Determined Contribution ²	\$ 801,776	\$ 747,875	\$ 768,496
Contribution in Relation to the Actuarially Determined Contribution ²	(801,776)	(747,875)	(768,496)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered-Employee Payroll ³	\$ 2,479,601	\$ 2,407,380	\$ 2,454,879
Contributions as a Percentage of Covered-Employee Payroll	32.33%	31.07%	31.30%

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

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" are not considered separately financed specific liabilities.

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

Notes to Schedule

Valuation date:

6/30/2014

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

Methods and assumptions used to determine contribution rates:

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

City of Ridgecrest
Required Supplementary Information (Unaudited) (Continued)
Schedule of Funding Progress – Other Postemployment Benefits Plan
For the Year Ended June 30, 2016

The following Schedule of Funding Progress shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll.

Actuarial Valuation Date	Actuarial Assets Valuation	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Accrued Liability as Percentage of Covered Payroll
6/30/2011	\$ 129,549	\$ 661,750	\$ 532,201	19.58%	\$ 6,063,000	8.78%
6/30/2013	318,724	917,842	599,118	34.73%	5,569,000	10.76%
6/30/2015	449,520	961,858	512,338	46.73%	5,189,000	9.87%

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Supplementary Information



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Non-Major Governmental Funds



**City of Ridgecrest
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016**

	Special Revenue Funds			
	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement
ASSETS				
Cash and investments	\$ 16,549	\$ -	\$ 37,921	\$ -
Receivables:				
Accounts	-	115,617	-	-
Taxes	-	-	-	29,324
Interest	21	24	47	142
Loans	-	-	-	-
Deposits	-	-	-	-
Total assets	\$ 16,570	\$ 115,641	\$ 37,968	\$ 29,466
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted	-	115,641	-	29,466
Committed	16,570	-	-	-
Assigned	-	-	37,968	-
Unassigned (deficit)	-	-	-	-
Total fund balances	16,570	115,641	37,968	29,466
Total liabilities, deferred inflows of resources and fund balances	\$ 16,570	\$ 115,641	\$ 37,968	\$ 29,466

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2016

	Special Revenue Funds			
	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee
ASSETS				
Cash and investments	\$ 6,857	\$ -	\$ 244,852	\$ 1,406,775
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	9	-	301	1,739
Loans	-	-	-	-
Deposits	-	-	-	-
Total assets	<u>\$ 6,866</u>	<u>\$ -</u>	<u>\$ 245,153</u>	<u>\$ 1,408,514</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	6,866	-	245,153	1,408,514
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>6,866</u>	<u>-</u>	<u>245,153</u>	<u>1,408,514</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,866</u>	<u>\$ -</u>	<u>\$ 245,153</u>	<u>\$ 1,408,514</u>

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2016

	Special Revenue Funds			
	Park Development Impact Fee	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant
ASSETS				
Cash and investments	\$ 233,369	\$ 230,410	\$ 1,339,555	\$ 138
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	333	280	1,654	-
Loans	-	-	-	-
Deposits	-	-	-	-
Total assets	<u>\$ 233,702</u>	<u>\$ 230,690</u>	<u>\$ 1,341,209</u>	<u>\$ 138</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	233,702	230,690	1,341,209	138
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>233,702</u>	<u>230,690</u>	<u>1,341,209</u>	<u>138</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 233,702</u>	<u>\$ 230,690</u>	<u>\$ 1,341,209</u>	<u>\$ 138</u>

(Continued)

City of Ridgecrest
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2016

	Special Revenue Funds		Capital Projects Funds	Total Other Governmental Funds
	Housing Authority	Landscaping and Lighting	Sub-Standard Streets Improvements	
ASSETS				
Cash and investments	\$ 88,784	\$ 52,689	\$ 549,905	\$ 4,207,804
Receivables:				
Accounts	-	-	-	115,617
Taxes	-	-	-	29,324
Interest	111	41	683	5,385
Loans	242,471	-	-	242,471
Deposits	-	-	10,241	10,241
Total assets	\$ 331,366	\$ 52,730	\$ 560,829	\$ 4,610,842
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 14,597	\$ -	\$ 14,597
Total liabilities	-	14,597	-	14,597
Deferred Inflows of Resources:				
Unavailable revenue	242,471	-	-	242,471
Total deferred inflows of resources	242,471	-	-	242,471
Fund Balances:				
Restricted	88,895	-	-	3,700,274
Committed	-	-	560,829	577,399
Assigned	-	38,133	-	76,101
Unassigned (deficit)	-	-	-	-
Total fund balances	88,895	38,133	560,829	4,353,774
Total liabilities, deferred inflows of resources and fund balances	\$ 331,366	\$ 52,730	\$ 560,829	\$ 4,610,842

(Concluded)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Park Development	TDA Street Fund	Business Park	Supplemental Law Enforcement
REVENUES:				
Taxes	\$ -	\$ 574,999	\$ -	\$ -
Intergovernmental	-	-	-	143,942
License and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Assessment levied	-	-	-	-
Use of money and property	62	25	141	362
Charges for services	-	-	-	-
Transfers from Fiduciary Fund	-	-	-	-
Other revenues	-	-	-	-
Total revenues	62	575,024	141	144,304
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
REVENUE OVER (UNDER) EXPENDITURES	62	575,024	141	144,304
OTHER FINANCING SOURCES (USES):				
Sales of Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	(639,644)	-	(114,838)
Transfers from Successor Agency	-	-	-	-
Total other financing sources (uses)	-	(639,644)	-	(114,838)
Net changes in fund balances	62	(64,620)	141	29,466
FUND BALANCES:				
Beginning of year	16,508	180,261	37,827	-
End of year	<u>\$ 16,570</u>	<u>\$ 115,641</u>	<u>\$ 37,968</u>	<u>\$ 29,466</u>

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Traffic Congestion Relief	Special Projects	Fire Facilities Improvements	Traffic Impact Fee
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
License and permits	-	-	67,213	1,002,525
Fines and forfeitures	-	-	-	-
Assessment levied	-	-	-	-
Use of money and property	72	-	890	5,166
Charges for services	-	-	-	-
Transfers from Fiduciary Fund	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>72</u>	<u>-</u>	<u>68,103</u>	<u>1,007,691</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>72</u>	<u>-</u>	<u>68,103</u>	<u>1,007,691</u>
OTHER FINANCING SOURCES (USES):				
Sales of Property	-	-	-	-
Transfers In	-	4,654	-	-
Transfers Out	(67,508)	-	-	-
Transfers from Successor Agency	-	-	-	-
Total other financing sources (uses)	<u>(67,508)</u>	<u>4,654</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(67,436)</u>	<u>4,654</u>	<u>68,103</u>	<u>1,007,691</u>
FUND BALANCES:				
Beginning of year	<u>74,302</u>	<u>(4,654)</u>	<u>177,050</u>	<u>400,823</u>
End of year	<u>\$ 6,866</u>	<u>\$ -</u>	<u>\$ 245,153</u>	<u>\$ 1,408,514</u>

(Continued)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Park Development Impact Fee	Law Enforcement Improvement Fee	Storm Drainage Facilities	Community Partnership Grant
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
License and permits	26,162	112,286	394,960	-
Fines and forfeitures	-	-	-	-
Assessment levied	-	-	-	-
Use of money and property	981	818	4,902	-
Charges for services	-	-	-	-
Transfers from Fiduciary Fund	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>27,143</u>	<u>113,104</u>	<u>399,862</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Transportation	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>27,143</u>	<u>113,104</u>	<u>399,862</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Sales of Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(40,858)	-	-	-
Transfers from Successor Agency	-	-	-	-
Total other financing sources (uses)	<u>(40,858)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(13,715)	113,104	399,862	-
FUND BALANCES:				
Beginning of year	<u>247,417</u>	<u>117,586</u>	<u>941,347</u>	<u>138</u>
End of year	<u>\$ 233,702</u>	<u>\$ 230,690</u>	<u>\$ 1,341,209</u>	<u>\$ 138</u>

(Continued)

City of Ridgecrest
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds		Capital Projects Funds	Total Other Governmental Funds
	Housing Authority	Landscaping And Lighting	Sub-Standard Streets Improvements	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 574,999
Intergovernmental	-	-	-	143,942
License and permits	-	-	-	1,603,146
Fines and forfeitures	-	-	-	-
Assessment levied	-	19,676	-	19,676
Use of money and property	7,897	113	2,029	23,458
Charges for services	-	-	-	-
Transfers from Fiduciary Fund	-	-	-	-
Other revenues	21,169	21,000	19,800	61,969
Total revenues	29,066	40,789	21,829	2,427,190
EXPENDITURES:				
Current:				
General government	-	7,218	-	7,218
Public safety	-	2,162	-	2,162
Public works	-	-	-	-
Transportation	-	-	-	-
Community development	-	18,654	-	18,654
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	28,034	-	28,034
REVENUE OVER (UNDER) EXPENDITURES	29,066	12,755	21,829	2,399,156
OTHER FINANCING SOURCES (USES):				
Sales of Property	-	-	-	-
Transfers In	-	-	-	4,654
Transfers Out	-	-	-	(862,848)
Transfers from Successor Agency	-	-	-	-
Total other financing sources (uses)	-	-	-	(858,194)
Net changes in fund balances	29,066	12,755	21,829	1,540,962
FUND BALANCES:				
Beginning of year	59,829	25,378	539,000	2,812,812
End of year	<u>\$ 88,895</u>	<u>\$ 38,133</u>	<u>\$ 560,829</u>	<u>\$ 4,353,774</u>

(Concluded)

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
City Debt Service Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Transfers from Fiduciary Fund	\$ -	\$ -	\$ 3	\$ 3
Total revenues	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
EXPENDITURES:				
Current:				
Public works	117,061	-	-	-
Debt service:				
Principal	470,000	470,000	470,000	-
Interest	280,087	280,087	281,766	(1,679)
Total expenditures	<u>867,148</u>	<u>750,087</u>	<u>751,766</u>	<u>(1,679)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	150,000	-	-	-
Transfers from Successor Agency	751,037	751,037	281,736	469,301
Total other financing sources (uses)	<u>901,037</u>	<u>751,037</u>	<u>281,736</u>	<u>469,301</u>
Net change in fund balance	<u>\$ 33,889</u>	<u>\$ 950</u>	(470,027)	<u>\$ 467,622</u>
FUND BALANCE:				
Beginning of year			<u>6,335,545</u>	
End of year			<u>\$ 5,865,518</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Improvements - Capital Projects Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Intergovernmental	\$ 5,683,659	\$ 6,971,302	\$ 1,010,662	\$ (5,960,640)
Use of money and property	-	-	749	749
Total revenues	<u>5,683,659</u>	<u>6,971,302</u>	<u>1,011,411</u>	<u>(5,959,891)</u>
EXPENDITURES:				
Capital outlay	<u>2,065,200</u>	<u>6,805,035</u>	<u>3,987,774</u>	<u>2,817,261</u>
Total expenditures	<u>2,065,200</u>	<u>6,805,035</u>	<u>3,987,774</u>	<u>2,817,261</u>
REVENUE OVER (UNDER) EXPENDITURES				
	<u>3,618,459</u>	<u>166,267</u>	<u>(2,976,363)</u>	<u>(3,142,630)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	92,281	477,562	340,242	(137,320)
Transfers out	<u>1,964,200</u>	<u>5,118,343</u>	<u>2,703,748</u>	<u>(2,414,595)</u>
Total other financing sources (uses)	<u>2,056,481.00</u>	<u>5,595,905</u>	<u>3,043,990</u>	<u>(2,551,915)</u>
Net change in fund balance	<u>\$ 5,674,940.00</u>	<u>\$ 5,762,172</u>	67,627	<u>\$ (5,694,545)</u>
FUND BALANCE:				
Beginning of year			<u>532,683</u>	
End of year			<u>\$ 600,310</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Park Development Fee - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 62	\$ 62
Total revenues	<u>-</u>	<u>-</u>	<u>62</u>	<u>62</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	62	<u>\$ 62</u>
FUND BALANCE:				
Beginning of year			<u>16,508</u>	
End of year			<u>\$ 16,570</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
TDA Street Fund - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 575,000	\$ 575,000	\$ 574,999	\$ (1)
Use of money and property	200	200	25	(175)
Total revenues	<u>575,200</u>	<u>575,200</u>	<u>575,024</u>	<u>(176)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(575,000)	(575,000)	(639,644)	(64,644)
Total other financing sources (uses)	<u>(575,000)</u>	<u>(575,000)</u>	<u>(639,644)</u>	<u>(64,644)</u>
Net change in fund balance	<u>\$ 200</u>	<u>\$ 200</u>	(64,620)	<u>\$ (64,820)</u>
FUND BALANCE:				
Beginning of year			180,261	
End of year			<u>\$ 115,641</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Business Park - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 141	\$ 141
Total revenues	<u>-</u>	<u>-</u>	<u>141</u>	<u>141</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	141	<u>\$ 141</u>
FUND BALANCE:				
Beginning of year			<u>37,827</u>	
End of year			<u>\$ 37,968</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Supplemental Law Enforcement - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 143,942	\$ 43,942
Use of property and money	-	-	362	362
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>144,304</u>	<u>44,304</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	(114,838)	(14,838)
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(114,838)</u>	<u>(14,838)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	29,466	<u>\$ 29,466</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 29,466</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Traffic Congestion Relief - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ 100	\$ 100	\$ 72	\$ (28)
Total revenues	<u>100</u>	<u>100</u>	<u>72</u>	<u>(28)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(25,000)	(25,000)	(67,508)	(42,508)
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(67,508)</u>	<u>(42,508)</u>
Net change in fund balance	<u>\$ (24,900)</u>	<u>\$ (24,900)</u>	(67,436)	<u>\$ (42,536)</u>
FUND BALANCE:				
Beginning of year			<u>74,302</u>	
End of year			<u>\$ 6,866</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Special Projects - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Use of property and money	25	25	-	(25)
Total revenues	<u>30,025</u>	<u>30,025</u>	<u>-</u>	<u>(30,025)</u>
EXPENDITURES:				
Current:				
Community development	30,000	30,000	-	30,000
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>25</u>	<u>25</u>	<u>-</u>	<u>(25)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	25,000	25,000	4,654	(20,346)
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>4,654</u>	<u>(20,346)</u>
Net change in fund balance	<u>\$ 25,025</u>	<u>\$ 25,025</u>	<u>4,654</u>	<u>\$ (20,371)</u>
FUND BALANCE:				
Beginning of year			<u>(4,654)</u>	
End of year			<u>\$ -</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Fire Facilities Improvements - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 67,213	\$ 67,213
Use of property and money	-	-	890	890
Total revenues	<u>-</u>	<u>-</u>	<u>68,103</u>	<u>68,103</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	68,103	<u>\$ 68,103</u>
FUND BALANCE:				
Beginning of year			<u>177,050</u>	
End of year			<u>\$ 245,153</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Traffic Impact Fee - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 1,002,525	\$ 982,525
Use of property and money	1,000	1,000	5,166	4,166
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>1,007,691</u>	<u>986,691</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(20,000)	(20,000)	-	20,000
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
Net change in fund balance	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	1,007,691	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>400,823</u>	
End of year			<u>\$ 1,408,514</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Park Development Impact Fee - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 26,162	\$ 26,162
Use of property and money	-	-	981	981
Total revenues	<u>-</u>	<u>-</u>	<u>27,143</u>	<u>27,143</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(41,458)	(40,858)	600
Total other financing sources (uses)	<u>-</u>	<u>(41,458)</u>	<u>(40,858)</u>	<u>600</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (41,458)</u>	<u>(13,715)</u>	<u>\$ 27,143</u>
FUND BALANCE:				
Beginning of year			<u>247,417</u>	
End of year			<u>\$ 233,702</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Law Enforcement Improvement Fee - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 112,286	\$ 102,286
Use of property and money	200	200	818	618
Total revenues	<u>10,200</u>	<u>10,200</u>	<u>113,104</u>	<u>102,904</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(105,000)	(105,000)	-	105,000
Total other financing sources (uses)	<u>(105,000)</u>	<u>(105,000)</u>	<u>-</u>	<u>105,000</u>
Net change in fund balance	<u>\$ (94,800)</u>	<u>\$ (94,800)</u>	113,104	<u>\$ 207,904</u>
FUND BALANCE:				
Beginning of year			<u>117,586</u>	
End of year			<u>\$ 230,690</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Storm Drainage Facilities - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 15,000	\$ 15,000	\$ 394,960	\$ 379,960
Use of property and money	1,500	1,500	4,902	3,402
Total revenues	<u>16,500</u>	<u>16,500</u>	<u>399,862</u>	<u>383,362</u>
EXPENDITURES:				
Current:				
Transportation	500,000	500,000	-	-
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(483,500)</u>	<u>(483,500)</u>	<u>399,862</u>	<u>383,362</u>
Net change in fund balance	<u>\$ (483,500)</u>	<u>\$ (483,500)</u>	<u>399,862</u>	<u>\$ 383,362</u>
FUND BALANCE:				
Beginning of year			<u>941,347</u>	
End of year			<u>\$ 1,341,209</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Community Partnership Grant - Special Revenue Fund
For the Year Ended June 30, 2016

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

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Housing Authority - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ 8,000	\$ 8,000	\$ 7,897	\$ (103)
Other revenues	-	-	21,169	21,169
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>29,066</u>	<u>21,066</u>
Net change in fund balance	<u>\$ 8,000</u>	<u>\$ 8,000</u>	29,066	<u>\$ 21,066</u>
FUND BALANCE:				
Beginning of year			<u>59,829</u>	
End of year			<u>\$ 88,895</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Landscaping and Lighting - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Assessment levied	\$ 10,000	\$ 16,000	\$ 19,676	\$ 3,676
Use of property and money	100	100	113	13
Other revenues	-	21,000	21,000	-
Total revenues	<u>10,100</u>	<u>37,100</u>	<u>40,789</u>	<u>3,689</u>
EXPENDITURES:				
Current:				
General government	4,100	11,200	7,218	3,982
Public safety	-	3,000	2,162	838
Public safety	-	19,147	18,654	(493)
Total expenditures	<u>4,100</u>	<u>33,347</u>	<u>28,034</u>	<u>4,327</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>6,000</u>	<u>3,753</u>	<u>12,755</u>	<u>8,016</u>
Net change in fund balance	<u>\$ 6,000</u>	<u>\$ 3,753</u>	<u>12,755</u>	<u>\$ 8,016</u>
FUND BALANCE:				
Beginning of year			<u>25,378</u>	
End of year			<u>\$ 38,133</u>	

City of Ridgecrest
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual
Sub-Standard Streets Improvements - Capital Projects Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of property and money	\$ -	\$ -	\$ 2,029	\$ 2,029
Other revenues	-	-	19,800	19,800
Total revenues	<u>-</u>	<u>-</u>	<u>21,829</u>	<u>21,829</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	21,829	<u>\$ 21,829</u>
FUND BALANCE:				
Beginning of year			<u>539,000</u>	
End of year			<u>\$ 560,829</u>	

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Internal Service Funds



INTERNAL SERVICE FUND FINANCIAL STATEMENTS

Internal Service Funds of the City are outlined below:

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

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

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

City of Ridgecrest
Combining Statement of Net Position
All Internal Service Funds
June 30, 2016

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
ASSETS				
Current assets:				
Cash and investments	\$ 754,288	\$ 17,239	\$ 214,545	\$ 986,072
Accounts receivable	9,872	-	-	9,872
Interest receivable	624	-	209	833
Inventories	-	-	15,434	15,434
Total current assets	<u>764,784</u>	<u>17,239</u>	<u>230,188</u>	<u>1,012,211</u>
Noncurrent assets:				
Capital assets:				
Depreciable	-	-	412,893	412,893
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>(412,893)</u>	<u>(412,893)</u>
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>764,784</u>	<u>17,239</u>	<u>230,188</u>	<u>1,012,211</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	6,070	17,239	15,112	38,421
Salaries payable	1,133	-	1,819	2,952
Other payroll deductions payable	20,763	-	-	20,763
Claims payable - due within one year	<u>664,365</u>	<u>-</u>	<u>-</u>	<u>664,365</u>
Total current liabilities	<u>692,331</u>	<u>17,239</u>	<u>16,931</u>	<u>726,501</u>
Noncurrent liabilities:				
Claims payable - due in more than one year	<u>831,910</u>	<u>-</u>	<u>-</u>	<u>831,910</u>
Total noncurrent liabilities	<u>831,910</u>	<u>-</u>	<u>-</u>	<u>831,910</u>
Total liabilities	<u>1,524,241</u>	<u>17,239</u>	<u>16,931</u>	<u>1,558,411</u>
NET POSITION				
Unrestricted (deficit)	<u>(759,457)</u>	<u>-</u>	<u>213,257</u>	<u>(546,200)</u>
Total net position	<u><u>\$ (759,457)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 213,257</u></u>	<u><u>\$ (546,200)</u></u>

City of Ridgecrest
Combining Statements of Revenues, Expenses and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2016

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
OPERATING REVENUES:				
Charges for services	\$ 328,677	\$ -	\$ 431,781	\$ 760,458
Other revenue	920,311	-	-	920,311
Total operating revenues	<u>1,248,988</u>	<u>-</u>	<u>431,781</u>	<u>1,680,769</u>
OPERATING EXPENSES:				
Administration	1,050,521	664,365	341,850	2,056,736
Total operating expenses	<u>1,050,521</u>	<u>664,365</u>	<u>341,850</u>	<u>2,056,736</u>
OPERATING INCOME (LOSS)	<u>198,467</u>	<u>(664,365)</u>	<u>89,931</u>	<u>(375,967)</u>
NONOPERATING REVENUES:				
Use of money and property	1,247	-	592	1,839
Total nonoperating revenues	<u>1,247</u>	<u>-</u>	<u>592</u>	<u>1,839</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>199,714</u>	<u>(664,365)</u>	<u>90,523</u>	<u>(374,128)</u>
TRANSFERS:				
Transfers in	747,516	664,365	-	1,411,881
Transfers out	(914,086)	-	(73,901)	(987,987)
Total transfers	<u>(166,570)</u>	<u>664,365</u>	<u>(73,901)</u>	<u>423,894</u>
Changes in net position	33,144	-	16,622	49,766
NET POSITION:				
Beginning of year	(792,601)	-	196,635	(595,966)
End of year	<u>\$ (759,457)</u>	<u>\$ -</u>	<u>\$ 213,257</u>	<u>\$ (546,200)</u>

City of Ridgecrest
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2016

	Human Resource and Risk Management	Self Insurance Workers Comp	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from user departments	\$ 335,525	\$ -	\$ 431,884	\$ 767,409
Payments to suppliers or employees for goods and services	(297,280)	(679,121)	(342,725)	(1,319,126)
Insurance premiums and settlements and insurance recovery	(492,341)	-	-	(492,341)
Others	920,311	-	-	920,311
Net cash provided by (used in) operating activities	466,215	(679,121)	89,159	(123,747)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	747,516	664,365	-	1,411,881
Transfers out	(914,086)	-	(73,901)	(987,987)
Net cash provided by (used in) noncapital financing activities	(166,570)	664,365	(73,901)	423,894
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	623	-	383	1,006
Net cash provided by investing activities	623	-	383	1,006
Net change in cash and cash equivalents	300,268	(14,756)	15,641	301,153
CASH AND CASH EQUIVALENTS				
Beginning of year	454,020	31,995	198,904	684,919
End of year	\$ 754,288	\$ 17,239	\$ 214,545	\$ 986,072
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 198,467	\$ (664,365)	\$ 89,931	\$ (375,967)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in current assets and liabilities:				
Accounts receivable	6,848	-	103	6,951
Inventories	-	-	922	922
Accounts payable	6,070	(14,756)	(1,854)	(10,540)
Salaries payable	(1,741)	-	57	(1,684)
Claims payable	235,808	-	-	235,808
Other payroll deductions payable	20,763	-	-	20,763
Total adjustments	267,748	(14,756)	(772)	252,220
Net cash provided by (used in) operating activities	\$ 466,215	\$ (679,121)	\$ 89,159	\$ (123,747)

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Fiduciary Funds



City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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City of Ridgecrest
Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2016

	Private Purpose Trust Funds		
	Donations	RDA Obligation Retirement	Total
ASSETS			
Cash and investments	\$ 2,662	\$ 9,681,212	\$ 9,683,874
Investments with fiscal agents	-	5,356,372	5,356,372
Accounts receivable	-	-	-
Interest receivable	-	84,508	84,508
Loans receivable	-	3,050,978	3,050,978
Capital assets:			
Non-depreciable	-	2,202,440	2,202,440
Depreciable, net	-	1,862,381	1,862,381
Total assets	<u>2,662</u>	<u>22,237,891</u>	<u>22,240,553</u>
LIABILITIES			
Accounts payable	-	4,376	4,376
Deposits payable	-	2,000	2,000
Due to City of Ridgecrest	-	200,000	200,000
Advances from City of Ridgecrest	-	7,618,774	7,618,774
Long-term debt	-	27,370,723	27,370,723
Total liabilities	<u>-</u>	<u>35,195,873</u>	<u>35,195,873</u>
NET POSITION			
Held in trust	<u>2,662</u>	<u>(12,957,982)</u>	<u>(12,955,320)</u>
Total net position	<u>\$ 2,662</u>	<u>\$ (12,957,982)</u>	<u>\$ (12,955,320)</u>

City of Ridgecrest
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the Year Ended June 30, 2016

	Private Purpose Trust Funds		
	Donations	RDA Obligation Retirement	Total
ADDITIONS:			
Taxes	\$ -	\$ 4,488,224	\$ 4,488,224
Revenue from use of money and property	1,883	10,447	12,330
Other revenue	500	-	500
Total additions	<u>2,383</u>	<u>4,498,671</u>	<u>4,501,054</u>
DEDUCTIONS:			
Community development	1,752	226,397	228,149
Depreciation expense	-	271,968	271,968
Interest expense	-	1,739,608	1,739,608
Transfers to City of Ridgecrest (Note 6)	-	3,735,484	3,735,484
Total deductions	<u>1,752</u>	<u>5,973,457</u>	<u>5,975,209</u>
Changes in net position	631	(1,474,786)	(1,474,155)
NET POSITION:			
Beginning of year, as restated (Note 15)	<u>2,031</u>	<u>(11,483,196)</u>	<u>(11,481,165)</u>
End of year	<u>\$ 2,662</u>	<u>\$ (12,957,982)</u>	<u>\$ (12,955,320)</u>

City of Ridgecrest
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 450,923	\$ 1,621	\$ -	\$ 452,544
Interest receivable	319	615	(319)	615
Total assets	\$ 451,242	\$ 2,236	\$ (319)	\$ 453,159
Liabilities:				
Due to City of Ridgecrest	\$ 56,345	\$ -	\$ -	\$ 56,345
Due to bondholders - special assessment district	394,897	1,917	-	396,814
Total liabilities	\$ 451,242	\$ 1,917	\$ -	\$ 453,159

City of Ridgecrest
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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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

CONTENTS	PAGE
 Financial Trends - These schedules contain trend information to help the reader understand how the City of Ridgecrest's financial performance and well being have changed over time	
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 Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
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 Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
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Sources: Unless otherwise noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year

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

	Fiscal Years				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 43,739,184	\$ 42,325,287	\$ 34,386,270	\$ 35,668,108	\$ 35,805,602
Restricted	11,197,956	9,961,497	10,718,146	2,614,715	2,730,315
Unrestricted	<u>(13,765,063)</u>	<u>(16,350,067)</u>	<u>(4,801,114)</u>	<u>3,974,360</u>	<u>2,126,223</u>
Total governmental activities net position	<u>41,172,077</u>	<u>35,936,717</u>	<u>40,303,302</u>	<u>42,257,183</u>	<u>40,662,140</u>
Business type activities					
Invested in capital assets, net of related debt	14,635,228	15,069,345	15,581,116	16,054,395	16,378,348
Restricted	-	-	-	-	-
Unrestricted	<u>21,515,449</u>	<u>18,473,732</u>	<u>18,060,765</u>	<u>16,389,245</u>	<u>15,849,625</u>
Total business type activities net position	<u>36,150,677</u>	<u>33,543,077</u>	<u>33,641,881</u>	<u>32,443,640</u>	<u>32,227,973</u>
Primary government					
Invested in capital assets, net of related debt	58,374,412	57,394,632	49,967,386	51,722,503	52,183,950
Restricted	11,197,956	9,961,497	10,718,146	2,614,715	2,730,315
Unrestricted	<u>7,750,386</u>	<u>2,123,665</u>	<u>13,259,651</u>	<u>20,363,605</u>	<u>17,975,848</u>
Total primary government net position	<u>\$ 77,322,754</u>	<u>\$ 69,479,794</u>	<u>\$ 73,945,183</u>	<u>\$ 74,700,823</u>	<u>\$ 72,890,113</u>

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

	Fiscal Years				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 8,428,496	\$ 31,515,820	\$ 32,676,918	\$ 34,321,803	\$ 36,151,924
Restricted	36,879,459	25,130,907	23,615,054	18,483,103	12,758,127
Unrestricted	<u>11,269,841</u>	<u>(220,511)</u>	<u>798,741</u>	<u>2,858,388</u>	<u>2,914,754</u>
Total governmental activities net position	<u><u>56,577,796</u></u>	<u><u>56,426,216</u></u>	<u><u>57,090,713</u></u>	<u><u>55,663,294</u></u>	<u><u>51,824,805</u></u>
Business type activities					
Invested in capital assets, net of related debt	16,045,080	16,522,152	16,979,238	17,259,625	17,439,700
Restricted	-	-	-	-	-
Unrestricted	<u>9,755,416</u>	<u>11,109,512</u>	<u>11,807,479</u>	<u>11,511,303</u>	<u>13,002,769</u>
Total business type activities net position	<u><u>25,800,496</u></u>	<u><u>27,631,664</u></u>	<u><u>28,786,717</u></u>	<u><u>28,770,928</u></u>	<u><u>30,442,469</u></u>
Primary government					
Invested in capital assets, net of related debt	24,473,576	48,037,972	49,656,156	51,581,428	53,591,624
Restricted	36,879,459	25,130,907	23,615,054	18,483,103	12,758,127
Unrestricted	<u>21,025,257</u>	<u>10,889,001</u>	<u>12,606,220</u>	<u>14,369,691</u>	<u>15,917,523</u>
Total primary government net position	<u><u>\$ 82,378,292</u></u>	<u><u>\$ 84,057,880</u></u>	<u><u>\$ 85,877,430</u></u>	<u><u>\$ 84,434,222</u></u>	<u><u>\$ 82,267,274</u></u>

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

	Fiscal Years				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses					
Governmental activities:					
General government	\$ 1,754,299	\$ 2,298,464	\$ 2,393,838	\$ 1,818,304	\$ 1,876,073
Public safety	6,684,042	7,436,539	7,833,984	7,161,993	6,683,638
Public works	3,545,280	2,848,720	2,413,076	2,787,797	2,758,511
Transportation	2,213,317	3,284,356	2,097,999	753,762	1,005,682
Community development	1,018,186	817,626	703,912	1,178,359	4,963,100
Health	-	-	5,270	76,939	-
Culture and leisure	1,426,011	1,679,152	1,756,316	1,745,953	1,648,072
Interest and fiscal agent fees	275,499	292,989	319,028	345,295	1,530,204
Total governmental activities expenses	16,916,634	18,657,846	17,523,423	15,868,402	20,465,280
Business type activities:					
TDA Transit	832,756	757,646	868,224	887,416	619,971
Wastewater	2,496,953	2,082,287	1,519,731	1,558,143	1,485,273
Solid Waste Collection	-	-	-	38,905	161,257
Total business type activities expenses	3,329,709	2,839,933	2,387,955	2,484,464	2,266,501
Total primary government expenses	\$ 20,246,343	\$ 21,497,779	\$ 19,911,378	\$ 18,352,866	\$ 22,731,781
Program Revenues					
Governmental activities:					
Charges for services:					
General government	267,637	270,810	326,982	192,539	195,656
Public safety	292,613	392,093	186,170	304,361	298,244
Public works	-	-	223,811	25,000	-
Transportation	-	-	13,970	230	-
Community development	704,566	287,611	-	357,550	225,504
Health	-	-	-	-	41,754
Culture and leisure	368,473	345,877	292,439	326,930	425,213
Operating grants and contributions	1,647,328	2,315,476	1,982,127	1,979,447	1,622,484
Capital grants and contributions	1,042,058	7,728,784	384,661	2,332,772	1,057,999
Total governmental activities program revenues	4,322,675	11,340,651	3,410,160	5,518,829	3,866,854
Business type activities:					
Charges for services:					
TDA Transit	252,822	252,359	273,698	346,509	212,819
Wastewater	5,803,024	3,893,420	2,650,298	1,814,935	2,019,185
Solid Waste Collection	-	-	-	-	820
Operating grants and contributions	93,577	92,834	259,868	225,974	1,597,115
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	6,149,423	4,238,613	3,183,864	2,387,418	3,829,939
Total primary government program revenues	\$ 10,472,098	\$ 15,579,264	\$ 6,594,024	\$ 7,906,247	\$ 7,696,793
Net (Expense)/Revenue					
Governmental activities	(12,593,959)	(7,317,195)	(14,113,263)	(10,349,573)	(16,598,426)
Business type activities	2,819,714	1,398,680	795,909	(97,046)	1,563,438
Total primary government net expense	\$ (9,774,245)	\$ (5,918,515)	\$ (13,317,354)	\$ (10,446,619)	\$ (15,034,988)

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

	Fiscal Years				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses					
Governmental activities:					
General government	\$ 110,641	\$ 822,032	\$ 639,444	\$ 1,968,944	\$ 1,248,003
Public safety	7,990,857	7,577,267	7,706,699	7,390,384	6,272,651
Public works	3,041,354	319,912	2,056,581	1,858,022	2,755,773
Transportation	1,677,918	3,590,557	2,559,837	2,460,727	847,028
Community development	3,394,765	6,214,074	3,412,566	2,379,597	2,726,996
Health	63,565	23,813	92,882	174,055	1,135,383
Culture and leisure	2,088,659	2,087,149	2,428,923	2,425,245	2,062,233
Interest and fiscal agent fees	2,434,697	897,803	927,854	973,731	927,572
Total governmental activities expenses	<u>20,802,455</u>	<u>21,532,607</u>	<u>19,824,786</u>	<u>19,630,705</u>	<u>17,975,640</u>
Business type activities:					
TDA Transit	589,224	661,514	789,718	714,560	664,494
Wastewater	2,606,452	2,167,812	2,117,372	2,922,903	1,322,303
Solid Waste Collection	699,218	850,423	-	-	-
Total business type activities expenses	<u>3,894,894</u>	<u>3,679,749</u>	<u>2,907,090</u>	<u>3,637,463</u>	<u>1,986,797</u>
Total primary government expenses	<u>\$ 24,697,349</u>	<u>\$ 25,212,356</u>	<u>\$ 22,731,876</u>	<u>\$ 23,268,168</u>	<u>\$ 19,962,437</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	184,130	173,352	196,411	189,506	216,526
Public safety	310,398	391,308	371,973	340,599	265,239
Public works	-	-	-	-	-
Transportation	-	70	1,034	850	-
Community development	517,003	739,191	147,325	696,801	636,286
Health	-	-	-	-	25
Culture and leisure	475,348	500,996	484,910	462,904	417,666
Operating grants and contributions	1,885,581	1,253,997	1,384,420	1,112,823	890,959
Capital grants and contributions	998,583	939,616	766,742	1,474,279	1,277,771
Total governmental activities program revenues	<u>4,371,043</u>	<u>3,998,530</u>	<u>3,352,815</u>	<u>4,277,762</u>	<u>3,704,472</u>
Business type activities:					
Charges for services:					
TDA Transit	213,410	254,543	247,294	251,131	159,721
Wastewater	1,911,187	1,765,195	1,982,131	1,768,552	2,147,081
Solid Waste Collection	29,158	76,532	-	-	-
Operating grants and contributions	131,539	97,657	-	94,663	54,811
Capital grants and contributions	-	-	-	-	-
Total business type activities program revenues	<u>2,285,294</u>	<u>2,193,927</u>	<u>2,229,425</u>	<u>2,114,346</u>	<u>2,361,613</u>
Total primary government program revenues	<u>\$ 6,656,337</u>	<u>\$ 6,192,457</u>	<u>\$ 5,582,240</u>	<u>\$ 6,392,108</u>	<u>\$ 6,066,085</u>
Net (Expense)/Revenue					
Governmental activities	(16,431,412)	(17,534,077)	(16,471,971)	(15,352,943)	(14,271,168)
Business type activities	(1,609,600)	(1,485,822)	(677,665)	(1,523,117)	374,816
Total primary government net expense	<u>\$ (18,041,012)</u>	<u>\$ (19,019,899)</u>	<u>\$ (17,149,636)</u>	<u>\$ (16,876,060)</u>	<u>\$ (13,896,352)</u>

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

	Fiscal Years				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	2,125,926	1,600,406	1,967,098	3,284,155	6,252,553
Sales taxes	5,974,873	5,681,776	5,314,304	4,440,039	3,171,044
Transient occupancy taxes	1,443,149	1,218,081	1,150,741	1,094,855	1,151,215
Special assessments	1,639,143	282,488	74,113	170,658	292,654
Other taxes	714,218	703,389	694,879	720,671	573,695
Investment earnings	33,919	18,355	20,619	21,423	111,677
Miscellaneous	1,124,780	357,064	396,063	973,607	409,138
Gain (loss) on disposal of capital assets	-	-	-	-	-
Loss from dissolution of former RDA	-	-	-	-	(8,072,793)
Revenues from Fiduciary Fund	3,735,484	5,154,181	2,278,026	706,518	571,414
Transfers	1,037,827	615,822	263,539	532,690	(3,777,827)
Total governmental activities	<u>17,829,319</u>	<u>15,631,562</u>	<u>12,159,382</u>	<u>11,944,616</u>	<u>682,770</u>
Business type activities:					
Other taxes	721,500	577,392	614,050	768,613	890,633
Investment earnings	84,815	48,259	41,852	40,947	39,196
Miscellaneous	19,398	18,870	9,969	35,843	156,383
Capital Contribution	-	-	-	-	-
Transfers	(1,037,827)	(615,822)	(263,539)	(532,690)	3,777,827
Total business type activities	<u>(212,114)</u>	<u>28,699</u>	<u>402,332</u>	<u>312,713</u>	<u>4,864,039</u>
Total primary government	<u>\$ 17,617,205</u>	<u>\$ 15,660,261</u>	<u>\$ 12,561,714</u>	<u>\$ 12,257,329</u>	<u>\$ 5,546,809</u>
Change in Net Position					
Governmental activities	5,235,360	8,314,367	(1,953,881)	1,595,043	(15,915,656)
Business type activities	2,607,600	1,427,379	1,198,241	215,667	6,427,477
Total primary government	<u>\$ 7,842,960</u>	<u>\$ 9,741,746</u>	<u>\$ (755,640)</u>	<u>\$ 1,810,710</u>	<u>\$ (9,488,179)</u>

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

	Fiscal Years				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	9,616,160	10,044,411	9,915,676	9,573,705	8,621,750
Sales taxes	3,020,160	2,856,313	3,297,900	2,996,734	3,477,010
Transient occupancy taxes	1,144,883	1,411,903	1,347,063	1,168,986	999,839
Special assessments	-	-	-	-	-
Other taxes	1,771,046	1,838,583	1,613,908	2,520,571	1,797,384
Investment earnings	261,784	131,130	99,550	743,954	743,571
Miscellaneous	245,232	116,840	1,180,496	868,501	819,361
Gain (loss) on disposal of capital assets	-	-	-	-	-
Loss from dissolution of former RDA	-	-	-	-	-
Revenues from Fiduciary Fund	-	-	-	-	-
Transfers	523,727	470,400	444,799	1,318,981	280,735
Total governmental activities	<u>16,582,992</u>	<u>16,869,580</u>	<u>17,899,392</u>	<u>19,191,432</u>	<u>16,739,650</u>
Business type activities:					
Other taxes	248,368	665,449	776,431	563,141	614,994
Investment earnings	45,705	127,570	349,595	596,679	683,951
Miscellaneous	8,086	8,150	12,227	10,737	7,828
Capital Contribution	-	-	-	-	-
Transfers	(523,727)	(470,400)	(444,799)	(1,318,981)	(280,735)
Total business type activities	<u>(221,568)</u>	<u>330,769</u>	<u>693,454</u>	<u>(148,424)</u>	<u>1,026,038</u>
Total primary government	<u>\$ 16,361,424</u>	<u>\$ 17,200,349</u>	<u>\$ 18,592,846</u>	<u>\$ 19,043,008</u>	<u>\$ 17,765,688</u>
Change in Net Position					
Governmental activities	151,580	(664,497)	1,427,421	3,838,489	2,468,482
Business type activities	(1,831,168)	(1,155,053)	15,789	(1,671,541)	1,400,854
Total primary government	<u>\$ (1,679,588)</u>	<u>\$ (1,819,550)</u>	<u>\$ 1,443,210</u>	<u>\$ 2,166,948</u>	<u>\$ 3,869,336</u>

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

	Fiscal Years				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General fund					
Nonspendable	\$ 232	\$ 525	\$ 996	\$ 1,935	\$ -
Restricted	341,946	247,365	213,216	300,242	69,667
Committed	-	-	-	-	-
Assigned	357,412	1,051,917	-	-	-
Unassigned	1,017	(2,300,868)	(2,533,123)	(2,491,783)	(4,300,138)
Total general fund	<u>700,607</u>	<u>(1,001,031)</u>	<u>(2,318,911)</u>	<u>(2,189,606)</u>	<u>(4,230,471)</u>
All other governmental funds					
Nonspendable	5,114,159	5,584,159	6,034,159	6,464,159	6,874,159
Restricted	4,488,041	2,978,577	3,341,192	3,065,829	3,412,004
Committed	577,399	555,508	923,079	544,340	527,029
Assigned	676,411	595,888	206,500	466,216	274,695
Unassigned	(36,194)	(19,831)	-	838,902	(339,858)
Total all other governmental fund	<u>\$ 10,819,816</u>	<u>\$ 9,694,301</u>	<u>\$ 10,504,930</u>	<u>\$ 11,379,446</u>	<u>\$ 10,748,029</u>
TOTAL FUND BALANCES	\$ 11,520,423	\$ 8,693,270	\$ 8,186,019	\$ 9,189,840	\$ 6,517,558

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

	Fiscal Years				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	164,835	302,583	665,322	465,103	619,360
Committed		-	-	-	-
Assigned	375,678	-	-	-	-
Unassigned	(613,171)	236,708	903,897	1,124,552	1,587,568
Total general fund	<u>(72,658)</u>	<u>539,291</u>	<u>1,569,219</u>	<u>1,589,655</u>	<u>2,206,928</u>
All other governmental funds					
Nonspendable	-				
Restricted	44,735,139	11,019,602	11,158,572	11,121,284	11,361,910
Committed	30,421				
Assigned	4,208,621				
Unassigned	(164,741)	13,937,333	12,508,015	7,437,018	704,862
Total all other governmental fund	<u>\$ 48,809,440</u>	<u>\$ 24,956,935</u>	<u>\$ 23,666,587</u>	<u>\$ 18,558,302</u>	<u>\$ 12,066,772</u>
TOTAL FUND BALANCES	\$ 48,736,782	\$ 25,496,226	\$ 25,235,806	\$ 20,147,957	\$ 14,273,700

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

	Fiscal Years				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues					
Taxes	\$ 10,968,507	\$ 10,030,177	\$ 9,880,106	\$ 11,295,144	\$ 11,696,784
Intergovernmental	2,128,892	9,384,909	1,906,762	2,699,957	2,353,056
Licenses, permits and fees	2,299,752	549,406	256,780	361,759	506,334
Fines and forfeitures	57,869	72,806	84,493	115,390	77,254
Use of money and property	220,630	253,342	245,182	135,907	240,867
Charges for services	552,666	553,864	389,830	492,815	569,653
Assessment levied	19,676	10,526	10,526	4,393	-
Transfers from Fiduciary Fund	3,735,484	5,154,181	2,278,026	706,518	571,414
Other revenue	1,141,106	358,840	403,262	990,033	369,651
Total revenues	<u>21,124,582</u>	<u>26,368,051</u>	<u>15,454,967</u>	<u>16,801,916</u>	<u>16,385,013</u>
Expenditures					
General Government	1,840,348	2,540,062	2,170,611	1,544,277	1,916,341
Public safety	7,000,933	7,315,370	7,513,168	6,230,447	6,872,186
Public works	356,541	438,038	392,764	165,284	376,341
Transportation	2,206,292	3,805,537	2,109,108	659,715	1,087,475
Community development	1,109,245	725,192	619,829	756,476	4,450,458
Health	-	-	-	-	-
Culture and leisure	1,371,883	1,449,654	1,250,608	1,557,343	1,604,073
Capital outlay	4,274,384	9,244,943	1,963,373	2,867,058	1,319,036
Debt service:					
Principal	470,000	562,689	537,102	534,190	534,418
Interest	281,766	301,407	328,494	354,312	1,356,477
Cost of Issuance	-	-	-	-	-
Total expenditures	<u>18,911,392</u>	<u>26,382,892</u>	<u>16,885,057</u>	<u>14,669,102</u>	<u>19,516,805</u>
Excess of revenues over (under) expenditures	<u>2,213,190</u>	<u>(14,841)</u>	<u>(1,430,090)</u>	<u>2,132,814</u>	<u>(3,131,792)</u>
Other financing sources (uses)					
Proceeds from capital lease	-	-	-	-	-
Bond discount	-	-	-	-	-
Transfers in	3,546,397	3,424,771	2,771,099	3,211,991	5,288,101
Transfers out	(2,932,464)	(2,902,679)	(2,344,830)	(2,672,523)	(8,137,761)
Total other financing sources (uses)	<u>613,933</u>	<u>522,092</u>	<u>426,269</u>	<u>539,468</u>	<u>(2,849,660)</u>
Net change in fund balances	<u>\$ 2,827,123</u>	<u>\$ 507,251</u>	<u>\$ (1,003,821)</u>	<u>\$ 2,672,282</u>	<u>\$ (5,981,452)</u>
Debt service as a percentage of non-capital expenditures	5.1%	5.0%	5.8%	7.5%	10.4%

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

	Fiscal Years				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues					
Taxes	\$ 15,793,330	\$ 15,530,273	\$ 16,223,465	\$ 16,313,383	\$ 14,137,641
Intergovernmental	2,602,093	2,575,356	2,111,122	2,309,609	1,783,935
Licenses, permits and fees	721,502	986,291	490,564	587,531	1,361,033
Fines and forfeitures	87,534	131,851	110,785	99,751	93,950
Use of money and property	392,414	255,750	422,410	673,407	640,658
Charges for services	633,109	828,784	656,543	816,897	786,753
Assessment revenues	-	-	-	-	4,520
Transfers from Fiduciary Fund					
Other revenue	226,512	127,332	850,061	1,033,309	1,148,125
Total revenues	<u>20,456,494</u>	<u>20,435,637</u>	<u>20,864,950</u>	<u>21,833,887</u>	<u>19,956,615</u>
Expenditures					
General Government	672,184	934,445	1,083,484	1,479,393	1,236,437
Public safety	7,190,421	7,302,660	7,248,370	6,972,804	5,921,981
Public works	466,230	323,167	2,056,584	897,772	1,217,673
Transportation	1,100,140	1,174,816	-	-	-
Community development	2,546,036	5,370,242	2,543,211	2,283,268	1,822,720
Health	-	205	61,417	156,948	1,105,735
Culture and leisure	1,847,674	1,899,143	2,184,997	2,095,579	1,899,677
Capital outlay	6,368,168	1,321,645	-	1,275,392	2,108,419
Debt service:					
Principal	7,901,849	1,109,695	1,065,747	1,075,690	1,069,235
Interest	2,410,055	900,785	932,768	978,031	1,053,156
Cost of Issuance	262,832	-	-	-	-
Total expenditures	<u>30,765,589</u>	<u>20,336,803</u>	<u>17,176,578</u>	<u>17,214,877</u>	<u>17,435,033</u>
Excess of revenues over (under) expenditures	<u>(10,309,095)</u>	<u>98,834</u>	<u>3,688,372</u>	<u>4,619,010</u>	<u>2,521,582</u>
Other financing sources (uses)					
Proceeds from capital lease	34,380,000	231,645	-	-	527,626
Bond discount	(725,259)	-	-	-	-
Transfers in	14,026,383	10,627,925	10,114,766	8,591,148	4,969,572
Transfers out	(14,131,473)	(10,697,985)	(8,715,289)	(7,335,901)	(4,160,413)
Total other financing sources (uses)	<u>33,549,651</u>	<u>161,585</u>	<u>1,399,477</u>	<u>1,255,247</u>	<u>1,336,785</u>
Net change in fund balances	<u>\$ 23,240,556</u>	<u>\$ 260,419</u>	<u>\$ 5,087,849</u>	<u>\$ 5,874,257</u>	<u>\$ 3,858,367</u>
Debt service as a percentage of non-capital expenditures	42.3%	10.6%	11.6%	12.9%	13.8%

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

Sources of Tax Revenues	Business <u>Licenses</u>	Franchise <u>Fees</u>³	Property <u>Tax</u>¹	Sales <u>Tax</u>⁴	Transient <u>Occupancy</u>	Gas <u>Tax</u>²	<u>TOTAL</u>
2015-2016	149,850	702,751	2,125,926	5,974,873	1,443,149	549,595	10,946,144
2014-2015	153,909	691,617	1,600,406	5,694,928	1,218,081	755,236	10,114,177
2013-2014	141,689	682,692	1,967,098	5,465,676	1,150,741	856,525	10,264,420
2012-2013	142,744	705,946	3,284,155	4,440,039	1,094,855	612,967	10,280,706
2011-2012	148,213	573,695	6,252,553	3,171,044	1,151,215	765,633	12,062,353
2010-2011	139,663	464,083	9,616,160	3,020,160	1,144,883	726,188	15,111,137
2009-2010	137,487	542,910	10,044,411	2,856,313	1,411,903	427,938	15,420,962
2008-2009	150,431	595,356	9,915,676	3,297,900	1,347,063	429,560	15,735,986
2007-2008	161,156	655,350	9,573,705	2,996,734	1,168,986	465,806	15,021,737
2006-2007	176,583	539,355	8,621,750	3,477,010	999,839	451,270	14,265,807

NOTES:

- 1) Property tax amounts include state reimbursement of homeowners property tax relief and real property transfer tax and property tax in lieu of MVLFF. Property tax for fiscal years 2012 and earlier included redevelopment tax increment.
- 2) Increase in Gas Tax from FY 2010 onward was due to the "Fuel Tax Swap of 2010". This was the addition of Section 2103 fund allocation from a new motor vehicle excise tax that replace the allocation from Prop. 42 sales tax on gasoline. Figures for fiscal years 2010 and earlier did not include the Prop. 42 revenue.
- 3) Franchise fees for fiscal year 2006 thru 2011 was adjusted to remove the waste water franchise fees that was refunded to the Waste Water Enterprise Fund per Resolution 11-73
- 4) The City passed "Measure L" allowing an additional increase of 0.75% in the local sale tax rate. This local measure becomes effective October 1, 2012 and will end on October 1, 2017

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

<u>CATEGORY</u>	<u>2016</u>	<u>2015</u>	<u>2014*</u>	<u>2013</u>	<u>2012</u>
Residential	1,068,010,028	1,092,525,005	1,069,793,922	1,073,678,607	1,107,100,892
Commercial	225,510,393	223,912,566	233,678,787	233,122,309	232,239,002
Industrial	18,074,075	17,932,576	18,100,825	18,635,376	18,661,585
Government	59,571	64,153	171,731	168,551	165,432
Institutional	11,065,209	9,867,943	11,683,412	19,549,674	8,442,440
Miscellaneous	161,811	158,642	157,926	154,830	237,022
Recreational	8,412,087	8,131,483	8,120,756	7,863,497	8,968,482
Vacant Land	55,352,678	57,178,455	59,944,917	63,789,381	73,750,197
SBE Non-Unitary	800	89,975	89,975	863,043	863,043
Unsecured	33,975,856	36,089,423	35,264,251	40,690,119	38,000,781
Exempt	-	(5,116,781)	(4,865,220)	(4,632,331)	(4,320,437)
Unknown	-	-	-	-	-
TOTALS	1,420,622,508	1,445,950,221	1,437,006,502	1,458,515,387	1,488,428,876
Total Direct Rate	0.06443%	0.06443%	0.06459%	0.68945%	0.69386%

NOTES:

Exempt values are not included in Total

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

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

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

<u>CATEGORY</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Residential	1,078,999,165	1,108,999,868	1,084,808,408	1,058,498,321	911,494,904
Commercial	232,784,394	237,376,125	205,319,656	179,110,827	174,032,874
Industrial	18,532,812	17,843,091	18,105,232	17,971,395	11,837,503
Government	164,272	167,751	161,605	128,221	146,152
Institutional	8,534,530	8,540,128	14,877,479	15,142,018	14,742,327
Miscellaneous	235,252	240,526	238,916	234,383	157,037
Recreational	5,308,333	5,603,484	5,000,813	4,698,128	4,642,201
Vacant Land	72,475,273	75,024,042	71,345,463	65,109,045	49,323,706
SBE Non-Unitary	842,761	842,761	842,761	842,761	842,761
Unsecured	34,479,690	38,641,463	38,435,738	29,790,351	29,827,806
Exempt	(4,173,918)	(4,314,950)	(4,173,979)	(4,178,993)	(1,069,989)
Unknown	-	-	543,791	662,290	544,550
TOTALS	1,452,356,482	1,493,279,239	1,439,679,862	1,372,187,740	1,196,521,832
Total Direct Rate	0.68764%	0.69471%	0.68295%	0.67271%	0.62767%

NOTES:

Exempt values are not included in Total

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

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

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

10 Year Detail of Rates producing Revenue for City of Ridgecrest					
City General Fund Direct Rates				RDA Incremental Rate ²	Total Direct Rate ⁵
City Share of 1%					
Year	Levy per Prop. 13	Debt Rate(s)	Total City Rates	1% + applicable voter approved debt	
2015-2016	0.05190%	0.00000%	0.05190%	-	0.06443%
2014-2015	0.05190%	0.00000%	0.05190%	-	0.06443%
2013-2014	0.00509%	0.00000%	0.00509%	-	0.06459%
2012-2013	0.05190%	0.00000%	0.05190%	-	0.68945%
2011-2012	0.05468%	0.00000%	0.05468%	1.00000%	0.69386%
2010-2011	0.05469%	0.00000%	0.05469%	1.00000%	0.68764%
2009-2010	0.05196%	0.00000%	0.05196%	1.00000%	0.69471%
2008-2009	0.05196%	0.00000%	0.05196%	1.00000%	0.68295%
2007-2008	0.05175%	0.00000%	0.05175%	1.00000%	0.67271%
2006-2007	0.05068%	0.00000%	0.05068%	1.00000%	0.62767%

10 Year Detail Breakdown of the Property Tax Dollar										
Agency	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
City of Ridgecrest¹	0.05190	0.05190	0.05190	0.05468	0.05469	0.05469	0.05196	0.05196	0.05175	0.05068
Sierra Sands Child Dev	0.00509	0.00509	0.00509	0.00000	0.00509	0.00509	0.00509	0.00509	0.00000	0.00000
County Advertising	0.00074	0.00072	0.00069	0.00069	0.00070	0.00070	0.00070	0.00070	0.00070	0.00070
East Kern Res Con	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066	0.00066
Education	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917	0.01917
Education Revenue										
Augmentation Fund	0.12500	0.12510	0.12510	0.12712	0.12210	0.12211	0.12490	0.12490	0.12900	0.12989
Fire	0.10580	0.10580	0.10580	0.10580	0.10580	0.10580	0.10580	0.10580	0.10560	0.10577
Kern Community College	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06770	0.06789	0.06770	0.06770
Kern County	0.14110	0.14110	0.14110	0.14140	0.14130	0.14130	0.14130	0.14130	0.14263	0.14263
Kern County Water Agency	0.00718	0.00718	0.00718	0.00718	0.00719	0.00718	0.00718	0.00719	0.00719	0.00719
Sierra Unified School	0.47560	0.47560	0.47561	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560	0.47560
TOTAL PROP. 13 RATE⁴	1.00000									
Kern Community College	0.01357	0.01045	0.01264	0.00850	0.00906	0.01012	0.00940	0.00905	0.00804	0.00528
Sierra Sand Unified School District	0.06697	0.06163	0.06261	0.05698	0.05833	0.05688	0.05113	0.04077	0.04231	0.04209
Total Voter Approved Rate³	0.08055	0.07208	0.07525	0.06548	0.06739	0.06700	0.06053	0.04982	0.05035	0.04737
TOTAL TAX RATE	1.08055	1.07208	1.07525	1.06548	1.06739	1.06700	1.06053	1.04982	1.05035	1.04737

NOTES:

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

City of Ridgecrest
Schedule 8
Top Ten Principal Property Taxpayers
Fiscal Year 2016 and Ten Years Prior

<u>Taxpayer</u>	<u>2015-2016</u>			<u>2006-2007</u>		
	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
K Partners Ridgecrest I LP	1	\$ 18,477,195	1.30%			
Ridgecrest Regional Hospital	2	9,363,582	0.66%			
Walmart Real Estate BSNS Trust	3	9,216,827	0.65%	6	7,275,764	0.61%
Home Depot Dev Maryland Inc	4	8,092,990	0.57%	2	8,128,350	0.68%
Alta One Federal Credit Union	5	7,553,300	0.53%	9	5,726,483	0.48%
Randall Benderson 1993 1 Trust	6	6,000,000	0.42%			
ABS California O LLC	7	5,924,459	0.42%			
China Lake & Ridgecrest LLC	8	5,900,000	0.42%			
Ridgecrest Capital LLC	9	5,473,035	0.39%			
Izak Kharrazi	10	5,451,106	0.38%			
1402 Alta Vista Partners LLC				1	15,161,181	1.27%
Carriage Inn				3	8,085,126	0.68%
Albertson's Inc				4	7,727,159	0.65%
Drummond Medical Group Inc				5	7,280,866	0.61%
Inland Westn MDS Portfolio LLC				7	6,496,000	0.54%
Ridgecrest Heritage Inn				8	6,452,683	0.54%
SB North China Lake Road LLC				10	5,202,000	0.43%
Top Ten Totals		\$ 81,452,494	5.73%		\$ 77,535,612	6.47%
CITY TOTALS		1,420,622,508			1,197,608,821	

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

Fiscal Year Ended <u>June 30</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the <u>Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u> ²	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2016	415,173	321,769	77.50%	-	321,769	77.50%
2015	428,703	332,893	77.65%	-	332,893	77.65%
2014	436,307	347,104	79.55%	3,381	350,485	80.33%
2013	480,951	408,417	84.92%	33,359	441,776	91.85%
2012	10,336,490	10,192,452	98.61%	69,477	10,261,929	99.28%
2011	10,148,466	9,799,545	96.56%	94,130	9,893,675	97.49%
2010	10,226,667	9,993,536	97.72%	122,080	10,115,616	98.91%
2009	10,276,431	9,719,401	94.58%	119,557	9,838,958	95.74%
2008	9,911,568	8,996,236	90.77%	55,685	9,051,922	91.33%
2007	8,489,827	7,316,939	86.18%	29,394	7,346,332	86.53%

NOTES:

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

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

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

Fiscal Year	GOVERNMENTAL ACTIVITIES						Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Redevelopment Bonds ^b	Special Assessment Bonds	Loans Payable	Capital Lease				
2016	5,925,000	-	-	-	-	5,925,000	0.74%	\$ 211	
2015	6,395,000	-	-	-	-	6,395,000	0.80%	\$ 225	
2014	6,845,000	-	-	-	112,689	6,957,689	0.83%	\$ 243	
2013	7,275,000	-	-	-	219,790	7,494,790	0.93%	\$ 264	
2012	7,685,000	-	-	-	343,981	8,028,981	1.02%	\$ 286	
2011	8,080,000	34,280,000	-	-	483,399	42,843,399	5.49%	\$ 1,543	
2010	8,460,000	7,290,000	-	400,000	615,249	16,765,249	2.25%	\$ 591	
2009	8,830,000	7,905,000	-	600,000	739,943	18,074,943	2.45%	\$ 647	
2008	9,190,000	8,490,000	115,000	800,000	860,688	19,455,688	2.62%	\$ 694	
2007	9,535,000	9,050,000	220,000	1,000,000	1,031,380	20,836,380	2.89%	\$ 746	

NOTES:

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

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

Fiscal Year	GOVERNMENTAL ACTIVITIES			Total	Percentage of Taxable Assessed Property Values ^a	Per Capita ^b
	General Obligation Bonds	Redevelopment Bonds ^c	Special Assessment Bonds			
2016	5,925,000	-	-	5,925,000	0.42%	\$ 211
2015	6,395,000	-	-	6,395,000	0.44%	\$ 225
2014	6,845,000	-	-	6,845,000	0.48%	\$ 239
2013	7,275,000	-	-	7,275,000	0.50%	\$ 257
2012	7,685,000	-	-	7,685,000	0.52%	\$ 274
2011	8,080,000	34,280,000	-	42,360,000	2.92%	\$ 1,525
2010	8,460,000	7,290,000	-	15,750,000	1.05%	\$ 555
2009	8,830,000	7,905,000	-	16,735,000	1.16%	\$ 599
2008	9,190,000	8,490,000	115,000	17,795,000	1.30%	\$ 635
2007	9,535,000	9,050,000	220,000	18,805,000	1.57%	\$ 673

NOTES:

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

City of Ridgecrest
Schedule 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Debt Outstanding <u>6/30/2016</u>	% <u>Applicable</u> ¹	City's Share of <u>Debt as of 6/30/16</u>
Kern Community College District Safety, Repair & Improvement District	\$ 144,106,081	1.741%	\$ 2,508,887
Sierra Sands Joint Unified School District	21,023,598	74.170%	15,593,203
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 18,102,090
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Kern County Certificates of Participation	105,820,000	1.635%	1,730,157
Kern County Pension Obligation Bonds	275,075,510	1.635%	4,497,485
Kern County Board of Education Certificates of Participation	39,200,000	1.635%	640,920
Kern County Community College District Certificates of Participation	32,560,000	1.568%	510,541
Kern County Community College District Benefit Obligations	80,625,000	1.568%	1,264,200
Sierra Sands Joint Unified School District General Fund Obligations	17,535,000	74.170%	13,005,710
City of Ridgecrest Certificates of Participation	5,925,000	100.000%	5,925,000
City of Ridgecrest Capital Lease Obligation	-	100.000%	-
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 27,574,013
OVERLAPPING TAX INCREMENT DEBT	27,935,000	100.000%	\$ 27,935,000
TOTAL DIRECT DEBT			\$ 5,925,000
TOTAL OVERLAPPING DEBT			\$ 67,686,103
COMBINED TOTAL DEBT			\$ 73,611,103 ²

NOTES:

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

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

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

Legal Debt Margin Calculation	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>
Assessed value	\$ 1,420,622,508	\$ 1,445,950,221	\$ 1,437,006,502	\$ 1,458,515,387	\$ 1,488,428,876
Debt limit (15% of assessed value)	213,093,376	216,892,533	215,550,975	218,777,308	223,264,331
Debt applicable to limit:					
General obligation bonds	5,925,000	6,395,000	6,845,000	7,275,000	7,685,000
Less: Amount set aside for repayment of general obligation debt	<u>751,359</u>	<u>751,356</u>	<u>751,356</u>	<u>751,356</u>	<u>751,356</u>
Total net debt applicable to limit	<u>5,173,641</u>	<u>5,643,644</u>	<u>6,093,644</u>	<u>6,523,644</u>	<u>6,933,644</u>
Legal Debt Margin	207,919,735	211,248,889	209,457,331	212,253,664	216,330,687
Total debt applicable to the limit as a percentage of debt limit	<u>2.43%</u>	<u>2.60%</u>	<u>2.83%</u>	<u>2.98%</u>	<u>3.11%</u>

NOTES:

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

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

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

Legal Debt Margin Calculation	<u>FY 2011</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>
Assessed value	\$ 1,452,356,482	\$ 1,493,279,239	\$ 1,439,679,862	\$ 1,372,187,740	\$ 1,196,521,832
Debt limit (15% of assessed value)	217,853,472	223,991,886	215,951,979	205,828,161	179,478,275
Debt applicable to limit:					
General obligation bonds	42,360,000	15,750,000	16,735,000	0	0
Less: Amount set aside for repayment of general obligation debt	4,247,727	1,807,736	1,808,337	1,814,042	2,640,512
Total net debt applicable to limit	<u>38,112,273</u>	<u>13,942,264</u>	<u>14,926,663</u>	<u>(1,814,042)</u>	<u>(2,640,512)</u>
Legal Debt Margin	179,741,199	210,049,622	201,025,316	207,642,203	182,118,787
Total debt applicable to the limit as a percentage of debt limit	<u>17.49%</u>	<u>6.22%</u>	<u>6.91%</u>	<u>-0.88%</u>	<u>-1.47%</u>

NOTES:

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

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

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

SPECIAL ASSESSMENT BONDS

Fiscal <u>Year</u>	Special Assessment <u>Collections</u>	Current Account <u>Balance</u>	Debt Service		<u>Coverage</u>
			<u>Principal</u>	<u>Interest</u>	
2016	-	24,659	-	-	-
2015	-	24,659	-	-	-
2014	-	24,659	-	-	-
2013	-	24,659	-	-	-
2012	-	24,659	-	-	-
2011	-	24,659	-	-	-
2010	-	24,659	-	-	-
2009	-	125,700	115,000	4,773	1.05
2008	116,927	125,700	105,000	13,903	2.04
2007	115,531	125,700	95,000	22,179	2.06

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Personal Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment**</u>	<u>Unemployment Rate</u>
2016	28,064	796,099,346	28,367	35.6	5,384	6.90%
2015	28,419	802,997,317	28,256	35.0	5,367	6.90%
2014	28,638	835,599,564	29,178	35.8	5,316	6.70%
2013	28,348	808,463,982	28,519	33.8	5,358	7.60%
2012	28,089	789,556,510	28,109	36.1	5,378	7.90%
2011	27,768	780,176,392	28,096	33.8	5,511	8.30%
2010	28,362	745,268,274	26,277	30.9	5,652	8.30%
2009	27,951	737,095,821	26,371	31.8	5,690	5.50%
2008	28,038	743,680,000	26,524	n/a	5,727	4.60%
2007	27,944	720,647,816	25,789	30.0	5,929	4.20%
2006	26,515	494,133,540	18,636	29.8	5,972	3.40%

NOTES:

Population projections are provided by California Department of Finance

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

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

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

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

n/a = not available

**City of Ridgecrest
Schedule 16
Principal Employers
Fiscal Year 2016 and Ten Years Prior**

<u>Employer</u>	<u>2015-2016</u>			<u>2006-2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Naval Air Weapons Station China Lake	7,270	1	50.49%	5764	1	38.95%
Bella Sera	806	2	5.60%			
Ridgecrest Regional Hospital	790	3	5.49%	380	4	2.57%
Searles Valley Minerals	650	4	4.51%	550	3	3.72%
Sierra Sands Unified School District	600	5	4.17%	600	2	4.05%
Walmart	207	6	1.44%	268	6	1.81%
Jacobs Technology	175	7	1.22%			
Albertson's Inc	172	8	1.19%			
Cerro Coso Community College	162	9	1.13%	317	5	2.14%
Alta One Credit Union	149	10	1.03%	160	10	1.08%
City of Ridgecrest				200	7	1.35%
Wyle Laboratories				174	8	1.18%
System Application & Tech				164	9	1.11%
			76.26%			57.95%
	Total City Employment**		14,400			14,800

NOTES:

** Total city employment was 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	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government										
City Council	5	5	5	5	5	5	5	5	5	5
City Manager	1.4	1.5	1	1	1	3	3	4.5	4	4
City Clerk	1.05	1	1	1	1	1	1.25	1	1.5	2.75
Finance	6	5.5	5.5	5	6	6	6	6	12	9.75
Information Technology	2	2	2	2	3	3	3.5	3.5		
Human Resources	1	1.5	1.5	1	0	1.5	1.5	1.5	1.5	2.5
Community Development	4.55	4.5	5	5	6	8	8	8	8	7
Planning Commissioners	5	5	5	5	5	5	5	5	5	5
Public Safety										
Police Officers-Sworn	32	32	32	31	31	34	35	33	37	38
Other Full Time Employees	17	17	17	14.5	16	16	15.75	16	16.25	16
PACT Volunteers	82	89	83	45	50	9	9	9	9	9
Public Works										
Engineering	4	4	3	3	4	4	4	3	4	5
Maintenance	7	7	7	6	7	8	8	9	8	9
Transit Services	8	8	8	8	7	7	7	7	7.5	8
Wastewater/Sewer	5	5	5	4	4	6	7	6	5	5
Culture & Recreation	30	27	24	23	39	32.5	22.5	29	31.97	23.44

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

FUNCTION/PROGRAM	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Police					
Physical Arrests	1495	2805	1281	2346	2417
Parking Violations	126	148	114	293	188
Traffic Violations	408	458	792	1540	937
Community Development					
Building Permits Issued	1305	604	1020	705	302
Building Permits Valuation (in millions)	21	6	9	5	19
Building Inspections Performed	2718	2684	1925	1603	4299
Planning Permits Issued	see note b	173	163	137	113
Public Services					
Street Resurfacing (miles)	7	8	1.8	2	2.5
Street Light Replacement ^a	n/a	n/a	n/a	n/a	n/a
Potholes Filled	1,800	2,200	2,400	3,600	2,783
Waste Water Average Daily Treatment (millions of gallons)	2	2.16	2.33	2.31	2.52
Transit Route (Service) Miles	97,006	96,112	95,869	76,849	64,438
Transit Passenger Count	13,629	17,101	17,724	13,516	17,131
Parks & Recreation					
Sports Field Participation	103,449	81,259	75,113	70,917	85,409
Community Center/Gym/Pool Participation	76,259	105,984	103,218	95,785	90,655
Other Participation	36,094	65,713	72,615	45,312	45,816

NOTES:

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

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

FUNCTION/PROGRAM	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Police					
Physical Arrests	2416	2605	2667	2,213	2,448
Parking Violations	97	237	278	294	161
Traffic Violations	1150	2054	2034	1,439	2,001
Community Development					
Building Permits Issued	423	439	144	212	585
Building Permits Valuation (in millions)	13	18	12	22	20
Building Inspections Performed	2510	2759	5086	3,861	5,455
Planning Permits Issued	69	77	161	137	135
Public Services					
Street Resurfacing (miles)	2.5	1	3	0.5	1.75
Street Light Replacement ^a	n/a	n/a	n/a	n/a	n/a
Potholes Filled	2,565	540	600	3,500	1,500
Waste Water Average Daily Treatment (millions of gallons)	2.621	2.674	2.57	2.65	2.6
Transit Route (Service) Miles	92,925	61,092	86,965	91,178	82,277
Transit Passenger Count	27,223	12,977	27,478	35,595	38,529
Parks & Recreation					
Sports Field Participation	89,293	89,735	91,359	88,078	88,140
Community Center/Gym/Pool Participation	68,325	68,645	73,499	67,421	101,242
Other Participation	35,370	35,370	35,370	35,730	35,730

NOTES:

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

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

FUNCTION/PROGRAM	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	20	18	17	17	10	13	13	18	16	12
Motorcycle unit	4	5	8	7	3	6	6	2	1	1
K-9 unit	1	1	1	1	1	1	2	1	1	2
Streets										
Streets (miles)	216	216	216	132	131	130	130	130	130	131.5
Streetlights ²	1540	1502	1469	1520	1523	1524	1515	1492	1467	1472
Traffic Signals										
CalTrans maintained	7	7	7	7	7	7	6	6	6	6
City of Ridgecrest maintained	12	12	10	9	9	9	8	7	7	7
Culture & Recreation										
Total Park Acreage	46.88	46.88	46.88	46.88	46.88	46.88	21.88	25.88	25.88	25.88
Parks ¹	5	5	5	5	5	5	5	6	6	6
Baseball Fields	4	4	4	4	4	4	4	4	4	4
Softball Fields	3	3	3	3	3	3	3	3	3	3
Soccer Fields	4	4	4	4	4	4	4	4	4	4
Football Fields	1	1	1	1	1	1	1	1	1	1
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Community Centers	2	2	2	2	2	2	2	2	2	2
Waste Water										
Sanitary Sewers (miles)	142	142	142	142*	170	170	165	265	265	224
Storm Sewers (miles)	5	5	5	5	5	5	5	5	2	2
Treatment Capacity (millions of gallons/day)	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Transit Services										
Minibuses										
Fixed Route	8	8	7	6	0	0	0	0	0	0
Dial A Ride	1	2	2	3	5	5	6	7	7	5
Bus Shelters	9	8	8	5	5	5	5	5	5	5

NOTE:

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

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

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