



# CITY OF SEBASTOPOL

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

### FISCAL YEAR 2023 - 2024





**City of**  
**Sebastopol**  
Sebastopol, California

*Annual Comprehensive Financial Report*

*For the year ended June 30, 2024*

Prepared by:  
Administrative Services Department



**City of Sebastopol**  
**Annual Comprehensive Financial Report**  
**For the year ended June 30, 2024**

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**City Council**

Mayor Stephen Zollman  
Vice Mayor Jill McLewis  
Phill Carter  
Neysa Hinton  
Sandra Maurer



**City Manager**

Don Schwartz  
dschwartz@cityofsebastopol.gov  
**Assistant City Manager/City Clerk, MMC**  
Mary Gourley  
mgourley@cityofsebastopol.gov

**City of Sebastopol**

January 28, 2025

Honorable Mayor, Members of the Council and Citizens of the City of Sebastopol:

City staff is pleased to present the Annual Comprehensive Financial Report (ACFR) for the City of Sebastopol (City) for the fiscal year ended June 30, 2024. This report was prepared by the Administrative Services (Finance) Department, which is responsible for both the accuracy of the data presented, and the completeness of the presentation.

The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2024 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Badawi & Associates, a firm of certified public accountants, has audited the City's financial statements. They concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended June 30, 2024 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements and should be read in conjunction with this letter and the financial statements and notes.

The ACFR presents management's representations regarding the City's finances in a format required by the Government Accounting Standards Board (GASB). We recognize that while the ACFR meets these requirements, it is challenging for most people to readily understand the City's fiscal condition from this report due to its highly technical nature. Management takes full responsibility for ensuring that all information in this report is complete and reliable. To support these representations, the City's management has established an internal control system aimed at protecting the government's assets from loss, theft, or misuse, and at gathering reliable information for preparing the City's financial statements in accordance with GAAP. Given that the cost of internal controls should not exceed their benefits, the City's internal control system is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. As management, we affirm that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

**Profile of the City of Sebastopol**

The City of Sebastopol has a population of approximately 7,348 residents; and is located in Sonoma County, California. Sebastopol was incorporated in 1902, and operates under a council-manager form of government. Policymaking and legislative authority are vested in the City Council consisting of the Mayor and four other elected Council members. The Council is elected on a non-partisan basis. Council members serve four year staggered terms, with two members elected every two years. The Mayor is selected by the five-member Council and serves in that capacity for one year.

The Council is responsible for, among other matters, approving and modifying ordinances, adopting the City budget, appointing committee and commission members, and hiring the City Manager and City Attorney. The City Manager is responsible for assuring compliance with the ordinances, implementing the policies and direction of the City Council, recommending an annual budget, appointing department heads, hiring employees, and managing daily operations of the City.

Sebastopol is a full-service city that provides a wide variety of municipal services to its residents and visitors, including municipal utilities (Water and Wastewater); fire and police protection; construction and

maintenance of City streets, storm drains, bridges, and similar infrastructure type assets; park maintenance; community recreation activities; building inspections; licenses and permits; and facilities. The city also serves as a transportation and economic hub for West Sonoma County.

### **Sebastopol: A Community That Values Its People**

Sebastopol is a community that truly values its people. It embraces inclusion, diversity, and sustainable environmental practices, while prioritizing the well-being and success of its residents and businesses. Visitors, whether from the San Francisco Bay Area or from around the globe, are drawn to Sebastopol for its natural beauty, fine dining, welcoming accommodations, and a variety of recreational and educational activities.

The City is renowned for its leadership in environmental sustainability, with a strong focus on conserving natural resources like energy and water. Sebastopol hosts numerous local events that celebrate the arts, supported by a vibrant Community Center that offers accessible space for local artisans, actors, and communicators. The city also features a "makers' space." Sebastopol aims to create an environment where citizens and visitors can learn and grow together in a nurturing and supportive atmosphere.

### **Budget Process**

Each year, the City Council approves a budget that outlines the policies and fiscal actions to be taken by the City. This annual budget serves as the cornerstone of Sebastopol's financial planning and expenditure control system. The Budget Committee reviews the proposed operating and capital budgets and making recommendations to the City Council for final enactment. This structured budget process is designed to achieve the fiscal and policy goals for the upcoming fiscal year.

The process includes collaboration among the departments and City Manager. It also includes discussions and feedback from the Budget Committee, and considers requests from Councilmembers. Public hearings, typically starting in June, are held by the Council to review and gather input on the proposed budget before its formal adoption. The budget is adopted by fund, department, and account classification.

Active public involvement is essential to balancing the goals of continuous service improvement and fiscal sustainability. This report includes budget-to-actual comparisons for each governmental fund with an appropriated annual budget, ensuring transparency and accountability in the City's financial management.

### **Local Economy**

The City is situated in the scenic Sonoma County, about sixty miles north of San Francisco, Sebastopol boasts a unique mix of specialty shops, including the charming Main Street and the Barlow retail area, which features restaurants and entertainment venues. This charming city attracts numerous visitors each year, contributing to its revenue through sales taxes and transient occupancy taxes. Visitors are drawn to Sebastopol for its appealing recreational opportunities, excellent food and wine, and specialty retail shops offering locally made products. The warm welcomes and friendly service ensure that they keep coming back.

The City support local employees by promoting new housing that fits the City's character. This includes the Canopy project, with construction anticipated to begin in 2025. These initiatives aim to provide modern, affordable housing options, thereby supporting the local economy and enhancing community well-being. Through these initiatives, the City is dedicated to fostering a more inclusive and resilient community where everyone has the opportunity to thrive, live, and shop locally, ultimately boosting sales tax revenue.

The City is cautiously optimistic about the potential development of two new hotels. Currently, with only one hotel in a region where tourism is a major industry, we are likely missing out on significant opportunities. Hotels contribute greatly to the local economy by supporting businesses and generating tax revenue from Transient Occupancy Taxes (TOT) and property taxes. However, while we remain hopeful, we are cautious about relying on this revenue until the hotels are much closer to opening. The hotel market can be unpredictable, and the associated revenues are too uncertain to depend on at this stage.

### **Future Challenges:**

Over the past five years, recurring expenses have consistently exceeded recurring revenues. The City has relied on one-time revenues, such as funding from Assemblymember Levine for flooding, federal funding, and various grants, to support ongoing programs and services. Additionally, substantial amounts from the General Fund balance have been used. The FY 24-25 budget also depends on temporary revenues, particularly building fees from a peak in construction activity. This reliance on non-recurring revenues and a diminishing fund balance is unsustainable.

The City faces financial pressures on both revenue and expense fronts. Sales taxes, the largest funding source, have remained stagnant despite a growing economy. Changes in the allocation of administrative costs among utility funds and the General Fund have also added pressure. In response, in November, 2024 voters approved a ½ cent increase in the local sales tax (Measure U), which if fully implemented would generate \$1.5 million annually. Due to a competing measure and a potential state cap on sales tax levels, as of this writing we are confident that the City will retain a ¼ cent increase for the twelve year duration of the tax, while the other ¼ cent is uncertain and will be addressed at that state level.

On the expense side, the City is experiencing rising costs in employee healthcare and pensions. Pension reform has provided some relief, but inflation and higher utility costs continue to impact the budget. Additionally, there is a significant need for investment in City assets, with an estimated annual requirement of \$900,000 to prevent deterioration. For example, \$850,000 is needed annually to improve street conditions, based on recent estimates. The FY 24-25 budget includes \$300,000 for asset preservation, reflecting the recommendation for the first year of these investments.

### **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 Sebastopol for its annual comprehensive financial report for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, with contents that conform to program standards. The annual comprehensive financial 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. The City of Sebastopol has received the Certificate of Achievement for seven consecutive years (fiscal years ended 2017 through 2023). We believe our current report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to GFOA to determine its eligibility for another certificate.

### **Acknowledgment**

The preparation of this report would not have been possible without the teamwork and dedication within the City's Administrative Services (Finance) Department staff. We want to express our appreciation to everyone who assisted and contributed to the preparation of this report.

Respectfully Submitted,

Signed by:  
  
4EB87FD724BC48B...  
Don Schwartz  
City Manager



Ana Kwong  
Administrative Services Director

# CITY OFFICIALS

(as of the date of the Financial Statements)

## City Council:

Stephen Zollman, Mayor

Jill McLewis, Vice Mayor

Phill Carter

Neysa Hinton

Sandra Maurer

## City Staff:

City Manager .....	Don Schwartz
City Attorney .....	Contract (Alex Mog)
Assistant City Manager   City Clerk .....	Mary Gourley
Administrative Services Director .....	Ana Kwong
Building Official .....	Contract (Steve Brown)
Community Development Director .....	Emi Theriault
Director of Public Works/City Engineer.....	Mark Rincon-Ibarra
Fire Chief .....	Contract (Dave Bray)
Police Chief .....	Ronald Nelson (Interim)

## Advisory Commissions or Committees:

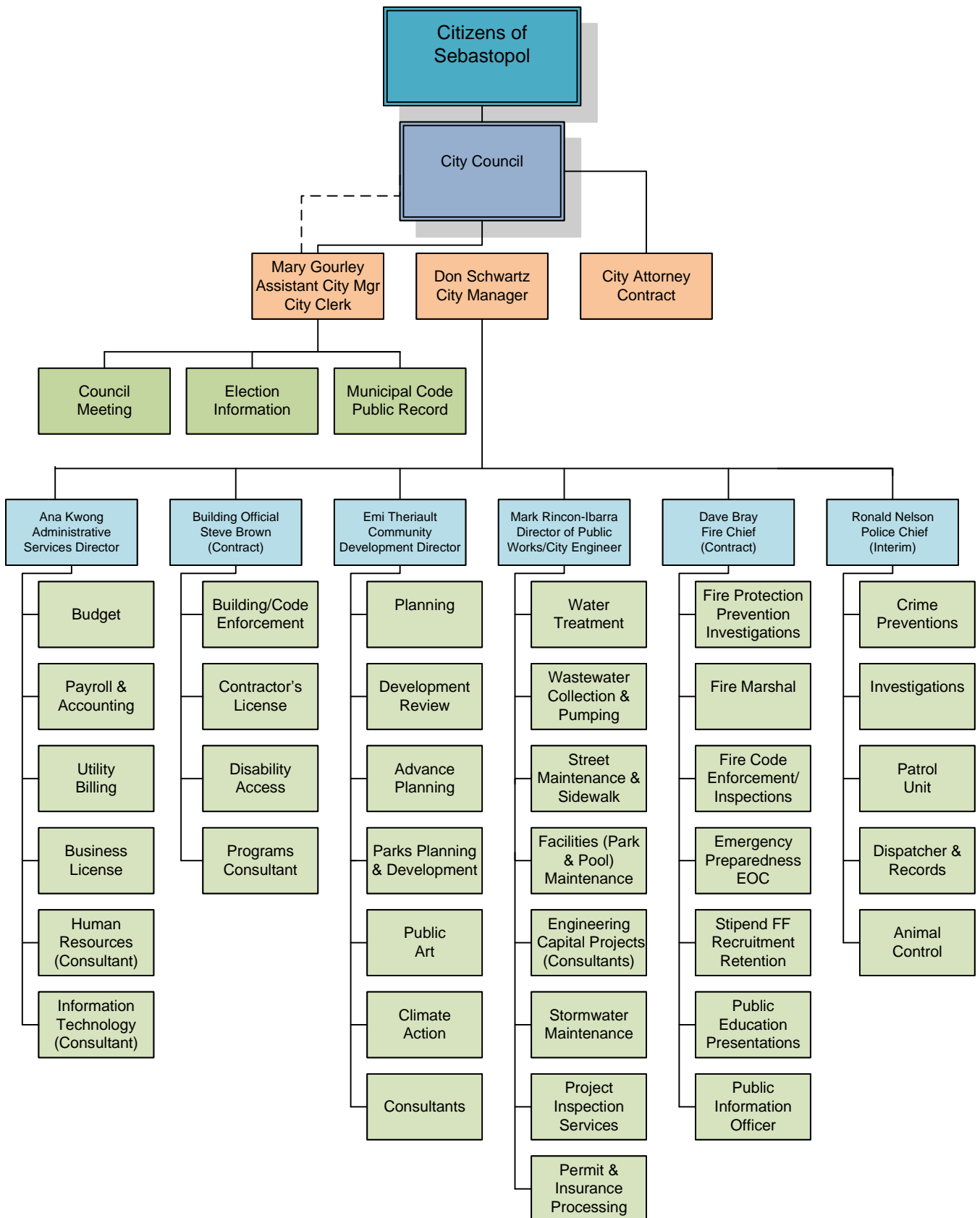
- Planning Commission
- Design Review Board
- Public Arts Committee



# City Organization

(as of the date of the Financial Statements)

## City Wide Organization Chart by Function





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Sebastopol  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
Of the City of Sebastopol  
Sebastopol, California

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sebastopol (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and OPEB information on pages 5-18 and 77-87 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



***Supplementary 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 accompanying general capital projects fund budgetary comparison schedule, combining and individual nonmajor fund financial statements, and budgetary comparison information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, general capital projects fund budgetary comparison schedule, combining and individual nonmajor fund financial statements, and budgetary comparison information, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

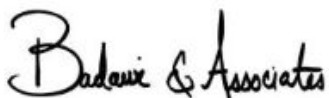
***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Badawi & Associates, CPAs  
Berkeley, California  
January 28, 2025

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**CITY OF SEBASTOPOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**  
**(Rounded to the nearest \$1,000)**

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As management of the City of Sebastopol, California (City) we offer readers of the City's financial statements this overview and analysis of the City's financial activities for the fiscal year that began on July 1, 2023 and ended June 30, 2024 (FY23-24). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements, with related notes, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City exceeded the liabilities and deferred inflows by \$19,846,000 (net position) at June 30, 2024: Governmental activities' net position was \$15,492,000; and business-type activities' net position was \$4,354,000.
- Total government-wide net position is categorized as follows:
  - \$19,312,000 is the net investment in capital assets;
  - \$2,592,000 is restricted for specific purposes (restricted net position); and,
  - (2,059,000) is the unrestricted net position, the residual of total net position less the other categories of net position. Unrestricted net position, when positive, is used by the city to meet its ongoing obligations to citizens and creditors.
- For the fiscal year, the net position of governmental and business-type activities increased by and decreased by \$2,332,000 and (\$1,860,000) respectively; accounting for a government-wide increase in net position of \$472,000.
- At June 30, 2024, the city's governmental funds reported a combined ending fund balance of \$13,199,000. Governmental funds' balances increased by \$785,000 for the year reported.
- The general fund reports fund balance of \$11,666,000 at June 30, 2024; and it is distributed in these categories:
  - 1) \$1,305,000 is categorized as **non-spendable**, and is comprised of prepaid items.
  - 2) \$2,861,000 is reported as **restricted**; with \$1,000,000 restricted for flood recovery; and \$1,861,000 restricted for pension.
  - 3) \$2,704,000 is reported as **assigned** fund balance, indicating the city's intention to use the financial resource for a particular purpose in the future, as follows:
    - Buildings, equipment and infrastructure, \$861,000;
    - Equipment, vehicle and technology replacement, \$643,000; and,
    - Pension and other post-employment liabilities rate stabilization, \$1,200,000.
  - 4) \$4,796,000 is **unassigned fund balance**, which represents the residual of total fund balance less other categories. It is available for consideration in the budget process.
- Proprietary funds: Within the proprietary fund type, the city reports two enterprise funds, water and wastewater. Proprietary funds report a combined net position of \$4,354,000 at June 30, 2024; with \$3,472,000 reported in the water fund; and \$882,000 reported in the wastewater fund. The city also reports an internal service fund for insurance benefits, and that fund has a balance of one thousand dollars.

**CITY OF SEBASTOPOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**  
**(Rounded to the nearest \$1,000)**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – a *management's discussion and analysis* (this section); the *basic financial statements, with related notes to the financial statements; required supplementary information*; and a *supplementary information* section that presents *combining statements* for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The *governmental fund's* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.

*Proprietary funds'* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*, such as the water and wastewater system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major funds, each of which are added together and presented in a single column in the basic financial statements.

**CITY OF SEBASTOPOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**  
**(Rounded to the nearest \$1,000)**

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview explains the structure and content of each of the statements.

**Figure A-1**  
**Major Features of City of Sebastopol's Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
<u>Scope</u>	Entire City government	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks.	Activities the City operates similar to private businesses: the water and wastewater systems.
<u>Required financial statements</u>	Statement of net position	· Balance sheet	· Statement of net position
	Statement of activities	· Statement of revenues, expenditures, and changes in fund balances	· Statement of revenues expenses, and changes in net position · Statement of cash flows
<u>Accounting basis and measurement focus</u>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<u>Type of asset/liability information</u>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<u>Type of inflow/outflow information</u>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**Government-wide Financial Statements** are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business. These financial statements provide both long-term and short-term information about the City's overall financial status.

The *statement of net position* presents information on the City's assets and deferred outflows; liabilities and deferred outflows; and the residual difference of those elements which is 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.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

**CITY OF SEBASTOPOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**  
**(Rounded to the nearest \$1,000)**

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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 in part a portion of their costs through user fees and charges (*business-type activities*). A description of the functions follows:

- **Governmental activities** – Most of the City's basic services are included here, such as the police, fire, public works, parks and community development departments and general administration. Property taxes, sales taxes, transient occupancy taxes, utility user taxes, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges fees to customers to help it cover the costs of certain services it provides. The City's water and wastewater system are included here.

**Fund Financial Statements** financial information for funds, which are groupings of related accounts 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 finance-related legal compliance. All of the funds of the City can be divided into two categories: *governmental funds and proprietary 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 funds' 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 determining what financial resources are available in the near future to finance the City's programs.

Because 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. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains individual governmental funds organized according to their type (the general fund and special revenue, capital projects and debt service funds). Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. Data for the remaining governmental funds are combined into a single, aggregated presentation entitled "non-major governmental funds". The individual and combining fund data for each of these non-major governmental funds is provided as supplementary information in this report.

Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.

The City reports three funds within the **proprietary funds category**: Two **enterprise funds** account for water and wastewater business-like activities; and one **internal service** fund accounts for some insurance services. Both enterprise funds are considered to be major funds, and as such are reported in separate columns within the proprietary funds' financial statements.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the government's own programs. The City does not report fiduciary funds for the year ended June 30, 2024.

**CITY OF SEBASTOPOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**(Rounded to the nearest \$1,000)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position:** The City's combined net position, including both governmental activities and business-type activities is reflected in Table A-1

**Table A-1**  
**City of Sebastopol's Net Position**  
*(rounded, nearest thousand dollars)*

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 15,377,000	\$ 16,511,000	\$ 2,026,000	\$ 4,098,000	\$ 17,403,000	\$ 20,609,000
Capital assets	14,855,000	12,032,000	9,122,000	9,207,000	23,977,000	21,239,000
<b>Total assets</b>	<b>30,232,000</b>	<b>28,543,000</b>	<b>11,148,000</b>	<b>13,305,000</b>	<b>41,380,000</b>	<b>41,848,000</b>
<b>Deferred outflows of Resources</b>						
Deferred Outflows Pension and OPEB	5,303,000	5,500,000	1,123,000	1,155,000	6,426,000	6,655,000
<b>Total deferred outflows of resources</b>	<b>5,303,000</b>	<b>5,500,000</b>	<b>1,123,000</b>	<b>1,155,000</b>	<b>6,426,000</b>	<b>6,655,000</b>
Current Liabilities	2,375,000	3,000,000	750,000	784,000	3,125,000	3,784,000
Long-term Liabilities	16,570,000	16,099,000	6,999,000	7,245,000	23,569,000	23,344,000
<b>Total liabilities</b>	<b>18,945,000</b>	<b>19,099,000</b>	<b>7,749,000</b>	<b>8,029,000</b>	<b>26,694,000</b>	<b>27,128,000</b>
<b>Deferred inflows of Resources</b>						
Deferred inflows - Pension and OPEB	1,099,000	1,784,000	168,000	217,000	1,267,000	2,001,000
<b>Total deferred inflows of resources</b>	<b>1,099,000</b>	<b>1,784,000</b>	<b>168,000</b>	<b>217,000</b>	<b>1,267,000</b>	<b>2,001,000</b>
<b>Net Position</b>						
Invested in capital assets	13,491,000	10,408,000	5,821,000	5,367,000	19,312,000	15,775,000
Restricted	2,592,000	2,696,000	-	-	2,592,000	2,696,000
Unrestricted	(592,000)	56,000	(1,467,000)	847,000	(2,059,000)	903,000
<b>Total net position</b>	<b>\$ 15,491,000</b>	<b>\$ 13,160,000</b>	<b>\$ 4,354,000</b>	<b>\$ 6,214,000</b>	<b>\$ 19,845,000</b>	<b>\$ 19,374,000</b>

**CITY OF SEBASTOPOL**  
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Total net position, (assets and deferred outflows, less liabilities and deferred inflows), was \$19,845,000 at June 30, 2024. Governmental activities net position was \$15,491,000; and business-type activities' net position was \$4,354,000.

The largest component of the City's net position is invested in capital assets; and is reported at \$19,312,000. This component represents 97% of total net position as of June 30, 2024. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used, with \$2,592,000 reported as restricted at June 30, 2024.



**CITY OF SEBASTOPOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Changes in Net Position:** Table A-2 reflects comparative changes in net position, for both government and business-type activities for fiscal years ended June 30, 2024 and June 30, 2023.

**Table A-2**  
**Changes in City of Sebastopol's Net Position**  
**(rounded to nearest thousand dollars)**

	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$ 856,000	\$ 1,178,000	\$ 5,304,000	\$ 5,359,000	\$ 6,160,000	\$ 6,537,000
Grants and contributions	752,000	2,527,000			752,000	2,527,000
Capital grants and contributions	2,265,000	575,000			2,265,000	575,000
<b>General revenues:</b>						
Property taxes	3,608,000	3,469,000			3,608,000	3,469,000
Sales Tax	4,521,000	4,609,000			4,521,000	4,609,000
Transient Occupancy Taxes	519,000	544,000			519,000	544,000
Other Taxes	1,468,000	1,320,000			1,468,000	1,320,000
Other income	602,000	870,000	98,000	115,000	700,000	985,000
<b>Total revenues</b>	14,591,000	15,092,000	5,402,000	5,474,000	19,993,000	20,566,000
<b>Expenses</b>						
General government	3,216,000	2,702,000			3,216,000	2,702,000
Public safety	6,374,000	5,109,000			6,374,000	5,109,000
Parks and recreation	1,164,000	1,011,000			1,164,000	1,011,000
Public works	1,543,000	929,000			1,543,000	929,000
Interest	33,000	30,000			33,000	30,000
Water			2,923,000	2,506,000	2,923,000	2,506,000
Wastewater			4,269,000	3,765,000	4,269,000	3,765,000
<b>Total expenses</b>	12,330,000	9,781,000	7,192,000	6,271,000	19,522,000	16,052,000
<b>Increase in net position before transfers and special item</b>	2,261,000	5,318,000	(1,790,000)	(797,000)	471,000	4,521,000
<b>Transfers</b>	70,000	31,000	(70,000)	(31,000)	-	-
<b>Increase (decrease) in net position</b>	2,331,000	5,349,000	(1,860,000)	(828,000)	471,000	4,521,000
<b>Change in Net Position</b>	2,331,000	5,349,000	(1,860,000)	(828,000)	471,000	4,521,000
<b>Net position beginning</b>	13,160,000	7,811,000	6,214,000	7,042,000	19,374,000	14,853,000
<b>Net position, ending</b>	\$ 15,491,000	\$ 13,160,000	\$ 4,354,000	\$ 6,214,000	\$ 19,845,000	\$ 19,374,000

**Governmental Activities:**

The government-wide net position saw an overall increase of \$471,000. This change was driven by a significant rise of \$2,331,000 in governmental activities, which was partially offset by a decrease of \$1,860,000 in business-type activities. The primary factors contributing to the increased net position were higher spending on public safety and public works, along with an increase in capital grant reimbursements. On the other hand, the net position decrease in business-type activities was mainly due to relatively flat rate revenue and higher expenses for wastewater treatment charged by a regional system operator, as well as increased personnel service costs.

**CITY OF SEBASTOPOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024  
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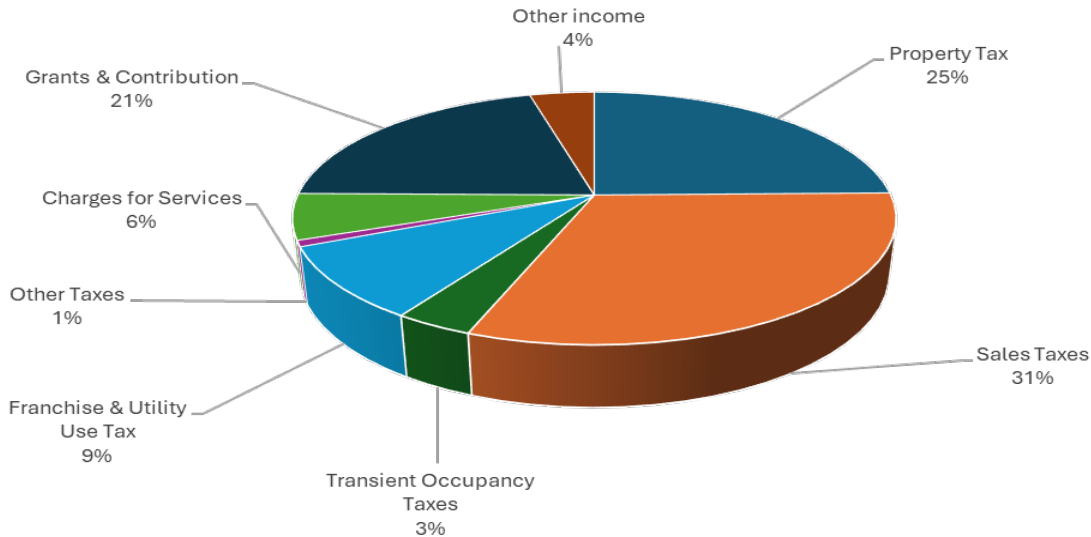
**Governmental Activities Revenue:**

Governmental activities' services were financed as follows:

- Tax revenues totaling \$10,116,000 were collected from property owners, retail sales, utility use, and hotel occupancy; and
- Tax revenue is the primary funding source for governmental activities, with sales taxes comprising approximately 31% of governmental activities revenue and transient occupancy taxes making up 3%. These sources are considered more sensitive to short-term economic changes than property taxes, which account for 25% of total revenue, franchise fees and utility taxes, which make up 9% of total revenue; and
- Those who directly benefited from the programs paid charges for services amounting to \$856,000; and
- Grants and contributions, charges for services, and other income account for the remaining 34% of governmental activities' revenue; and
- Other governments and organizations subsidized certain programs with operating grants of \$752,000 and capital grants of \$2,265,000; and
- Interest earnings, miscellaneous revenues, and transfers from other funds totaled \$791,000, as reflected in the following chart:

A graphical representation of the relative weights of governmental activities revenues follow

**Governmental Activities Revenue by Source  
Fiscal Year 2023-24**



Total FY 2023-24 governmental activities' revenues of \$14,591,000 are reported within two categories: Program revenues \$3,873,000, (26%); and general revenues \$10,718,000, (74%). Total governmental activities revenues decreased by \$501,000, or 3%, over the prior year: General revenues, primarily taxes, decreased by \$94,000; and program revenues decreased by \$407,000.

**Tax revenues:** The tax revenue category experienced slight increase overall, with a 0.59% over prior year of \$59,000.

**Property taxes** of \$3,608,000 reflect an increase of \$139,000, or 4.0%, compared to the prior year. The California constitution limits the baseline growth in assessed values used to calculate property taxes to 2%. However, assessed values can increase upon transfers of ownership and under specific conditions such as property tax reassessment catch-up, which typically cause the increase to range beyond constitution limits from 2% to 4%.

**CITY OF SEBASTOPOL**  
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**Sales taxes** of \$4,521,000 reflect a decrease of \$88,000, or 1.9%, compared to the prior year. This year-over-year change is attributed to lowered customer demand, primarily due to the Federal Reserve raising interest rates to curb inflationary pressures. These higher interest rates have, in turn, impacted consumer spending, leading to a reduction in sales tax revenue.

**Transient Occupancy Taxes** of \$519,000 reflects a decrease of \$25,000, or 4.6%, compared to the prior year. The reduction in TOT revenue which have impacted consumer spending and travel behavior goes hand in hand with the decrease in sales tax revenue, as both are influenced by the same economic factors.

**Other taxes** of \$1,353,000 increased by \$33,000, or 2.5%, over the prior year; and include user taxes on telecommunications bills and franchise fees. Revenue changes reflect normal growth in customer demand for services.

**Program revenues** overall of \$3,873,000 decreased by \$407,000, or 9.5%, compared to the prior year. This decrease is primarily due to the cessation of Federal economic recovery grant funds. Instead, the City received capital reimbursement for the Bodega Ave capital project, which resulted in a net reduction in program revenue.

**Governmental Activities Expenses:**

Table A-3 presents expenses for each of the City's functional areas, as well as the changes compared to the prior year:

**Table A-3**  
**Cost of City Sebastopol's Governmental Activities**  
**(in rounded nearest one thousand dollars)**

	Expenses by Function		Percentage Change
	2024	2023	2023-2024
General Government	3,216,000	2,702,000	19.02%
Public Safety	6,374,000	5,109,000	24.76%
Parks and recreation	1,164,000	1,011,000	15.13%
Public Works	1,543,000	929,000	66.09%
Interest on Long term Debt	33,000	30,000	10.00%
<b>Total</b>	<b>12,330,000</b>	<b>9,781,000</b>	<b>26.06%</b>

The changes in functional areas' shares of total expenses are primarily due to a significant increase in public works and public safety expenses, which are driven by higher salaries and wages due to routine merit increases, one time payout, and cost of living adjustments. Additionally, the general government experienced an increase primarily due to higher litigation expenses. Pension expense for a given fiscal year is based based upon changes in actuarial estimates of the net pension liability and related deferred inflows and outflows of economic resources that will be recognized in future periods. (See the financial statement note 11 for more information about the measurement and recognition of pension liabilities and expenses.)

**CITY OF SEBASTOPOL**  
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**Business-Type Activities:**

The City's business-type activity is comprised of transactions that occur in the water and wastewater enterprise funds.

Net position of the water enterprise fund was \$3,472,000 and the net position of the wastewater fund was \$882,000, for a combined net position of \$4,354,000 for all business-type activity at June 30, 2024. The enterprise funds report net position in two components – Investment in capital assets is reported at \$3,500,000 and \$2,322,000 for the water and wastewater funds, respectively.

For FY23-24 the net position of business-type activities decreased by (\$1,860,000). The water fund's net position decreased by (\$488,000); and the wastewater fund's net position decreased by (\$1,372,000). The change in net position represents 29.9% of the combined funds' beginning net position.

Revenue shortfalls and increase in expenses are the primary cause of the decreases in net position and are attributed to the delay in implementing water rate increases, as well as rising subregional costs and personnel services. The City is currently engaged in a utility rate study to address these issues and is in the process of wrapping up its water rate increase study.

Investment in capital assets is the largest category of the business-type activities' net position, with \$5,821,000 and 133.7% of total net position. Unrestricted net position, total net position less net position invested in capital assets is (\$1,467,000) and (33.7%) of the total.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

**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 short-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party or the City itself.

The City's governmental funds include the general fund, general capital projects fund, and all non-major funds which are reported in the aggregate in the financial statements. Detail for the individual non-major funds' information is provided in the supplementary information section of this report.

At June 30, 2024, the City's governmental funds reported total fund balances of \$13,199,000 an decrease of \$784,000 in comparison with the prior year. The total fund balance is reported within these categories:

- \$1,305,000 is "non-spendable" because the financial resources have been used to prepay expenditure and advances to wastewater fund.
- \$4,454,000 is "restricted," and is only available to spend as specified by external funding sources.
- \$417,000 is "committed," and is considered available only for particular purposes already approved by the City Council. Only the City Council can change the purposes for which fund balance was committed, by taking action similar to what is needed to approve budgets.
- \$2,704,000 is "assigned" for a particular future use.
- \$4,319,000 is "unassigned," and as such is considered available to finance future years' budgetary needs at the discretion of the City Council.

**CITY OF SEBASTOPOL**  
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The June 30, 2024 total governmental funds balance is comprised of the general fund's fund balance \$11,666,000, transportation grants special revenue fund's fund balance of (\$369,000), general capital project fund's fund balance of (\$51,000), and the non-major funds' combined fund balances of \$1,953,000.

**General Fund:**

The general fund is the chief operating fund of the City. During FY 23-24, the general fund balance decreased by \$305,000; and is \$11,666,000 as of June 30, 2024. Fund balance is distributed in the following categories:

- \$1,305,000 is “non-spendable” because the financial resources have been used to prepay expenditure and advances to wastewater fund.
- \$2,861,000 is restricted for uses specified by external funding sources or law.
- \$2,704,000 is “assigned” for these stated uses:
  - \$860,000 for buildings and infrastructure;
  - \$643,000 for equipment, technology and vehicle replacement; and,
  - \$1,200,000 for pension and post-employment medical benefits.
- \$4,796,000 is “unassigned,” and as such is considered available to finance future years’ budgetary needs at the discretion of the City Council.

As a measure of the City Council’s general fund budgetary discretion, it may be useful to calculate unassigned fund balance as a percentage of annual expenditures: Unassigned general fund balance of \$4,796,000 at June 30, 2024 represents 42% of FY 23-24 general fund expenditures of \$11,463,000.

The general fund's total fund balance decreased \$305,000 during FY 2023-24. The change in attributed to energy efficiency capital project spending.

FY 23-24 general fund expenditures of \$11,463,000 reflect an increase of \$113,000, or 1%, over the prior year’s expenditures. The overall expenditure increase is modest, with significant variations in spending across different categories. Public safety expenditures have seen a substantial rise, while capital purchases have not experienced much growth. This uneven distribution of spending explains why the overall increase is small in percentage terms.

**General Fund Budgetary Highlights**

This section has always been a source of both interest and complexity for the public. While this section highlights the general fund budgetary aspects, this detailed write-up is referencing pages 78-80. Additionally, it is standard practice to define the general fund more broadly in audits (including additional funds) than in the budget, resulting in the financial statements not providing a direct reconciliation between this document and the budget document.

The original budget for the FY23-24 general fund projected a decrease in fund balance of (\$1,361,000). During the year, this budget was amended to anticipate a further decrease in fund balance of (\$2,318,000). ***For more details, please refer to the net change in fund balances on page 80.***

The budgetary financing sources for the FY23-24 general fund, as anticipated during the Council's approval of both the original and final budgets, remain unchanged (***see total financing sources (uses) on page 80***). However, the appropriations for expenditures in the original FY23-24 general fund budget were increased by \$200,000, resulting in a final total of \$957,000 as amended (***see total expenditures on page 79***). This additional appropriation was allocated to fund the garbage franchise request for proposal process.

**Other financing sources (uses)** reported in the general fund budgetary comparison schedule include the transfers in, and transfers out. The FY 23-24 budgeted amounts for these accounts were not amended.

**CITY OF SEBASTOPOL**  
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The FY 23-24 general fund's actual change in fund balance exceeded the final budget estimate \$2,013,000. Revenues exceeded final estimates by \$972,000; expenditures were \$1,388,000 less than the final budget's appropriations; and other financial sources (uses) report an unfavorable variance of \$347,000 attributed to transferring residual of prior year donation balance to a separate fund and closing out payment of energy project. Favorable revenue is due to a combination of tax collections, investment earnings, and final reimbursement for energy project grant were the primary reasons the overall revenue variance was positive. Salary savings within the public safety function were a primary contributor to favorable expenditures variances.

**A budgetary comparison schedule within the required supplementary information section of this report provides more detail on the original budget, final budget and actual results.** The information includes a comparison between the final budget and actual results for each significant general fund revenue account and for each general fund functional area and operating department.

**Transportation Grants Special Revenue Fund:**

The transportation grants special revenue fund reports June 30, 2024 fund balance of (\$369,000). The negative balance is caused by current year expenditures that will be reimbursed from the following year's resources outside of the 60 day time period for revenue recognition.

**General Capital Project Fund:**

The general capital projects fund reports June 30, 2024 fund balance of (\$45,000), a decrease of \$6,000 for FY 23-24. The negative balance is caused by timing of reimbursement outside of the 60 day time period for revenue recognition.

**Non-major Governmental Funds:**

Non-major governmental funds, in the aggregate reported June 30, 2024 fund balances of \$1,953,000. Aggregated information of the non-major funds is displayed in the financial statements that also include the major governmental funds. *The individual fund information for non-major governmental funds is reported in the combining statements that are found in the supplemental information section of this report.*

Overall, non-major funds' aggregated fund balances decreased by (\$66,000) during FY 23-24. The decrease is attributed to the appropriate use of financial resources accumulated in prior years to fulfill the purposes for which those accumulated resources were intended.

**Proprietary Funds – Water and Sewer Enterprise Funds:**

Proprietary fund-type activity is comprised of the water and wastewater enterprise funds, and one internal service fund used to allocate insurance costs. The combined net position at of enterprise funds at June 30, 2024 is \$4,354,000; with \$5,821,000 representing the net investment in capital assets and (\$1,467,000) reported as unrestricted net position.

The changes in these enterprise funds' activities are described in the business-type activities' section of this management discussion and analysis.

**Internal Service Fund:**

The city also reports the insurance and benefits internal service fund within the proprietary category. The fund takes in revenues in the form of charges paid to other funds of the City and spends those revenues to deliver insurance and other benefits. Ending fund balance was \$1,000 at June 30, 2024.

**CITY OF SEBASTOPOL**  
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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2024 the City had invested \$25,077,000, (net of accumulated depreciation), in a broad range of capital assets, including equipment, vehicles, streets, buildings, park facilities, and water and wastewater systems. This amount represents a net increase of \$3,838,000 for FY 23-24.

Governmental activities capital assets, net of accumulated depreciation increased by \$2,822,000 during FY 23-24, due to additions in depreciable assets, \$867,000; an increase in construction in progress, \$2,876,000; and depreciation charges, (\$921,000). The asset activity primarily consisted of routine vehicle and equipment replacement and construction in progress related to energy conservation assets, and normal depreciation.

Business-type activities capital assets, net of accumulated depreciation, increased by \$1,016,000 during FY 23-24, due to additions in depreciable assets, \$1,179,000; an increase in construction in progress, \$541,000; less depreciation charges, (\$704,000). The capital asset activity was related to normal replacement projects for the water and wastewater systems, and normal depreciation.

**Table A-4 provides a recap of capital asset activity.**

**See the notes to the financial statements for detail on the changes of capital assets, (Note 6 – A).**

**Table A-4**  
**City of Sebastopol's Capital Assets**  
**(in millions of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and CIP	7.71	4.84	3.95	3.41	11.66	8.25
Buildings & structures	8.05	7.95			8.05	7.95
Machinery and equipment	2.88	2.83	0.24	0.24	3.12	3.07
Reservoirs			4.29	4.29	4.29	4.29
Pipelines & water system			4.83	4.24	4.83	4.24
Pipelines & wastewater system			8.97	8.37	8.97	8.37
Vehicles	3.13	2.75	1.02	1.02	4.15	3.77
Infrastructure	9.49	9.16	-		9.49	9.16
Accumulated depreciation	(16.42)	(15.50)	(13.08)	(12.37)	(29.50)	(27.87)
<b>Total</b>	<b>14.84</b>	<b>12.03</b>	<b>10.22</b>	<b>9.20</b>	<b>25.06</b>	<b>21.23</b>

**CITY OF SEBASTOPOL**  
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**Changes in Long-term Liabilities – Debt:**

For the year reported, general activities' long-term debt obligations decreased by \$1,187,000, and total \$1,364,000 as of June 30, 2024. Significant transactions included \$397,000 reductions in long-term obligations due to scheduled payments. Detailed information for long-term debt obligations is provided in note 7.A.

For FY 23-24 business-type long term debt obligations decreased by \$415,000, and total \$4,401,000 as of June 30, 2024. Significant transactions consist of normal reductions in debt obligation principal due to scheduled payments, \$415,000.

Detailed information about the City's long-term obligations can be found in the "Notes to the Basic Financial Statements" under section 7.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES:**

The City continues to adopt conservative budgets to safeguard financial stability and remain adaptable to changing needs as revenues fluctuate. Regular reviews of revenues and expenditures are conducted to monitor the City's fiscal health and ensure the protection of its financial resources. One promising source of sustainable revenue is an additional sales tax. On July 16, 2024, the City Council adopted a resolution to place a ½ cent sales tax on the November 5, 2024, Municipal Election ballot. This tax is expected to generate about \$1.5 million annually. Additionally, people from outside the town who shop here will also contribute to this tax, so the burden is not solely on our residents.

For the 2025 fiscal year, (starts July 1, 2024 and ends June 30, 2025) the following budgetary highlights are noted:

- The projected General Fund revenues for FY 24-25 are \$14,304,000, which is an increase of \$968,000 from the prior year adjusted budget. There is \$714,000 less in funds transferred from the Water and Sewer funds for administrative costs due to a new allocation method determined in early 2024. The budget includes \$15,002,000 in General Fund expenses, a decrease of \$212,000 from the previous year. This level of spending necessitates service reductions, continuing the trend of cuts from prior years. Overall, the budget reflects a deficit of \$698,000, which is less than half of the \$1,700,000 deficit from the previous year. While closing such a substantial gap in one year is challenging, this budget shows progress.
- The City's water and wastewater systems are in poor condition, requiring over \$9 million in additional revenue over the next three years to cover operating deficits, essential capital projects, and build reserves. The City Council approved substantial rate increases to generate about \$2.5 million in the first year. A new Cost Allocation Plan reduced General Fund charges by \$714,000 annually. These measures aim to improve the systems' reliability and financial health, while avoiding future steep rate increases through better tracking, master plans, frequent maintenance, and regular Cost Allocation Plans.

The City of Sebastopol invites interested readers to review the detailed operating budget by visiting the website: <https://www.cityofsebastopol.gov/wp-content/uploads/2022/11/FY24-25-Adopted-Budget-for-Viewing.pdf>

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Administrative Services Director at the City of Sebastopol, 7120 Bodega Avenue, Sebastopol, CA 95472, (707) 823-7863, [akwong@cityofsebastopol.gov](mailto:akwong@cityofsebastopol.gov).



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# **BASIC FINANCIAL STATEMENTS**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Sebastopol**  
**Statement of Net Position**  
**June 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 9,915,942	\$ 1,019,887	\$ 10,935,829
Restricted cash and investments with fiscal agents	1,861,555	-	1,861,555
Receivables (net of allowances for uncollectible amount):			
Accounts receivable	689,032	713,678	1,402,710
Taxes receivable	1,106,415	-	1,106,415
Interest receivable	51,208	3,596	54,804
Lease receivable	36,538	-	36,538
Prepaid items	205,154	288,480	493,634
<b>Total current assets</b>	<b>13,865,844</b>	<b>2,025,641</b>	<b>15,891,485</b>
Noncurrent assets:			
Notes receivable	181,542	-	181,542
Leases receivable	229,919	-	229,919
Internal balances	1,100,000	(1,100,000)	-
Capital assets:			
Non-depreciable	7,715,206	3,949,442	11,664,648
Depreciable, net	7,139,421	6,273,023	13,412,444
<b>Total capital assets</b>	<b>14,854,627</b>	<b>10,222,465</b>	<b>25,077,092</b>
<b>Total noncurrent assets</b>	<b>16,366,088</b>	<b>9,122,465</b>	<b>25,488,553</b>
<b>Total assets</b>	<b>30,231,932</b>	<b>11,148,106</b>	<b>41,380,038</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	5,086,256	1,122,689	6,208,945
Deferred outflows of resources - OPEB	216,812	-	216,812
<b>Total deferred outflows of resources</b>	<b>5,303,068</b>	<b>1,122,689</b>	<b>6,425,757</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	670,428	263,280	933,708
Accrued interest payable	9,145	5,444	14,589
Accrued liabilities	281,130	-	281,130
Deposits payable	353,973	7,490	361,463
Unearned revenues	9,417	50,165	59,582
Total OPEB liability - due within one year	91,634	-	91,634
Compensated absences - due within one year	750,000	4,000	754,000
Long term debt - due within one year	208,839	419,533	628,372
<b>Total current liabilities</b>	<b>2,374,566</b>	<b>749,912</b>	<b>3,124,478</b>
Noncurrent liabilities:			
Compensated absences - due in more than one year	414,940	57,313	472,253
Long term debt - due in more than one year	1,154,771	3,981,529	5,136,300
Total OPEB liability - due in more than one year	1,630,675	-	1,630,675
Net pension liability	13,369,294	2,960,338	16,329,632
<b>Total noncurrent liabilities</b>	<b>16,569,680</b>	<b>6,999,180</b>	<b>23,568,860</b>
<b>Total liabilities</b>	<b>18,944,246</b>	<b>7,749,092</b>	<b>26,693,338</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	507,402	167,520	674,922
Deferred inflows of resources - OPEB	332,428	-	332,428
Deferred inflows of resources - leases	259,651	-	259,651
<b>Total deferred inflows of resources</b>	<b>1,099,481</b>	<b>167,520</b>	<b>1,267,001</b>
<b>NET POSITION</b>			
Net investment in capital assets	13,491,017	5,821,403	19,312,420
Restricted for:			
Flood recovery	999,544	-	999,544
Housing	208,277	-	208,277
Streets	1,090,426	-	1,090,426
Other purposes	293,873	-	293,873
<b>Total restricted</b>	<b>2,592,120</b>	<b>-</b>	<b>2,592,120</b>
Unrestricted	(591,864)	(1,467,220)	(2,059,084)
<b>Total net position</b>	<b>\$ 15,491,273</b>	<b>\$ 4,354,183</b>	<b>\$ 19,845,456</b>

See accompanying Notes to Basic Financial Statements.

**City of Sebastopol**  
**Statement of Activities**  
**For the year ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General government	\$ 3,215,865	\$ 223,487	\$ 325,366	\$ -	\$ 548,853
Public safety	6,374,018	131,130	344,279	-	475,409
Public works	1,542,964	482,328	-	2,265,289	2,747,617
Parks and recreation	1,163,946	18,871	82,771	-	101,642
Interest on long-term debt	33,287	-	-	-	-
Total governmental activities	12,330,080	855,816	752,416	2,265,289	3,873,521
<b>Business-type activities:</b>					
Water services	2,923,488	2,433,539	-	-	2,433,539
Wastewater services	4,269,156	2,870,624	-	-	2,870,624
Total business-type activities	7,192,644	5,304,163	-	-	5,304,163
<b>Total primary government</b>	<b>\$ 19,522,724</b>	<b>\$ 6,159,979</b>	<b>\$ 752,416</b>	<b>\$ 2,265,289</b>	<b>\$ 9,177,684</b>

**General Revenues and Transfers:**

Taxes:

- Property taxes
- Sales taxes
- Transient occupancy taxes
- Utility user taxes
- Franchise taxes
- Other taxes

Total taxes

Investment earnings

Miscellaneous

Transfers

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning of year**

**Net position - end of year**

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Net (Expense) Revenue  
and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
\$ (2,667,012)	\$ -	\$ (2,667,012)
(5,898,609)	-	(5,898,609)
1,204,653	-	1,204,653
(1,062,304)	-	(1,062,304)
(33,287)	-	(33,287)
<u>(8,456,559)</u>	<u>-</u>	<u>(8,456,559)</u>
-	(489,949)	(489,949)
-	(1,398,532)	(1,398,532)
-	(1,888,481)	(1,888,481)
<u>(8,456,559)</u>	<u>(1,888,481)</u>	<u>(10,345,040)</u>
3,608,219	-	3,608,219
4,521,289	-	4,521,289
519,452	-	519,452
863,179	-	863,179
489,591	-	489,591
114,791	-	114,791
<u>10,116,521</u>	<u>-</u>	<u>10,116,521</u>
496,694	98,679	595,373
104,454	-	104,454
69,977	(69,977)	-
<u>10,787,646</u>	<u>28,702</u>	<u>10,816,348</u>
2,331,087	(1,859,779)	471,308
<u>\$ 13,160,186</u>	<u>\$ 6,213,962</u>	<u>\$ 19,374,148</u>
<u>\$ 15,491,273</u>	<u>\$ 4,354,183</u>	<u>\$ 19,845,456</u>

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

*General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Transportation Grants Special Revenue Fund* accounts for the revenues and expenditures of transportation grants awarded to the City.

*General Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities.

**City of Sebastopol**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

	Major Funds				
	General Fund	Transportation Grants Special Revenue Fund	General Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 7,605,510	\$ -	\$ 144,702	\$ 1,871,755	\$ 9,621,967
Restricted cash and investments	1,861,555	-	-	-	1,861,555
Accounts receivable	152,624	369,251	-	167,157	689,032
Taxes receivable	1,027,019	-	-	79,396	1,106,415
Accrued interest receivable	41,486	-	-	9,722	51,208
Notes receivable	-	-	-	181,542	181,542
Leases receivable	266,457	-	-	-	266,457
Due from other funds	489,606	-	-	47,840	537,446
Advances to other funds	1,100,000	-	-	-	1,100,000
Prepaid items	205,154	-	-	-	205,154
<b>Total assets</b>	<b>\$ 12,749,411</b>	<b>\$ 369,251</b>	<b>\$ 144,702</b>	<b>\$ 2,357,412</b>	<b>\$ 15,620,776</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 461,356	\$ -	\$ 195,454	\$ 1,824	\$ 658,634
Due to other funds	-	369,251	-	168,195	537,446
Unearned revenues	1,134	-	-	8,283	9,417
Deposits	353,973	-	-	-	353,973
<b>Total liabilities</b>	<b>816,463</b>	<b>369,251</b>	<b>195,454</b>	<b>178,302</b>	<b>1,559,470</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenues	6,806	369,251	-	226,166	602,223
Deferred inflow of resources - leases	259,651	-	-	-	259,651
<b>Total deferred inflow of resources</b>	<b>266,457</b>	<b>369,251</b>	<b>-</b>	<b>226,166</b>	<b>861,874</b>
<b>Fund Balances:</b>					
Nonspendable:					
Advances to other funds	1,100,000	-	-	-	1,100,000
Prepaid items	205,154	-	-	-	205,154
Restricted:					
Flood recovery	999,544	-	-	-	999,544
Highways and streets	-	-	-	1,090,426	1,090,426
Affordable housing	-	-	-	208,277	208,277
Pension and OPEB	1,861,555	-	-	-	1,861,555
Other	-	-	-	293,873	293,873
Total restricted	2,861,099	-	-	1,592,576	4,453,675
Committed:					
Street projects	-	-	-	417,314	417,314
Assigned:					
Buildings, facilities, and infrastructure	860,451	-	-	-	860,451
Equipment, technology, and vehicles	643,216	-	-	-	643,216
Pension and OPEB	1,200,046	-	-	-	1,200,046
Total assigned	2,703,713	-	-	-	2,703,713
Unassigned	4,796,525	(369,251)	(50,752)	(56,946)	4,319,576
<b>Total fund balances</b>	<b>11,666,491</b>	<b>(369,251)</b>	<b>(50,752)</b>	<b>1,952,944</b>	<b>13,199,432</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,749,411</b>	<b>\$ 369,251</b>	<b>\$ 144,702</b>	<b>\$ 2,357,412</b>	<b>\$ 15,620,776</b>

See accompanying Notes to Basic Financial Statements.

**City of Sebastopol**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2024**

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**Total Fund Balances - Total Governmental Funds** **\$ 13,199,432**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Non-depreciable	\$ 7,715,206
Depreciable, net	7,139,421
Total capital assets	14,854,627

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. 602,223

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. (9,145)

Internal service funds were used by management to charge the costs of certain activities, such as employee benefits, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position. 1,051

In the Government-Wide Financial Statements, employer contributions made for pension and OPEB subsequent to the measurement date, certain differences between actuarial amounts and actual results for pension are deferred and are applied to the net pension and OPEB liabilities or amortized in future periods, however these items do not impact the Governmental Funds Balance Sheet:

Deferred outflows of resources - pension	5,086,256
Deferred outflows of resources - OPEB	216,812
Deferred inflows of resources - pension	(507,402)
Deferred inflows of resources - OPEB	(332,428)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Compensated absences - due within one year	(750,000)
Long term debt - due within one year	(208,839)
Compensated absences - due in more than one year	(414,940)
Long term debt - due in more than one year	(1,154,771)
Total OPEB liability - due within one year	(91,634)
Total OPEB liability - due in more than one year	(1,630,675)
Net pension liability	(13,369,294)
Total long-term liabilities	(17,620,153)

**Net Position of Governmental Activities** **\$ 15,491,273**

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**City of Sebastopol**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2024**

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Transportation	General Capital		
		Grants Special Revenue Fund	Project Fund		
<b>REVENUES:</b>					
Property taxes	\$ 3,480,412	\$ -	\$ -	\$ 127,807	\$ 3,608,219
Sales and use taxes	4,626,788	-	-	192,383	4,819,171
Transient occupancy tax	519,452	-	-	-	519,452
Utility users tax	863,179	-	-	-	863,179
Franchise fees	489,591	-	-	-	489,591
Licenses and permits	515,073	-	-	7,300	522,373
Fines and forfeitures	34,665	-	-	-	34,665
Intergovernmental	498,947	1,276,452	-	828,867	2,604,266
Interest and rents	468,631	-	-	79,257	547,888
Charges for services	191,209	-	-	66,462	257,671
Miscellaneous	101,715	-	-	750	102,465
<b>Total revenues</b>	<b>11,789,662</b>	<b>1,276,452</b>	<b>-</b>	<b>1,302,826</b>	<b>14,368,940</b>
<b>EXPENDITURES:</b>					
Current:					
General government	2,838,961	-	-	133,726	2,972,687
Public safety	5,987,388	-	-	-	5,987,388
Parks and recreation	978,798	-	-	618	979,416
Public works	807,848	894	-	296,036	1,104,778
Capital outlay	549,126	-	3,199,335	-	3,748,461
Debt service:					
Principal	267,938	-	-	129,328	397,266
Interest	32,468	-	-	817	33,285
<b>Total expenditures</b>	<b>11,462,527</b>	<b>894</b>	<b>3,199,335</b>	<b>560,525</b>	<b>15,223,281</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>327,135</b>	<b>1,275,558</b>	<b>(3,199,335)</b>	<b>742,301</b>	<b>(854,341)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	328,982	-	3,154,270	62,048	3,545,300
Transfers out	(960,764)	(1,644,809)	-	(869,750)	(3,475,323)
<b>Total other financing sources (uses)</b>	<b>(631,782)</b>	<b>(1,644,809)</b>	<b>3,154,270</b>	<b>(807,702)</b>	<b>69,977</b>
<b>Net change in fund balances</b>	<b>(304,647)</b>	<b>(369,251)</b>	<b>(45,065)</b>	<b>(65,401)</b>	<b>(784,364)</b>
<b>FUND BALANCES:</b>					
Beginning of year	11,971,138	-	(5,687)	2,018,345	13,983,796
End of year	\$ 11,666,491	\$ (369,251)	\$ (50,752)	\$ 1,952,944	\$ 13,199,432

See accompanying Notes to Basic Financial Statements.

# City of Sebastopol

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2024

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (784,364)</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	3,743,590
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(921,046)
Employer contributions for pension paid after the measurement date were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.	1,344,476
Employer contributions for OPEB paid after the measurement date were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.	91,634
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	369,337
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position.	
- Principal repayments on long-term liabilities	397,266
Accruals of compensated absences are not recognized as expenditures in the governmental funds, as they do not require the use of current financial resources. Instead, governmental funds report the usage of accumulated compensated absences as expenditures. This amount represents the change in compensated absence leave balances during the year.	(130,438)
Revenues that are not considered to be available are reported as unavailable revenues in the governmental funds, however, these amounts are recognized in the Government-Wide Statement of Activities. This amount represents the change in unavailable revenues.	222,247
Pension (expense) income is recorded as incurred in the Government-Wide Statement of Activities, however pension expense does not required the use of current financial resources, and is not recognized in the governmental funds.	(2,001,615)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,331,087</b>

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## PROPRIETARY FUND FINANCIAL STATEMENTS

*Water Service Fund* accounts for the activities associated with providing water services.

*Wastewater Fund* accounts for the wastewater treatment plant and wastewater pumping stations and collection systems.

**City of Sebastopol**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2024**

	Enterprise Funds			Insurance and Benefits Internal Service Fund
	Water	Wastewater	Total	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 718,743	\$ 301,144	\$ 1,019,887	\$ 293,975
Accounts receivable	306,730	406,948	713,678	-
Interest receivable	3,596	-	3,596	-
Prepays	168,592	119,888	288,480	-
<b>Total current assets</b>	<b>1,197,661</b>	<b>827,980</b>	<b>2,025,641</b>	<b>293,975</b>
Noncurrent assets:				
Capital assets:				
Non-depreciable	2,329,449	1,619,993	3,949,442	-
Depreciable, net	4,095,829	2,177,194	6,273,023	-
<b>Total capital assets</b>	<b>6,425,278</b>	<b>3,797,187</b>	<b>10,222,465</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>6,425,278</b>	<b>3,797,187</b>	<b>10,222,465</b>	<b>-</b>
<b>Total assets</b>	<b>7,622,939</b>	<b>4,625,167</b>	<b>12,248,106</b>	<b>293,975</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - pension	575,738	546,951	1,122,689	-
<b>Total deferred outflows of resources</b>	<b>575,738</b>	<b>546,951</b>	<b>1,122,689</b>	<b>-</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	161,942	101,338	263,280	292,924
Accrued interest payable	2,879	2,565	5,444	-
Deposits payable	7,490	-	7,490	-
Unearned revenues	165	50,000	50,165	-
Compensated absences, due within one year	2,000	2,000	4,000	-
Long term debt, due within one year	267,853	151,680	419,533	-
<b>Total current liabilities</b>	<b>442,329</b>	<b>307,583</b>	<b>749,912</b>	<b>292,924</b>
Noncurrent liabilities:				
Compensated absences, due in more than one year	22,525	34,788	57,313	-
Advances from other funds	-	1,100,000	1,100,000	-
Long term debt, due in more than one year	2,657,744	1,323,785	3,981,529	-
Net pension liability	1,518,122	1,442,216	2,960,338	-
<b>Total noncurrent liabilities</b>	<b>4,198,391</b>	<b>3,900,789</b>	<b>8,099,180</b>	<b>-</b>
<b>Total liabilities</b>	<b>4,640,720</b>	<b>4,208,372</b>	<b>8,849,092</b>	<b>292,924</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	85,908	81,612	167,520	-
<b>Total deferred inflows of resources</b>	<b>85,908</b>	<b>81,612</b>	<b>167,520</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	3,499,681	2,321,722	5,821,403	-
Unrestricted	(27,632)	(1,439,588)	(1,467,220)	1,051
<b>Total net position</b>	<b>\$ 3,472,049</b>	<b>\$ 882,134</b>	<b>\$ 4,354,183</b>	<b>\$ 1,051</b>

See accompanying Notes to Basic Financial Statements.

**City of Sebastopol**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2024**

	Enterprise Funds			Insurance and Benefits Internal Service Fund
	Water	Wastewater	Total	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,277,631	\$ 2,838,072	\$ 5,115,703	\$ 1,363,065
Other revenues	155,908	32,552	188,460	-
<b>Total operating revenues</b>	<b>2,433,539</b>	<b>2,870,624</b>	<b>5,304,163</b>	<b>1,363,065</b>
<b>OPERATING EXPENSES:</b>				
Personnel services	559,642	494,737	1,054,379	-
Interfund charges for services	1,261,494	1,041,462	2,302,956	-
Contractual and other services	370,869	125,103	495,972	-
Intergovernmental treatment costs	-	1,952,842	1,952,842	-
Utilities	203,566	63,567	267,133	-
Supplies	135,827	29,942	165,769	-
Insurance, claims, and expenses	90,730	68,625	159,355	1,363,065
Depreciation	244,761	459,696	704,457	-
<b>Total operating expenses</b>	<b>2,866,889</b>	<b>4,235,974</b>	<b>7,102,863</b>	<b>1,363,065</b>
<b>OPERATING INCOME</b>	<b>(433,350)</b>	<b>(1,365,350)</b>	<b>(1,798,700)</b>	<b>-</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest expense	(56,599)	(33,182)	(89,781)	-
Interest and investment revenue	66,060	32,619	98,679	-
<b>Total nonoperating revenues (expenses)</b>	<b>9,461</b>	<b>(563)</b>	<b>8,898</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(423,889)</b>	<b>(1,365,913)</b>	<b>(1,789,802)</b>	<b>-</b>
Transfers out	(64,540)	(5,437)	(69,977)	-
<b>Total transfers</b>	<b>(64,540)</b>	<b>(5,437)</b>	<b>(69,977)</b>	<b>-</b>
Change in net position	(488,429)	(1,371,350)	(1,859,779)	-
<b>NET POSITION</b>				
Beginning of year	\$ 3,960,478	\$ 2,253,484	\$ 6,213,962	\$ 1,051
End of year	\$ 3,472,049	\$ 882,134	\$ 4,354,183	\$ 1,051

**City of Sebastopol**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2024**

	Enterprise Funds			Insurance and Benefit Internal Service Fund
	Water	Wastewater	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 2,438,479	\$ 3,005,578	\$ 5,444,057	\$ -
Cash payments from other funds	-	-	-	1,363,530
Cash received from others	155,908	32,552	188,460	-
Cash payments to suppliers for goods and services	(795,015)	(2,285,516)	(3,080,531)	(782,189)
Cash payments to other funds for services	(1,261,494)	(1,041,462)	(2,302,956)	-
Cash paid to employees	(479,209)	(416,816)	(896,025)	-
<b>Net cash (used in) operating activities</b>	<b>58,669</b>	<b>(705,664)</b>	<b>(646,995)</b>	<b>581,341</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Loans from other funds	-	1,100,000	1,100,000	-
Loans repaid to other funds	-	-	-	(287,366)
Transfers out	(64,540)	(5,437)	(69,977)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(64,540)</b>	<b>1,094,563</b>	<b>1,030,023</b>	<b>(287,366)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(930,406)	(789,706)	(1,720,112)	-
Long-term debt repayment	(261,527)	(153,304)	(414,831)	-
Interest paid and fiscal charges	(56,599)	(33,182)	(89,781)	-
<b>Net cash (used in) capital and related financing activities</b>	<b>(1,248,532)</b>	<b>(976,192)</b>	<b>(2,224,724)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income received	68,159	35,188	103,347	-
Theft of investment funds	-	-	-	-
<b>Net cash provided by investing activities</b>	<b>68,159</b>	<b>35,188</b>	<b>103,347</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,186,244)</b>	<b>(552,105)</b>	<b>(1,738,349)</b>	<b>293,975</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>1,904,987</b>	<b>853,249</b>	<b>2,758,236</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 718,743</b>	<b>\$ 301,144</b>	<b>\$ 1,019,887</b>	<b>\$ 293,975</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income	\$ (433,350)	\$ (1,365,350)	\$ (1,798,700)	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	244,761	459,696	704,457	-
Changes in assets and liabilities:				
Accounts receivable	161,848	167,506	329,354	465
Prepays	-	-	-	549,491
Deferred outflows - pension	16,361	15,543	31,904	-
Accounts payable	5,977	(45,437)	(39,460)	31,385
Deposits payable	(1,000)	-	(1,000)	-
Compensated absences	2,746	4,119	6,865	-
Net pension liability	86,752	82,415	169,167	-
Deferred inflows - pension	(25,426)	(24,156)	(49,582)	-
<b>Total adjustments</b>	<b>492,019</b>	<b>659,686</b>	<b>1,151,705</b>	<b>581,341</b>
<b>Net cash provided by operating activities</b>	<b>\$ 58,669</b>	<b>\$ (705,664)</b>	<b>\$ (646,995)</b>	<b>\$ 581,341</b>

See accompanying Notes to Basic Financial Statements.

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# NOTES TO BASIC FINANCIAL STATEMENTS

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# City of Sebastopol

## Notes to Basic Financial Statements

### For the year ended June 30, 2024

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Sebastopol, California, (City) have been prepared in conformity with Generally Accepted Accounting Principles (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 City of Sebastopol is a municipal corporation governed by an elected five member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The City of Sebastopol has no component units.

##### *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 with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

##### **Government-Wide Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

# City of Sebastopol

## Notes to Basic Financial Statements

### For the year ended June 30, 2024

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

##### C. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund Financial Statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The City reports the following major governmental funds:

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government.

The Transportation Grants Special Revenue Fund accounts for the revenues and expenditures of transportation grant funds that are restricted to be used for transportation projects.

The General Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The City reports the following proprietary funds as major:

The Water Fund accounts for the operations of the City's water treatment and distribution system.

The Wastewater Fund accounts for the operations of the City's wastewater treatment and distribution system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and wastewater function and other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers for services, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.



**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Cash, Cash Equivalents, and Investments**

The City is authorized to invest in the State of California Local Agency Investment Fund, the Sonoma County Treasurer's Pool, U.S. Treasury bonds, bills, and notes, obligations issued by US Government agencies, bankers acceptances, repurchase agreements, certain money market and mutual funds, time deposits and savings and demand accounts. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Fair Value Measurements - The City categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, and level 3 inputs are significant unobservable inputs. The City has no significant separately held investments and its funds are invested primarily in the Sonoma County Treasurer's Investment Pool.

For the purpose of the statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

**E. Receivables and Payables**

All trade and property tax receivables are not shown net of an allowance for uncollectable.

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of fair value, be levied by only the County, and be shared by applicable jurisdictions. The County of Sonoma collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter -approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The City receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan". Under the plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the City. The City recognizes property tax revenues in the fiscal year in which they are due to the City.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**F. *Interfund Balances/Internal Balances***

Advances to and advances from other funds represent interfund loans in the fund financial statements. Advances between funds are offset by a non-spendable fund balance classification in the applicable governmental funds to indicate that they are not available financial resources.

All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as “internal balances.”

**G. *Inventories and Prepaid Items***

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when used or consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the consumption method of accounting for prepaid items.

**H. *Leases - Lessor***

The City is a lessor for a noncancellable lease of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**I. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental-type or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$ 1,000 (\$50,000 for infrastructure type assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at acquisition value at the date of donation. Under the GASB 34 Implementation Rules, the City is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 2003 at the date these new financial reporting standards were implemented; and the City has not recorded such assets. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided on a straight-line basis over the following useful lives:

	<u>Years</u>
Public domain infrastructure	50
Buildings and structures	40
System infrastructure	15-40
Vehicles and equipment	5-15

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**K. *Compensated Absences***

It is the government policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for a portion of unpaid accumulated sick leave since the City does have a policy to pay certain amounts when employees separate from service with the City. All vacation pay and applicable sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund has typically been used to liquidate the liability for compensated absences.

**L. *Unearned Revenue***

In the Government-Wide Financial Statements, unearned revenue is recorded for transactions for which revenues have not been earned. In the Fund Financial Statements, unearned revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting.

**M. *Long-Term Liabilities***

In the Government-Wide Financial Statements and Proprietary Fund Financial Statements, long-term debt and other financed obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the Fund Financial Statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

**N. *Net Position and Fund Equity***

**Government-Wide Financial Statements**

In the Government-Wide Financial Statements, net position is classified in the following categories:

*Net Investment in Capital Assets* - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

*Restricted Net Position* - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted Net Position* - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**N. Net Position and Fund Equity, Continued**

**Fund Financial Statements**

In the Fund Financial Statements, the following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - This includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to remain intact.

Restricted fund balance - This includes amounts with constraints placed on their use by those external to the City, including creditors, grantors, contributors or laws and regulations of other governments. It also includes constraints imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - This includes amounts that can only be used for specific purposes determined by formal action of the City Council and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance - This includes amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making or by a body or an official designated for that purpose.

Unassigned fund balance - This is the residual classification that includes amounts not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds other than the General Fund, if expenditures are incurred for specific purposes exceed the amounts that are restricted, committed, or assigned for those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by action, which includes passage of a resolution adopting the budget and appropriating revenue for the fiscal year.

**O. Net Position and Fund Equity Flow Assumptions**

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City's policy is to apply restricted funds first. Committed, assigned, and unassigned fund balances are considered unrestricted. When an expenditure is incurred, if committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**P. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

**Q. Pension**

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

**R. Other Post Employment Health Care Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

**S. New Accounting Pronouncements**

In 2024, the City adopted the new accounting standards to conform to the following Governmental Accounting Standards Board Statements:

*GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62.* This main purpose of this Statement is to strengthen accounting and financial reporting standards with respect to accounting changes and corrections of errors. The statement provides detailed descriptions (1) changes in accounting principles; (2) changes in accounting estimates; (3) changes in reporting entity. Those changes need to disclose the nature and reasons in the financial statements to ensure the better transparency and consistency in financial reporting.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**2. CASH AND INVESTMENTS**

Cash and investments are reported in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position		
	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 9,915,942	\$ 1,019,887	\$ 10,935,829
Restricted cash and investments	1,861,555	-	1,861,555
<b>Total cash and investments</b>	<b>\$ 11,777,497</b>	<b>\$ 1,019,887</b>	<b>\$ 12,797,384</b>

**A. Summary of Cash and Investments**

Cash and investments as of June 30, 2024 consist of the following:

Deposits:	
Cash on hand	\$ 500
Deposits with financial institution	1,459,726
Total cash on hand and deposits	<u>1,460,226</u>
Investments	
County of Sonoma investment pool	67,956
Local Agency Investment Pool (LAIF)	1,767,961
Certificates of deposit	3,901,439
Money market	1,054,464
U.S. Treasury securities	1,435,119
U.S. government bonds	1,248,664
Total investments	<u>9,475,603</u>
<b>Total City Treasury</b>	<u>10,935,829</u>
Restricted cash and investments:	
Section 115 trust for pension	1,861,555
Total restricted cash and investments	<u>1,861,555</u>
<b>Total cash and investments</b>	<u>\$ 12,797,384</u>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**2. CASH AND INVESTMENTS, Continued**

***B. Cash Deposits***

At June 30, 2024, the carrying amount of the City's cash and cash equivalents were comprised of the general checking account, which had a book balance of \$1,459,726 and petty cash of \$500. The bank balance in the City's general checking was \$1,882,199, fully insured and collateralized with securities held by the pledging financial institutions in the City's name as discussed below. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

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 fair 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's cash deposit was fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

***C. Investments***

The City is authorized by State statutes to invest in the following:

- \* U.S. Treasury and U.S. Agency Issues
- \* Certificates of Deposit
- \* California Local Agency Investment Fund (LAIF)
- \* Government Bonds and Notes
- \* Passbook Savings
- \* Bankers Acceptances
- \* Commercial Paper (Corporations)
- \* Medium-Term Corporate Notes
- \* Repurchase Agreements
- \* Mutual Funds

***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, an investment with a longer maturity date has a greater sensitivity of its fair value to be subject to changes in market interest rates. In accordance with the City's investment policy, exposure to interest rate risk is mitigated by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.



**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**2. CASH AND INVESTMENTS, Continued**

*D. Risk Disclosures, Continued*

Cash and investments, including cash with fiscal agents, held in the City by maturity date at June 30, 2024 are shown below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less than 1 year</u>	<u>More than 1 year less than 5 years</u>
Investments:			
County of Sonoma investment pool	\$ 67,956	\$ 67,956	\$ -
Local Agency Investment Pool (LAIF)	1,767,961	1,767,961	-
Certificates of deposit	3,901,439	1,213,894	2,687,545
Money market	1,054,464	1,054,464	-
U.S. Treasury securities	1,435,119	1,223,676	211,443
U.S. government bonds	1,248,664	-	1,248,664
<b>Total</b>	<b>\$ 9,475,603</b>	<b>\$ 5,327,951</b>	<b>\$ 4,147,652</b>

*Credit Risk:* Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the June 30, 2024 rating which meets the minimum rating required by (where applicable) the California Government Code, the City's Investment Policy, or debt agreements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Aaa</u>
Investments:		
U.S. Treasury securities	\$ 1,435,119	\$ 1,435,119
U.S. government bonds	1,248,664	1,248,664
Total Investment subject to ratings	2,683,783	<u>\$ 2,683,783</u>
Assets not subject to credit ratings:		
County of Sonoma investment pool	67,956	
Local Agency Investment Pool (LAIF)	1,767,961	
Certificates of deposit	3,901,439	
Money market	1,054,464	
Total investments	<u>\$ 9,475,603</u>	

*Concentration of Credit Risk:* The investment policy of the City of Sebastopol contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2024 the City did not have investments (other than in external investment pools) that represented 5% or more of the City's total investments.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**2. CASH AND INVESTMENTS, Continued**

*D. Risk Disclosures, Continued*

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the City). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

*E. Fair Value of Investments*

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that the City's investments be carried at fair value instead of cost. If material, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year.

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. Recurring fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Inputs are assumptions that market participants use when pricing an asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, such as bond valued by a pricing service that uses matrix pricing, three-year option on exchange-traded shares, or valuation multiple; Level 3 inputs are significant unobservable inputs. The City's investment in Sonoma County's investment pool and money market were not subject to the levelling disclosure.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**2. CASH AND INVESTMENTS, Continued**

*E. Fair Value of Investments, Continued*

Investment fair value measurements at June 30, 2024 are described below:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 3,901,439	\$ -	\$ 3,901,439	\$ -
U.S. Treasury securities	1,435,119	-	1,435,119	-
U.S. government bonds	1,248,664	-	1,248,664	-
Total investments subject to levelling	6,585,222	\$ -	\$ 6,585,222	\$ -
Assets not subject to fair value levelling:				
Money market	1,054,464			
County of Sonoma investment pool	67,956			
Local Agency Investment Pool (LAIF)	1,767,961			
Total investments	\$ 9,475,603			

*F. Cash and Investments with Fiscal Agents*

Funds deposited with fiscal agents can be held in cash or invested in various securities. The fiscal agents can invest in securities as outlined in trust agreements, provided the investments are within the limits imposed by state statutes. These investments include federal securities, investment agreements, interest-bearing demand or time deposits, commercial paper rated "AA-" or better by Moody's, and money market mutual funds which are rated in the highest category by Moody's. At June 30, 2024, cash and investments with fiscal agents totaled \$1,861,555.

*G. County of Sonoma Investment Pool*

The City is a voluntary participant in the County of Sonoma Investment Pool (County Pool) regulated by the County's Investment Policy under the oversight of the Treasury of the County. The County does provide the City with a fair value factor, and the City's fair value of its position in the pool is the same as the value of the pool shares.

*H. Investment in State Investment Pool*

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**2. CASH AND INVESTMENTS, Continued**

*H. Investment in State Investment Pool, Continued*

The City's investment with LAIF at June 30, 2024 includes a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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 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 a pool of assets such as principal and interest repayments from a pool of mortgages (such as collateralized mortgage obligations) or credit card receivables.

As of June 30, 2024, the City had \$1,767,961 invested in LAIF, which had invested 3.00% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.78% in the previous year.

**3. LOANS AND NOTES RECEIVABLE**

At June 30, 2024, the City had the following loans and notes receivable:

<u>Party to Loan</u>	<u>Purpose of Loan</u>	<u>Amount</u>
<b>Governmental Activities:</b>		
Individual property owners	Solar power equipment installation loans	\$ 181,542

The solar equipment installation loans are repayable in equal bi-monthly installments over a period of about 32 years by the homeowners, and repayments are made through the City's enterprise utility billing and collection system.

**4. LEASE RECEIVABLE**

The City reports lease receivables and deferred inflows of resources for the leasing of attachment space for cellular communications. In fiscal year ended June 30, 2024, the City recognized \$37,102 in revenues for applicable leases.

City Cell Tower – The City entered into an agreement with a telecommunications company in 2001 to lease space on a tower. The lease term is 30 years, made up of an initial 15-year term plus three 5-year options. The City considers each optional term to likely be exercised by the lessee. The monthly payments are \$3,413. The City used an annual incremental borrowing rate of 1.77%. The lease receivable as of June 30, 2024 was \$266,457, and related deferred inflow of resources as of June 30, 2024 was \$259,651.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**4. LEASES RECEIVABLE, Continued**

Future minimum rental payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 36,538	\$ 4,421	\$ 40,959
2026	37,190	3,769	40,959
2027	37,853	3,106	40,959
2028	38,529	2,430	40,959
2029	39,216	1,742	40,958
2030-2031	77,131	1,373	78,504
Total	<u>\$ 266,457</u>	<u>\$ 16,841</u>	<u>\$283,298</u>
Current	\$ 36,538	\$ 4,421	\$ 40,959
Noncurrent	229,919	12,420	242,339
Total	<u>\$ 266,457</u>	<u>\$ 16,841</u>	<u>\$ 283,298</u>

**5. INTERFUND TRANSACTIONS**

**A. Due To and Due From**

At June 30, 2024, the City had the following short-term interfund receivables and payables:

Due to Other Funds	Due From Other Funds		
	General Fund	Non-major funds	Total
Transportation Grants	\$ 369,251	\$ -	\$ 369,251
Non-major funds	120,355	47,840	168,195
Total	<u>\$ 489,606</u>	<u>\$ 47,840</u>	<u>\$ 537,446</u>

Amounts shown as due to and from other funds represent interfund balances that arise in the normal course of operation and are expected to be repaid shortly after the end of the fiscal year.

**B. Advance To and Advance From**

During the fiscal year, the City's General Fund provided the City's Wastewater Enterprise Fund a loan of \$1,100,000 for operating activities. The loan is interest free and is to be repaid in full by June 30, 2032. The loan does not have a formal repayment schedule. The balance of the interfund loan is \$1,100,000 as of June 30, 2024.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**5. INTERFUND TRANSACTIONS, Continued**

**C. Interfund Transfers**

The composition of interfund transfers for the year ended June 30, 2024 is as follows:

Transfer Out	Transfer In			Total
	General	General Capital Projects Fund	Non-Major Govt Funds	
General Fund	\$ -	\$ 960,764	\$ -	\$ 960,764
Transportation Grants	-	1,644,809	-	1,644,809
Non-Major Govt'l Funds	321,053	548,697	-	869,750
<b>Total Governmental</b>	<b>321,053</b>	<b>3,154,270</b>	<b>-</b>	<b>3,475,323</b>
Water	2,492	-	62,048	64,540
Wastewater	5,437	-	-	5,437
<b>Total Enterprise</b>	<b>7,929</b>	<b>-</b>	<b>62,048</b>	<b>69,977</b>
<b>Total Transfers out</b>	<b>\$ 328,982</b>	<b>\$ 3,154,270</b>	<b>\$ 62,048</b>	<b>\$ 3,545,300</b>

Transfers represent funding of various City operations, funding for capital projects, lease payments or debt service.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**6. CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

At June 30, 2024, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land and improvements	\$ 2,151,948	\$ 86,440	\$ 2,238,388
Construction in progress	5,563,258	3,863,002	9,426,260
Total non-depreciable assets	<u>7,715,206</u>	<u>3,949,442</u>	<u>11,664,648</u>
Depreciable assets:			
Buildings and structures	8,051,799	-	8,051,799
Machinery and equipment	2,884,019	240,178	3,124,197
Reservoirs	-	4,290,965	4,290,965
Pipelines and water distribution system	-	4,827,174	4,827,174
Pipelines and wastewater collection system	-	8,966,956	8,966,956
Vehicles	3,139,449	1,025,747	4,165,196
Infrastructure	9,489,416	-	9,489,416
Total depreciable assets	23,564,683	19,351,020	42,915,703
Total accumulated depreciation	<u>(16,425,262)</u>	<u>(13,077,997)</u>	<u>(29,503,259)</u>
Total depreciable assets, net	<u>7,139,421</u>	<u>6,273,023</u>	<u>13,412,444</u>
<b>Total</b>	<u><u>\$ 14,854,627</u></u>	<u><u>\$ 10,222,465</u></u>	<u><u>\$ 25,077,092</u></u>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**6. CAPITAL ASSETS, Continued**

**B. Governmental Activities**

The following is a summary of changes in governmental activity capital assets for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Adjustment/ Reclassification	Balance June 30, 2024
Non-depreciable assets:					
Land and improvements	\$ 2,151,948	\$ -	\$ -	\$ -	\$ 2,151,948
Construction in progress	2,686,884	3,204,236	-	(327,862)	5,563,258
Total non-depreciable assets	<u>4,838,832</u>	<u>3,204,236</u>	<u>-</u>	<u>(327,862)</u>	<u>7,715,206</u>
Depreciable assets:					
Buildings and structures	7,954,166	97,633	-	-	8,051,799
Machinery and equipment	2,831,311	52,708	-	-	2,884,019
Vehicles	2,750,436	389,013	-	-	3,139,449
Infrastructure	9,161,554	-	-	327,862	9,489,416
Total depreciable assets	<u>22,697,467</u>	<u>539,354</u>	<u>-</u>	<u>327,862</u>	<u>23,564,683</u>
Less accumulated depreciation:					
Buildings and structures	(6,126,547)	(146,730)	-	-	(6,273,277)
Machinery and equipment	(2,562,807)	(89,760)	-	-	(2,652,567)
Vehicles	(1,933,484)	(211,704)	-	-	(2,145,188)
Infrastructure	(4,881,378)	(472,852)	-	-	(5,354,230)
Total accumulated depreciation	<u>(15,504,216)</u>	<u>(921,046)</u>	<u>-</u>	<u>-</u>	<u>(16,425,262)</u>
Total depreciable assets, net	<u>7,193,251</u>	<u>(381,692)</u>	<u>-</u>	<u>327,862</u>	<u>7,139,421</u>
Total governmental activities, net	<u>\$ 12,032,083</u>	<u>\$ 2,822,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,854,627</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2024 was as follows:

General government	\$ 133,459
Public safety	229,202
Public works	414,548
Parks and recreation	143,837
<b>Total depreciation expense</b>	<u>\$ 921,046</u>



**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**6. CAPITAL ASSETS, Continued**

**C. Business-Type Activities**

The following is a summary of changes in business-type activity capital assets for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Retirements	Adjustment/ Reclassification	Balance June 30, 2024
Non-depreciable assets:					
Land	\$ 86,440	\$ -	\$ -	\$ -	\$ 86,440
Construction in progress	3,321,416	1,720,112	-	(1,178,526)	3,863,002
Total non-depreciable assets	3,407,856	1,720,112	-	(1,178,526)	3,949,442
Depreciable assets:					
Reservoirs	4,290,965	-	-	-	4,290,965
Pipelines and water distribution system	4,241,289	-	-	585,885	4,827,174
Pipelines and wastewater collection system	8,374,315	-	-	592,641	8,966,956
Machinery and equipment	240,178	-	-	-	240,178
Vehicles	1,025,747	-	-	-	1,025,747
Total depreciable assets	18,172,494	-	-	1,178,526	19,351,020
Less accumulated depreciation:					
Reservoirs	(1,743,265)	(139,290)	-	-	(1,882,555)
Pipelines and water distribution system	(3,380,995)	(60,021)	-	-	(3,441,016)
Pipelines and wastewater collection system	(6,597,376)	(415,825)	-	-	(7,013,201)
Machinery and equipment	(45,315)	(17,000)	-	-	(62,315)
Vehicles	(606,589)	(72,321)	-	-	(678,910)
Total accumulated depreciation	(12,373,540)	(704,457)	-	-	(13,077,997)
Total depreciable assets, net	5,798,954	(704,457)	-	1,178,526	6,273,023
<b>Total capital assets</b>	<b>\$ 9,206,810</b>	<b>\$ 1,015,655</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,222,465</b>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2024 was as follows:

Water	\$ 244,761
Wastewater	459,696
<b>Total depreciation expense</b>	<b>\$ 704,457</b>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**7. LONG-TERM DEBT**

**A. Governmental Activities**

The following is a summary of governmental activity long-term debt transactions during the year ended June 30, 2024:

	Balance			Due in		
	July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year	More than One Year
<u>Lease-leaseback agreements</u>						
Refunding lease 2021 - Truist	\$ 257,053	\$ -	\$ (84,746)	\$ 172,307	\$ 85,681	\$ 86,626
Renewable energy	195,178	-	(195,178)	-	-	-
Mobile home park	258,008	-	(52,580)	205,428	55,186	150,242
<u>Finance purchase agreements</u>						
Energy conservation measures	1,050,637	-	(64,762)	985,875	67,972	917,903
<b>Total</b>	<b>\$ 1,760,876</b>	<b>\$ -</b>	<b>\$ (397,266)</b>	<b>\$ 1,363,610</b>	<b>\$ 208,839</b>	<b>\$ 1,154,771</b>

**Lease-leaseback Agreement - Refunding Lease 2021 - Truist Bank**

In the 2006 fiscal year, the city entered into a financing arrangement to obtain \$2,880,000 in funds for future capital projects. The general fund is responsible for paying debt service on the governmental activities portion of the lease obligation, which is about 41 percent of the total obligation. The water and wastewater enterprises are responsible for paying the other 59 percent of the obligation. In fiscal year 2021, the City entered into a lease agreement with Truist Bank to refund the 2006 lease obligation. The agreement was for \$1,139,952, bears interest at 1.10 percent on the basis of a 360-day year, is repayable in annual installments of \$211,550, and matures in 2026. The City has pledged the Fire Station as collateral for the refunding lease agreement.

The annual debt service requirements for governmental activities (41%) are as follows:

Year Ending	Principal	Interest	Total
June 30,			
2025	\$ 85,681	\$ 1,660	\$ 87,341
2026	86,626	715	87,341
<b>Total</b>	<b>\$ 172,307</b>	<b>\$ 2,375</b>	<b>\$174,682</b>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**7. LONG-TERM DEBT, Continued**

**A. Governmental Activities, Continued**

**Lease-leaseback Agreements – Mobile Home Park**

The City entered into a similar lease financing arrangement with the Municipal Finance Corporation for the purpose of obtaining partial financing for the purchase of an existing mobile home park as part of an open space program of the City. The lease was for \$817,500 and it also is payable from any source of legally available funds.

The annual debt service requirements are as follows

Year Ending June 30,	Principal	Interest	Total
2025	\$ 55,186	\$ 9,698	\$ 64,884
2026	57,925	6,659	64,584
2027	60,797	3,787	64,584
2028	31,520	772	32,292
Total	<u>\$ 205,428</u>	<u>\$ 20,916</u>	<u>\$226,344</u>

**Finance Purchase Agreement – Energy Conservation Measures**

In fiscal year 2022, the City entered into an equipment purchase agreement with Signature Public Funding Group to acquire various equipment and improvements, consisting of primarily energy efficiency and conservation project, which includes equipment, design, build and installation work and various implementation measurement and verification services related to guaranteed energy savings. The total equipment cost and proceeds received from Signature Public Funding Corp totaled \$4,938,891. Annual debt service requirements of \$374,650 is due July 1<sup>st</sup> each year, commencing on July 1<sup>st</sup>, 2022 and final payment due on July 1<sup>st</sup>, 2036. Annual interest charged on the financing agreement is 1.770%.

The annual debt service requirements for governmental activities (22.8%) are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 67,972	\$ 17,414	\$ 85,386
2026	69,175	16,211	85,386
2027	70,400	14,987	85,387
2028	71,646	13,741	85,387
2029	72,914	12,472	85,386
2030-2034	384,389	42,540	426,929
2035-2037	249,379	8,807	258,186
Total	<u>\$ 985,875</u>	<u>\$ 126,172</u>	<u>\$1,112,047</u>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**7. LONG-TERM DEBT, Continued**

**B. Business-type Activities**

The following is a summary of business-type activity long-term debt transactions during the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year	Due in More than One Year
Refunding loan 2021 - Truist	\$ 891,079	\$ -	\$ (66,021)	\$ 825,058	\$ 67,415	\$ 757,643
<u>Lease-leaseback agreements</u>						
Refunding lease 2021 - Truist	365,560	-	(120,519)	245,041	121,848	123,193
<u>Finance purchase agreements</u>						
Energy conservation measures	3,559,254	-	(228,291)	3,330,963	230,270	3,100,693
<b>Total</b>	<u>\$4,815,893</u>	<u>\$ -</u>	<u>\$ (414,831)</u>	<u>\$ 4,401,062</u>	<u>\$419,533</u>	<u>\$3,981,529</u>

**Refunding Loan 2021 - Truist Bank**

The City in fiscal 2015 entered into an installment sale agreement with Municipal Finance Corporation for obtaining financing to assist in the removal of arsenic from water well seven and its treatment system. The agreement was for \$1,200,000, bears interest at 4.10 percent on the basis of a 360 day year, is repayable in annual installments of \$89,082, and matures in 20 years. The installment agreement was a special obligation of the City repayable solely from the net revenues of its water system; and the City pledged its water system net revenues for this purpose and for any other parity obligations.

In fiscal year 2021, the City entered into a loan agreement with Truist Bank to refund the installment sale agreement. The agreement was for \$1,019,462, bears interest at 2.09 percent on the basis of a 360-day year, is repayable in annual installments of \$83,955, and matures in 2035. The loan agreement is a special obligation of the City repayable solely from the net revenues of its water system, and the City pledged its water system net revenues for this purpose and for any other parity obligations. The difference in debt service requirements between the installment sale agreement and the loan agreement was \$71,782 and resulted in an economic gain of \$67,445.

The loan agreement includes the following financial debt covenants:

**Covenant Regarding Gross Revenues:** The City shall collect rates, fees, and charges for services furnished by the Water Fund during each fiscal year to pay all maintenance and operation costs, loan repayments, and all principal and interest on any parity obligations, which are payable from net revenues, and all payments required to meet any other obligations of the City.

**Covenant Regarding Net Revenues:** The City shall collect rates, fees, and charges for services furnished by the Water Fund during each fiscal year, which are sufficient to yield net revenues equal to 120% of the loan repayments and any parity obligations which are payable from the net revenues.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**7. LONG-TERM DEBT, Continued**

**B. Business-type Activities, Continued**

**Refunding Loan 2021 – Truist Bank, Continued**

Gross revenues, net revenues, and total debt service for the Water Fund were \$2,499,599, (\$122,529), and \$318,126 respectively for fiscal year 2024. Net revenues were equal 0% of total debt service for the Water Fund for fiscal year 2024 that was below the required 120%. The City underwent a rate study to ensure compliance with the net revenues covenant in future years.

**Refunding Loan 2021 – Truist Bank, Continued**

The annual debt service requirements for the installment sale agreement are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 67,415	\$ 16,539	\$ 83,954
2026	68,839	15,115	83,954
2027	70,293	13,662	83,955
2028	71,778	12,177	83,955
2029	73,294	10,660	83,954
2030-2034	390,353	29,419	419,772
2035-2035	83,086	868	83,954
<b>Total</b>	<b>\$ 825,058</b>	<b>\$ 98,440</b>	<b>\$ 923,498</b>

**Refunding Lease 2021 – Truist Bank**

In the 2006 fiscal year, the city entered into a financing arrangement to obtain \$2,880,000 in funds for future capital projects. The general fund was responsible for paying debt service on the governmental activities portion of the lease obligation, which is about 41 percent of the total obligation. The water and wastewater enterprises was responsible for paying the other 59 percent of the obligation.

In fiscal year 2021, the City entered into a lease agreement with Truist Bank to refund the 2006 lease obligation. The agreement was for \$1,139,952, bears interest at 1.10 percent on the basis of a 360-day year, is repayable in annual installments of \$211,550, and matures in 2026. The difference in debt service requirements between the 2006 lease obligation agreement and the refunding lease agreement was \$75,092 and resulted in an economic gain of \$71,126. The City has pledged the Fire Station as collateral for the refunding lease agreement. No deferred loss on refunding was reported as a result of the transaction, because the amount recognized was deemed to be trivial to the financial statements.

The annual debt service requirements for business-type activities (59%) are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 121,848	\$ 2,360	\$ 124,208
2026	123,193	1,015	124,208
<b>Total</b>	<b>\$ 245,041</b>	<b>\$ 3,375</b>	<b>\$248,416</b>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**7. LONG-TERM DEBT, Continued**

**B. Business-type Activities, Continued**

**Finance Purchase Agreement - Energy Conservation Measures**

In fiscal year 2022, the City entered into an equipment purchase agreement with Signature Public Funding Group to acquire various equipment and improvements, consisting of primarily energy efficiency and conservation projects, which includes equipment, design, build and installation work and various implementation measurement and verification services related to guaranteed energy savings. The total equipment cost and proceeds received from Signature Public Funding Corp totaled \$4,938,891. Annual debt service requirements of \$374,650 is due July 1<sup>st</sup> each year, commencing on July 1<sup>st</sup>, 2022 and final payment due on July 1<sup>st</sup>, 2036. Annual interest charged on the financing agreement is 1.770%.

The annual debt service requirements for governmental activities (77.2%) are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 230,270	\$ 58,994	\$ 289,264
2026	234,346	54,918	289,264
2027	238,494	50,770	289,264
2028	242,716	46,548	289,264
2029	247,010	42,253	289,263
2030-2034	1,302,199	144,116	1,446,315
2035-2037	835,928	29,838	865,766
<b>Total</b>	<b>\$ 3,330,963</b>	<b>\$ 427,437</b>	<b>\$3,758,400</b>

**8. COMPENSATED ABSENCES**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for a portion of unpaid accumulated sick leave since the City does have a policy to pay certain amounts when employees separate from service with the City.

A summary of changes in compensated absences for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year	Due in More than One Year
Governmental activities	\$ 1,034,502	\$ 827,634	\$ (697,196)	\$ 1,164,940	\$ 750,000	\$ 414,940
Business-type activities	54,448	43,560	(36,695)	61,313	4,000	57,313
<b>Total</b>	<b>\$ 1,088,950</b>	<b>\$ 871,194</b>	<b>\$ (733,891)</b>	<b>\$ 1,226,253</b>	<b>\$ 754,000</b>	<b>\$ 472,253</b>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**9. OTHER FUND DISCLOSURES**

**A. Deficit Balances**

At June 30, 2024, the funds below had the following deficit fund balance or net position. The deficit balance is caused by expenditures reported in the current year that will be reimbursed in subsequent years.

Major governmental Funds:	
Transportation Grants Special Revenue	\$ 369,251
General Capital Project	\$ 50,752
Non-major governmental Funds:	
Park in Lieu	\$ 7,563
Supplemental Planning Grant (SB2 & LEAP)	\$ 19,823
Clean Renewable Energy Bonds	\$ 29,560

**10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City, due to the costs of available coverage, participates as a member of the California Intergovernmental Risk Authority Joint Powers Authority (CIRA). CIRA provides joint protection programs for public entities covering automobile, general liability, errors and omissions, property and workers compensation claims. Under the program, the City has a \$5,000 retention limit similar to a deductible with the CIRA being responsible for losses above that amount up to \$500,000 for liability losses, \$1,000,000 for workers compensation claims, and \$25,000 for property damage. The Fund carries purchased excess commercial liability insurance of \$39.5 million in excess of its \$500,000 limit, and a commercial property policy for \$300 million. Financial information pertaining to CIRA can be obtained from its administrative offices at 414 W. Napa Street, Sonoma, California 95476.

Liabilities of the City are reported in the statement of net position when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The City's only exposure to claim liabilities would be for losses, if any, not covered by CIRA.

There have been no significant changes in insurance coverages in fiscal 2024. Settlements have not exceeded coverage for each of the past three fiscal years. The City has no significant uninsured claim liabilities at June 30, 2024.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**11. PENSION PLANS**

***A. Plan Description***

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors two miscellaneous rate plans and four safety rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

***B. Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.



**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**11. PENSION PLANS, Continued**

**B. Benefits Provided, Continued**

The rate plan provisions and benefits in effect at June 30, 2024 are summarized as follows:

	Miscellaneous		Safety
	Miscellaneous	PEPRA Miscellaneous	Safety Fire
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1 2013
Benefit formula	2.0% @ 55	2.0% @ 62	3% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 55
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	2.0% to 2.5%	2.0%
Required employee contribution rates	7.000%	6.750%	9.000%
Required employer contribution rates	12.470%	7.680%	25.650%
Required unfunded liability payment	\$ 482,526	\$ -	\$ 74,364
		Safety	
	Safety Police	PEPRA Safety Fire	PEPRA Safety Police
Hire date - Fire	Prior to January 1 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 50	2.7% @ 57	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57	50 - 57
Monthly benefits, as a % of eligible compensation	2.0%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.000%	N/A	12.000%
Required employer contribution rates	25.650%	13.540%	13.540%
Required unfunded liability payment	\$ 529,310	\$ 1,144	\$ -

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an actuarial basis, annually and is effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The General Fund has typically been used to liquidate pension liabilities for governmental funds.

The City's contributions to the Plan for the measurement period ended June 30, 2023 were \$1,763,271. The City's contributions to the Plan for the fiscal year ended June 30, 2024 were \$1,657,901.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**11. PENSION PLANS, Continued**

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

As of June 30, 2024, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$16,329,632.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The City's proportionate share of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for each Plan as of measurement dates June 30, 2022 and 2023 were as follows:

Proportion - June 30, 2022	0.13442%
Proportion - June 30, 2023	<u>0.13090%</u>
Change - Increase (Decrease)	-0.00352%

For the year ended June 30, 2024, the City recognized pension income of \$2,466,526. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,657,901	\$ -
Changes of assumptions	968,300	-
Differences between expected and actual experience	1,029,374	115,080
Changes in employer's proportion	-	349,148
Differences between the employer's contribution and the employer's proportionate share of contributions	128,449	210,694
Net differences between projected and actual earnings on plan investments	<u>2,424,921</u>	<u>-</u>
Total	<u>\$ 6,208,945</u>	<u>\$ 674,922</u>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**11. PENSION PLANS, Continued**

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

\$1,657,901 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year	
<u>Ending June 30:</u>	
2025	\$ 1,128,124
2026	793,056
2027	1,886,297
2028	68,645

**Actuarial Assumptions** – The total pension liability in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return <sup>(1)</sup>	6.90%
Mortality	Derived by CalPERS membership data for all funds

<sup>(1)</sup> Net of pension plan investment expenses.

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. Further details of the December 2017 Experience Study can be found on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Discount Rate** – The discount rate used to measure the total pension liability was 6.90% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**11. PENSION PLANS, Continued**

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the 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 rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return <sup>(1)(2)</sup>
Global Equity - Non-Cap-Weighted	30.00%	4.45%
Global Equity - Cap-Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

<sup>(1)</sup> An expected inflation of 2.3% used for this period.

<sup>(2)</sup> Figures are based on the 2021-22 Asset Liability Management Study.

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

1% Decrease	5.90%
Net Pension Liability	\$ 23,858,227
Current Discount Rate	6.90%
Net Pension Liability	\$ 16,329,632
1% Increase	7.90%
Net Pension Liability	\$ 10,152,993

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**11. PENSION PLANS, Continued**

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

*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, 2024, the City reported no payable for outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

**12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS**

*A. Plan Description*

The City administers the City's retired employees' healthcare plan, a single employer defined benefit health care plan. The plan provides medical benefits to eligible retired employees and their beneficiaries. City resolutions and agreements assign the authority to establish and amend benefit provisions to the City. A separate OPEB trust account has not been established by the City for the Plan.

*B. Employees Covered*

As of the June 30, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the Retiree Health Plan:

Active employees	44
Inactive employees or beneficiaries currently receiving benefits	<u>23</u>
<b>Total</b>	<b>67</b>

*C. Contribution*

The contribution requirements of plan members and the City are established and may be amended by the City. The required contribution is based on a projected pay-as-you-go financing requirements, with additional amounts to prefund benefits determined annually by the City Council. For the measurement period ended June 30, 2023, the City contributed \$91,957 of current year premiums (100% of total premiums) and zero to prefund benefits. Plan members receiving benefits contributed no amounts to the total premiums. The General Fund has typically been used to liquidate OPEB liabilities for governmental funds.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS, Continued**

**D. Total OPEB Liability**

The City’s total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation dated June 30, 2023 actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Discount Rate	3.86%
Inflation	2.30%
Salary Increases	2.80%
Mortality <sup>(1)</sup>	Derived by CalPERS membership data for all funds
Healthcare cost trend rates:	4.20% to 7.40%

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2007 to 2015 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**E. Change of Assumption**

The discount rate used to measure the total OPEB liability was changed from 4.09% to 3.86% for measurement period ended June 30, 2023.

**F. Discount Rate**

The discount rate used to measure the total OPEB liability was 3.86%. The City’s OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as of the measurement date.

**G. Changes in the Total OPEB Liability**

The changes in the total OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability
<b>Balance at June 30, 2022</b>	<u>\$ 1,711,562</u>
<b>Changes in the year:</b>	
Service cost	14,299
Interest on the total OPEB liability	68,708
Differences between actual and expected experience	(55,023)
Changes in assumptions	74,720
Benefits paid to retirees	<u>(91,957)</u>
<b>Net changes</b>	<u>10,747</u>
<b>Balance at June 30, 2023</b>	<u>\$ 1,722,309</u>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

**12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS, Continued**

*H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

1% Decrease	
Total OPEB liability	\$ 1,904,741
Current Discount Rate	
Total OPEB liability	\$ 1,722,309
1% Increase	
Total OPEB liability	\$ 1,566,949

*I. Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

1% Decrease -	
Total OPEB liability	\$ 1,658,190
Current Rate -	
Total OPEB liability	\$ 1,722,309
1% Increase -	
Total OPEB liability	\$ 1,797,060

*J. OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB*

For the fiscal year ended June 30, 2024, the City recognized OPEB income of \$369,337. For the fiscal year ended June 30, 2024, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 91,634	\$ -
Differences between expected and actual experience	-	281,913
Changes of assumptions	125,178	50,515
Total	<u>\$ 216,812</u>	<u>\$ 332,428</u>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2024**

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**12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS, Continued**

*J. OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB, Continued*

The \$91,634 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 measurement date will be recognized as a reduction of the Total OPEB liability during the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	
2025	\$ (52,635)
2026	(52,635)
2027	(52,630)
2028	(35,798)
2029	(19,665)
Thereafter	6,113

**13. JOINTLY GOVERNED ORGANIZATIONS AND OPERATING AGREEMENTS**

Jointly governed organizations are legal entities or other organizations that result from a contractual arrangement and that are owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. The City is a participant in the following organizations other than the insurance authority described in the preceding notes. The City is a party to the following agreement:

*Santa Rosa Subregional Wastewater System* - The City has an agreement with System for the treatment of wastewater as the City does not own or operate its own wastewater treatment plant. The City's obligations under the agreement are to pay to the System its share of the costs of operating the system and treatment of wastewater. The City records these payments as operating expenses in its wastewater enterprise fund.



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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. Appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function and department. The City manager may make transfers of appropriations within a department. Transfers between departments and other changes require City Council approval. The legal level of control is the department and fund level. The Council made supplemental appropriations during the fiscal year. Encumbrance accounting is not employed in governmental funds.

The following is the budget comparison schedule for the General Fund

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

Budgetary Comparison Schedule - General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 3,241,600	\$ 3,241,600	\$ 3,443,906	\$ 202,306
Real property transfer	50,000	50,000	36,506	(13,494)
Transient occupancy tax	500,000	500,000	519,452	19,452
Sales and use	4,794,560	4,794,560	4,626,788	(167,772)
Utility users tax	902,000	902,000	863,179	(38,821)
Franchises	410,000	410,000	489,591	79,591
Subtotal	9,898,160	9,898,160	9,979,422	81,262
Licenses, permits and fees:				
Business licenses	142,500	142,500	154,572	12,072
Animal licenses	14,000	14,000	11,600	(2,400)
Building permits	300,000	300,000	348,900	48,900
Subtotal	456,500	456,500	515,072	58,572
Fines, forfeitures and penalties:				
Vehicle code	15,000	15,000	13,906	(1,094)
Parking fines	11,000	11,000	20,760	9,760
Subtotal	26,000	26,000	34,666	8,666
Interest and rentals:				
Investment earnings	48,520	48,520	417,434	368,914
Rent - cell tower	41,200	41,200	45,594	4,394
Rent - other	4,800	4,800	5,603	803
Subtotal	94,520	94,520	468,631	374,111
Intergovernmental:				
Reimbursements	7,200	7,200	21,584	14,384
Other	20,000	20,000	477,363	457,363
Subtotal	27,200	27,200	498,947	471,747
Charges for current services:				
Sales of publications	500	500	-	(500)
Planning fees	25,000	25,000	26,457	1,457
Encroachment permits	30,000	30,000	38,128	8,128
Public works services	1,500	1,500	9,965	8,465
Public safety services	26,500	26,500	27,297	797
Fire inspection fees	30,000	30,000	45,248	15,248
Other charges	50,600	50,600	44,114	(6,486)
Subtotal	164,100	164,100	191,209	27,109
Donations and miscellaneous:				
Sale of land/building	10,000	10,000	-	(10,000)
Miscellaneous	141,000	141,000	101,715	(39,285)
Subtotal	151,000	151,000	101,715	(49,285)
<b>Total revenues</b>	10,817,480	10,817,480	11,789,662	972,182

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

Budgetary Comparison Schedule - General Fund, Continued

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES:</b>				
Current:				
General Government:				
City Council	170,318	170,318	165,460	4,858
City Manager	272,183	502,683	349,206	153,477
City Attorney	593,621	593,621	707,440	(113,819)
City Clerk	369,258	369,258	311,915	57,343
Finance and accounting	397,920	397,920	369,901	28,019
Planning	597,259	597,259	492,282	104,977
Building inspection	204,581	204,581	177,334	27,247
General government non-departmental	345,348	345,348	265,423	79,925
Subtotal	2,950,488	3,180,988	2,838,961	342,027
Public safety:				
Police protection	5,284,802	5,284,802	4,868,593	416,209
Animal control	20,100	20,100	7,813	12,287
Fire protection	1,052,512	1,356,312	1,099,623	256,689
Fire emergency procedures	26,000	26,000	11,359	14,641
Subtotal	6,383,414	6,687,214	5,987,388	699,826
Public works:				
Corporation Yard	109,974	109,974	107,849	2,125
Streets Maintenance	385,100	385,100	299,528	85,572
Parking Lots Maintenance	150,103	150,103	144,509	5,594
Engineering	288,087	288,087	255,962	32,125
Subtotal	933,264	933,264	807,848	125,416
Parks and recreation:				
Parks & Landscaping Maintenance	520,039	520,039	414,511	105,528
Ives Pool	192,955	195,155	209,171	(14,016)
Recreation administration and programs	392,402	392,402	355,116	37,286
Subtotal	1,105,396	1,107,596	978,798	128,798
Capital outlay	255,430	675,630	549,126	126,504
Debt service:				
Principal	225,928	225,928	267,938	(42,010)
Interest	39,975	39,975	32,468	7,507
Subtotal	265,903	265,903	300,406	(34,503)
<b>Total expenditures</b>	<b>11,893,895</b>	<b>12,850,595</b>	<b>11,462,527</b>	<b>1,388,068</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(1,076,415)</b>	<b>(2,033,115)</b>	<b>327,135</b>	<b>2,360,250</b>

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

Budgetary Comparison Schedule - General Fund, Continued

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	202,000	202,000	328,982	126,982
Transfers out	(487,000)	(487,000)	(960,764)	(473,764)
<b>Total other financing sources (uses)</b>	<b>(285,000)</b>	<b>(285,000)</b>	<b>(631,782)</b>	<b>(346,782)</b>
<b>Net change in fund balances</b>	<b>\$ (1,361,415)</b>	<b>\$ (2,318,115)</b>	<b>(304,647)</b>	<b>\$ 2,013,468</b>
<b>FUND BALANCES:</b>				
Beginning of year			\$ 11,971,138	
End of year			\$ 11,666,491	

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

Budgetary Comparison Schedule - Transportation Grants Special Revenue Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 2,232,500	\$ 1,276,452	\$ (956,048)
<b>Total revenues</b>	<u>-</u>	<u>2,232,500</u>	<u>1,276,452</u>	<u>(956,048)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	894	(894)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>894</u>	<u>(894)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>2,232,500</u>	<u>1,275,558</u>	<u>(956,942)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(2,232,500)	(1,644,809)	587,691
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(2,232,500)</u>	<u>(1,644,809)</u>	<u>587,691</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(369,251)</u>	<u>\$ (369,251)</u>
<b>FUND BALANCES:</b>				
Beginning of the year			-	
End of year			<u>\$ (369,251)</u>	

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

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**2. DEFINED BENEFIT PENSION PLAN**

*A. Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Years*

	2024	2023	2022	2021
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Proportionate share of the net pension liability	\$ 16,329,632	\$ 15,526,113	\$ 8,665,009	\$ 13,864,877
Proportion of the net pension liability	0.13090%	0.13442%	0.16022%	0.12743%
Covered payroll	\$ 4,138,192	\$ 4,318,106	\$ 4,348,774	\$ 4,272,937
Proportionate share of the net pension liability as percentage of covered payroll	394.61%	359.56%	199.25%	324.48%
Plan fiduciary net position as a percentage of the total pension liability	76.21%	70.72%	88.29%	75.10%

Notes to Schedule

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018, and then decreased from 7.15% to 6.9% in fiscal year 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.



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2020	2019	2018	2017	2016	2015
6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
\$ 13,028,541	\$ 12,272,694	\$ 12,460,116	\$ 11,055,177	\$ 8,978,404	\$ 8,365,442
0.12714%	0.12736%	0.12564%	0.12776%	0.13081%	0.13444%
\$ 4,137,211	\$ 3,956,662	\$ 3,908,821	\$ 3,816,628	\$ 3,636,221	\$ 3,289,261
314.91%	310.18%	318.77%	289.66%	246.92%	254.33%
75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

**2. DEFINED BENEFIT PENSION PLAN, Continued**

**B. Schedule of Contributions - Last 10 Years**

	2024	2023	2022	2021
Contractually required contribution (actuarially determined)	\$ 1,657,901	\$ 1,763,271	\$ 1,827,570	\$1,686,413
Contribution in relation to the actuarially determined contributions	(1,657,901)	(1,763,271)	(1,827,570)	(1,686,413)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,807,478	\$ 4,138,192	\$ 4,318,106	\$ 4,348,774
Contributions as a percentage of covered payroll	34.49%	42.61%	42.32%	38.78%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Valuation date :	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Actuarial cost method:	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value	Market Value

Inflation:	2.50%	2.50%	2.50%	2.50%
Salary increases:	(2)	(2)	(2)	(2)
Investment rate of return:	7.00%	7.00%	7.00%	7.00%
Retirement age:	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) 50 for all plans, with the exception of 52 for Miscellaneous PEPRA 2%@62
- (4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.



2020	2019	2018	2017	2016	2015
\$1,530,553	\$1,343,860	\$1,187,535	\$1,099,458	\$920,324	\$796,771
(1,530,553)	(1,343,860)	(1,187,535)	(1,099,458)	(920,324)	(796,771)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,272,937	\$ 4,137,211	\$ 3,956,662	\$ 3,908,821	\$ 3,816,628	\$ 3,636,221
35.82%	32.48%	30.01%	28.13%	24.11%	21.91%

6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
(1)	(1)	(1)	(1)	(1)	(1)
Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
(2)	(2)	(2)	(2)	(2)	(2)
7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
(3)	(3)	(3)	(3)	(3)	(3)
(4)	(4)	(4)	(4)	(4)	(4)

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

**3. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS**

**A. Schedule of Changes in the City's Total OPEB Liability and Related Ratios - Last 10 Years\***

	2024	2023	2022	2021
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Total OPEB Liability				
Service Cost	\$ 14,299	\$ 22,458	\$ 27,917	\$ 27,295
Interest on the total OPEB liability	68,708	47,335	72,014	73,479
Differences between expected and actual experience	(55,023)	(23,434)	(551,283)	-
Changes of assumptions	74,720	(425,755)	10,152	44,769
Benefit payments	(91,957)	(95,469)	(102,849)	(97,430)
Net change in total OPEB liability	10,747	(474,865)	(544,049)	48,113
Total OPEB Liability - beginning	1,711,562	2,186,427	2,730,476	2,682,363
Total OPEB Liability - ending (a)	<u>\$ 1,722,309</u>	<u>\$ 1,711,562</u>	<u>\$ 2,186,427</u>	<u>\$ 2,730,476</u>
Covered-employee payroll**	\$ 4,533,006	\$ 4,299,547	\$ 4,348,774	\$ 4,272,937
Total OPEB liability as a percentage of covered-employee payroll	37.99%	39.81%	50.28%	63.90%

Notes to Schedule

\* Historical information is required only for measurement periods for which GASB 75 is applicable.

*Fiduciary Net Position* - There are currently no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

*Changes of assumptions (measurement period ended June 30,):*

- 2023 - Discount rate was changed to 3.86%.
- 2022 - Discount rate was changed to 4.09%.
- 2021 - Discount rate was changed to 2.19%.
- 2020 - Discount rate was changed to 2.66%.
- 2019 - Discount rate was changed to 2.79%. Mortality rates were updated based on CalPERS 2015 Experience Study.
- 2018 - Discount rate was changed to 2.98%.

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2020	2019	2018
6/30/2019	6/30/2018	6/30/2017
\$ 56,412	\$ 54,769	\$ 58,870
89,484	90,545	81,308
(492,345)	-	-
75,694	57,987	(168,395)
(99,403)	(87,182)	(71,368)
(370,158)	116,119	(99,585)
3,052,521	2,936,402	3,035,987
<u>\$ 2,682,363</u>	<u>\$ 3,052,521</u>	<u>\$ 2,936,402</u>
\$ 4,137,211	\$ 3,956,662	\$ 3,982,276
64.84%	77.15%	73.74%

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# SUPPLEMENTARY INFORMATION

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**BUDGETED MAJOR GOVERNMENTAL FUNDS OTHER THAN  
GENERAL FUND AND SPECIAL REVENUE FUNDS**

*General Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities.



# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### General Capital Projects

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	-	-	3,199,335	(3,199,335)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>3,199,335</b>	<b>(3,199,335)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(3,199,335)</b>	<b>(3,199,335)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	4,005,300	4,005,300	3,154,270	(851,030)
<b>Total other financing sources (uses)</b>	<b>4,005,300</b>	<b>4,005,300</b>	<b>3,154,270</b>	<b>(851,030)</b>
<b>Net change in fund balances</b>	<b>\$ 4,005,300</b>	<b>\$ 4,005,300</b>	<b>\$ (45,065)</b>	<b>\$ (4,050,365)</b>
<b>FUND BALANCES:</b>				
Beginning of the year			(5,687)	
End of year			<u>\$ (50,752)</u>	

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Police Grant Fund* accounts for accounts for the revenues and expenditures of State and Federal grants such as State SLESF (Supplemental Law Enforcement Services Fund).

*Gas Tax Fund* accounts for funds from the State of California under the Street and Highway Code Sections 2103, 2105, 2106, 2107 and 2107.5. The use of funds is restricted to street related projects, which can include related public facilities for non-motorized traffic, e.g. bike and pedestrian paths.

*Park in Lieu* receives revenue from new residential and hotel development, to mitigate the impact of such new development on City park and recreation facilities. The use of revenues from the Fund is restricted to park and recreation capital improvements.

*Traffic Impact* was established to reduce the traffic impacts caused by new development within the City limits and certain public improvements (transportation system infrastructure) and revenue collected from these fees shall be used solely to pay for the City's future construction of facilities or services or reimburse the City for facilities constructed by the City with funds advanced by the City from other sources.

*Street Lighting Assessment* is established to receive special assessment district monies used for maintenance and or servicing of existing and future public lighting facilities, and the installation or construction of public lighting for the maintenance of servicing thereof, including grading, clearing, removal of debris, the installation of curbs and gutters, walls, sidewalks or paving or water, irrigation, drainage or electrical facilities.

*Asset Forfeiture* is used for specified police activities (excluding regular salary) from confiscated assets of convicted drug felons.

*Downtown Association* is used to account for revenues and expenditures for the Downtown Association District.

*Art in Lieu* accounts for developer contributions in lieu of installation of public art on project sites and income received from art programs and events to fund public artwork, cultural programs, maintenance/conservation, and administrative costs relating to the Art in Public Places Program.

*Measure M* receives funding from the County for construction of eligible transportation projects that improve the quality of roads, sidewalks and bike lanes.

*Housing General Plan* identifies the City's housing conditions and needs, establishes the goals, objectives, and policies that are the foundation of the City's housing and growth strategy.

*Street Reserve* accounts for the tax reserved for local streets and roads.

*Vehicle Abatement* accounts for monies for inspection, mark, or tow the vehicles that appear to be abandoned, non-operable, or not registered.

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS, CONTINUED

*Inclusionary and Linkage Housing* accounts for revenue receives from fee payment to be used for the exclusive purpose of providing housing affordable to low and moderate income households in the City for construction of three or more new dwelling units, or for the division or subdivision of land into three or more lots for residential use.

*Building Permit Incremental Fund* accounts for revenue receives from construction inspection and plan checks to fund training, certification exams and courses.

*Community Development Block Grant* accounts for revenue and expenditures of CDBG funds awarded by the Department of Housing and Urban Development.

*SB1 Road and Maintenance Fund* accounts for revenue and expenditures of SB1 monies.

*General Government Facilities Fee Fund* accounts for general government facilities fees and related expenses.

*Fire Facilities Fee Fund* accounts for fire facilities fees and related expenses.

*Stormwater Facilities Fee Fund* accounts for stormwater facilities fees and related expenses.

*Supplemental Planning Grant (SB2 and LEAP) Fund* accounts for revenue and expenditures of SB2 and LEAP supplemental planning grant monies.

### CAPITAL PROJECTS FUNDS

*Undergrounding* is an in-lieu fee paid by development projects, where the City Engineer has determined physical undergrounding of overhead utilities is not practical. The Fund is used for general City utility undergrounding projects.

### DEBT SERVICE FUNDS

*Clean Renewable Energy Bonds* is used for projects include solar panels to generate electricity at the City Hall/Library complex, the Police station and at the sewer lift station, and funds to implement projects for pedestrian safety contained in the Street Smart Study.

**City of Sebastopol**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2024**

	Special Revenue			
	Police Grants	Gas Tax	Park in Lieu	Traffic Impact
<b>ASSETS</b>				
Cash and investments	\$ 91,670	\$ 58,088	\$ -	\$ 82,266
Accounts receivable	130	-	82,771	-
Taxes receivable	-	18,158	-	-
Accrued interest receivable	595	269	-	598
Notes receivable	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 92,395</b>	<b>\$ 76,515</b>	<b>\$ 82,771</b>	<b>\$ 82,864</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCE AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	90,334	-
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>90,334</b>	<b>-</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Fund Balances:</b>				
Restricted for :				
Highways and streets	-	-	-	82,864
Public safety	92,395	76,515	-	-
Affordable housing	-	-	-	-
Parks and recreation	-	-	-	-
Other	-	-	-	-
Committed for street projects	-	-	-	-
Unassigned	-	-	(7,563)	-
<b>Total fund balances</b>	<b>92,395</b>	<b>76,515</b>	<b>(7,563)</b>	<b>82,864</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 92,395</b>	<b>\$ 76,515</b>	<b>\$ 82,771</b>	<b>\$ 82,864</b>

Special Revenue

Street Lighting Assessment	Asset Forfeiture	Downtown Association	Art in Lieu	Measure M	Housing General Plan
\$ 26,503	\$ 10,629	\$ 7,210	\$ 57,391	\$ 371,111	\$ 24,462
-	-	-	-	-	35,915
642	-	-	-	44,938	-
82	52	34	385	1,750	363
-	-	-	-	-	-
-	-	-	-	-	47,840
<u>\$ 27,227</u>	<u>\$ 10,681</u>	<u>\$ 7,244</u>	<u>\$ 57,776</u>	<u>\$ 417,799</u>	<u>\$ 108,580</u>
\$ -	\$ -	\$ -	\$ 750	\$ -	\$ -
-	-	-	-	-	-
-	8,283	-	-	-	-
-	-	-	-	-	-
-	8,283	-	750	-	-
-	-	-	-	-	29,085
27,227	-	-	-	417,799	-
-	2,398	-	-	-	-
-	-	-	-	-	79,495
-	-	-	57,026	-	-
-	-	7,244	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>27,227</u>	<u>2,398</u>	<u>7,244</u>	<u>57,026</u>	<u>417,799</u>	<u>79,495</u>
<u>\$ 27,227</u>	<u>\$ 10,681</u>	<u>\$ 7,244</u>	<u>\$ 57,776</u>	<u>\$ 417,799</u>	<u>\$ 108,580</u>

**City of Sebastopol**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2024**

	Special Revenue			
	Street Reserve	Vehicle Abatement	Inclusionary and Linkage Housing	Building Permit Incremental Fund
<b>ASSETS</b>				
Cash and investments	\$ 289,030	\$ 7,754	\$ 128,158	\$ 126,262
Accounts receivable	-	3,222	-	-
Taxes receivable	-	-	-	-
Accrued interest receivable	1,423	35	624	605
Notes receivable	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 290,453</b>	<b>\$ 11,011</b>	<b>\$ 128,782</b>	<b>\$ 126,867</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCE AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 6
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Fund Balances:</b>				
Restricted for :				
Highways and streets	-	-	-	-
Public safety	-	11,011	-	-
Affordable housing	-	-	128,782	-
Parks and recreation	-	-	-	-
Other	-	-	-	-
Committed for street projects	290,453	-	-	126,861
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>290,453</b>	<b>11,011</b>	<b>128,782</b>	<b>126,861</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 290,453</b>	<b>\$ 11,011</b>	<b>\$ 128,782</b>	<b>\$ 126,867</b>

Special Revenue

Community Development Block Grant	SB1 Road and Maintenance	General Government Facilities Fee	Fire Facilities Fee	Stormwater Facilities Fee	Supplemental Planning Grant (SB2 & LEAP)
\$ 22,063	\$ 296,298	\$ 6,041	\$ 2,984	\$ 15,812	\$ -
-	-	22	12	-	45,085
-	15,658	-	-	-	-
275	1,350	-	-	75	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 22,338</u>	<u>\$ 313,306</u>	<u>\$ 6,063</u>	<u>\$ 2,996</u>	<u>\$ 15,887</u>	<u>\$ 45,085</u>
-	-	-	-	-	1,068
-	-	-	-	-	47,840
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	48,908
-	-	-	-	-	16,000
-	313,306	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,338	-	6,063	2,996	15,887	-
-	-	-	-	-	-
-	-	-	-	-	(19,823)
<u>22,338</u>	<u>313,306</u>	<u>6,063</u>	<u>2,996</u>	<u>15,887</u>	<u>(19,823)</u>
<u>\$ 22,338</u>	<u>\$ 313,306</u>	<u>\$ 6,063</u>	<u>\$ 2,996</u>	<u>\$ 15,887</u>	<u>\$ 45,085</u>

**City of Sebastopol**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2024**

	<u>Capital Project</u>	<u>Debt Service</u>	Total
	<u>Undergrounding</u>	Clean Renewable Energy Bonds	Non-Major Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 248,023	\$ -	\$ 1,871,755
Accounts receivable	-	-	167,157
Taxes receivable	-	-	79,396
Accrued interest receivable	1,207	-	9,722
Notes receivable	-	181,542	181,542
Due from other funds	-	-	47,840
<b>Total assets</b>	<b>\$ 249,230</b>	<b>\$ 181,542</b>	<b>\$ 2,357,412</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCE AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 1,824
Due to other funds	-	30,021	168,195
Unearned revenues	-	-	8,283
Deposits	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>30,021</b>	<b>178,302</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	181,081	226,166
<b>Fund Balances:</b>			
Restricted for :			
Highways and streets	249,230	-	1,090,426
Public safety	-	-	182,319
Affordable housing	-	-	208,277
Parks and recreation	-	-	57,026
Other	-	-	54,528
Committed for street projects	-	-	417,314
Unassigned	-	(29,560)	(56,946)
<b>Total fund balances</b>	<b>249,230</b>	<b>(29,560)</b>	<b>1,952,944</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 249,230</b>	<b>\$ 181,542</b>	<b>\$ 2,357,412</b>



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**City of Sebastopol**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2024**

	Special Revenue			
	Police Grants	Gas Tax	Park in Lieu	Traffic Impact
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	124,137	211,450	82,771	-
Interest and rents	2,024	702	1,335	7,423
Charges for services	-	-	6,500	12,214
Miscellaneous	750	-	-	-
<b>Total revenues</b>	<b>126,911</b>	<b>212,152</b>	<b>90,606</b>	<b>19,637</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	-	-
Public works	-	179,495	-	-
Debt service:				
Principal	-	-	26,684	-
Interest	-	-	817	-
<b>Total expenditures</b>	<b>-</b>	<b>179,495</b>	<b>27,501</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>126,911</b>	<b>32,657</b>	<b>63,105</b>	<b>19,637</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(100,000)	-	(87,047)	(112,816)
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>-</b>	<b>(87,047)</b>	<b>(112,816)</b>
<b>Net change in fund balances</b>	<b>26,911</b>	<b>32,657</b>	<b>(23,942)</b>	<b>(93,179)</b>
<b>FUND BALANCES:</b>				
Beginning of the year	\$ 65,484	\$ 43,858	\$ 16,379	\$ 176,043
End of year	\$ 92,395	\$ 76,515	\$ (7,563)	\$ 82,864

Special Revenue

Street Lighting Assessment	Asset Forfeiture	Downtown Association	Art in Lieu	Measure M	Housing General Plan
\$ 127,807	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	192,383	-
-	-	7,300	-	-	-
-	-	-	-	-	6,830
784	355	10	3,918	17,470	2,717
-	-	-	(605)	-	-
-	-	-	-	-	-
<u>128,591</u>	<u>355</u>	<u>7,310</u>	<u>3,313</u>	<u>209,853</u>	<u>9,547</u>
14,658	-	-	44,250	-	44,665
116,541	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>131,199</u>	<u>-</u>	<u>-</u>	<u>44,868</u>	<u>-</u>	<u>44,665</u>
<u>(2,608)</u>	<u>355</u>	<u>7,310</u>	<u>(41,555)</u>	<u>209,853</u>	<u>(35,118)</u>
-	-	-	-	-	-
-	-	-	(16)	(292,419)	-
-	-	-	(16)	(292,419)	-
<u>(2,608)</u>	<u>355</u>	<u>7,310</u>	<u>(41,571)</u>	<u>(82,566)</u>	<u>(35,118)</u>
<u>\$ 29,835</u>	<u>\$ 2,043</u>	<u>\$ (66)</u>	<u>\$ 98,597</u>	<u>\$ 500,365</u>	<u>\$ 114,613</u>
<u>\$ 27,227</u>	<u>\$ 2,398</u>	<u>\$ 7,244</u>	<u>\$ 57,026</u>	<u>\$ 417,799</u>	<u>\$ 79,495</u>

**City of Sebastopol**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2024**

	Special Revenue			
	Street Reserve	Vehicle Abatement	Inclusionary and Linkage Housing	Building Permit Incremental Fund
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Interest and rents	16,836	103	4,347	3,341
Charges for services	-	10,319	-	15,489
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>16,836</b>	<b>10,422</b>	<b>4,347</b>	<b>18,830</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>16,836</b>	<b>10,422</b>	<b>4,347</b>	<b>18,830</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(157,470)	(2,000)	-	-
<b>Total other financing sources (uses)</b>	<b>(157,470)</b>	<b>(2,000)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(140,634)</b>	<b>8,422</b>	<b>4,347</b>	<b>18,830</b>
<b>FUND BALANCES:</b>				
Beginning of the year	\$ 431,087	\$ 2,589	\$ 124,435	\$ 108,031
End of year	\$ 290,453	\$ 11,011	\$ 128,782	\$ 126,861

Special Revenue

Community Development Block Grant	SB1 Road and Maintenance	General Government Facilities Fee	Fire Facilities Fee	Stormwater Facilities Fee	Supplemental Planning Grant (SB2 & LEAP)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
39,811	175,941	-	-	-	187,927
3,567	5,631	74	11	125	-
-	-	3,017	2,000	9,428	-
-	-	-	-	-	-
<u>43,378</u>	<u>181,572</u>	<u>3,091</u>	<u>2,011</u>	<u>9,553</u>	<u>187,927</u>
-	-	-	-	-	30,153
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	30,153
<u>43,378</u>	<u>181,572</u>	<u>3,091</u>	<u>2,011</u>	<u>9,553</u>	<u>157,774</u>
-	-	-	-	-	-
(95,882)	(22,100)	-	-	-	-
(95,882)	(22,100)	-	-	-	-
(52,504)	159,472	3,091	2,011	9,553	157,774
<u>\$ 74,842</u>	<u>\$ 153,834</u>	<u>\$ 2,972</u>	<u>\$ 985</u>	<u>\$ 6,334</u>	<u>\$ (177,597)</u>
<u>\$ 22,338</u>	<u>\$ 313,306</u>	<u>\$ 6,063</u>	<u>\$ 2,996</u>	<u>\$ 15,887</u>	<u>\$ (19,823)</u>

**City of Sebastopol**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2024**

	<u>Capital Project</u>	<u>Debt Service</u>	Total
	<u>Undergrounding</u>	Clean Renewable Energy Bonds	Non-Major Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ -	\$ -	\$ 127,807
Sales and use taxes	-	-	192,383
Licenses and permits	-	-	7,300
Intergovernmental	-	-	828,867
Interest and rents	8,412	72	79,257
Charges for services	-	8,100	66,462
Miscellaneous	-	-	750
<b>Total revenues</b>	<u>8,412</u>	<u>8,172</u>	<u>1,302,826</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	-	-	133,726
Public works	-	-	296,036
Debt service:			
Principal	-	102,644	129,328
Interest	-	-	817
<b>Total expenditures</b>	<u>-</u>	<u>102,644</u>	<u>560,525</u>
<b>REVENUES OVER</b>			
<b>(UNDER) EXPENDITURES</b>	<u>8,412</u>	<u>(94,472)</u>	<u>742,301</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	62,048	62,048
Transfers out	-	-	(869,750)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>62,048</u>	<u>(807,702)</u>
<b>Net change in fund balances</b>	8,412	(32,424)	(65,401)
<b>FUND BALANCES:</b>			
Beginning of the year	<u>\$ 240,818</u>	<u>\$ 2,864</u>	<u>2,018,345</u>
End of year	<u>\$ 249,230</u>	<u>\$ (29,560)</u>	<u>\$ 1,952,944</u>

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Police Grants

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 124,137	\$ 24,137
Interest and rents	100	100	2,024	1,924
Miscellaneous	800	800	750	(50)
<b>Total revenues</b>	<b>100,900</b>	<b>100,900</b>	<b>126,911</b>	<b>26,011</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	7,500	7,500	-	7,500
<b>Total expenditures</b>	<b>7,500</b>	<b>7,500</b>	<b>-</b>	<b>7,500</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>93,400</b>	<b>93,400</b>	<b>126,911</b>	<b>33,511</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(100,000)	(100,000)	(100,000)	-
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (6,600)</b>	<b>\$ (6,600)</b>	<b>26,911</b>	<b>\$ 33,511</b>
<b>FUND BALANCES:</b>				
Beginning of the year			\$ 65,484	
End of year			\$ 92,395	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Gas Tax

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 220,700	\$ 220,700	\$ 211,450	\$ (9,250)
Interest and rents	200	200	702	502
<b>Total revenues</b>	<b>220,900</b>	<b>220,900</b>	<b>212,152</b>	<b>(8,748)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	208,924	208,924	179,495	29,429
<b>Total expenditures</b>	<b>208,924</b>	<b>208,924</b>	<b>179,495</b>	<b>29,429</b>
<b>Net change in fund balances</b>	<b>\$ 11,976</b>	<b>\$ 11,976</b>	<b>32,657</b>	<b>\$ 20,681</b>
<b>FUND BALANCES:</b>				
Beginning of the year			\$ 43,858	
End of year			\$ 76,515	



# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Park in Lieu

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 82,771	\$ 82,771
Interest and rents	500	500	1,335	835
Charges for services	15,000	15,000	6,500	(8,500)
<b>Total revenues</b>	<b>15,500</b>	<b>15,500</b>	<b>90,606</b>	<b>75,106</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	27,586	27,586	26,684	902
Interest	3,884	3,884	817	3,067
<b>Total expenditures</b>	<b>31,470</b>	<b>31,470</b>	<b>27,501</b>	<b>3,969</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(15,970)</b>	<b>(15,970)</b>	<b>63,105</b>	<b>79,075</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(205,443)	(205,443)	(87,047)	118,396
<b>Total other financing sources (uses)</b>	<b>(205,443)</b>	<b>(205,443)</b>	<b>(87,047)</b>	<b>118,396</b>
<b>Net change in fund balances</b>	<b>\$ (221,413)</b>	<b>\$ (221,413)</b>	<b>(23,942)</b>	<b>\$ 197,471</b>
<b>FUND BALANCES:</b>				
Beginning of the year			\$ 16,379	
End of year			\$ (7,563)	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Traffic Impact

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 1,800	\$ 1,800	\$ 7,423	\$ 5,623
Charges for services	-	-	12,214	12,214
<b>Total revenues</b>	<u>1,800</u>	<u>1,800</u>	<u>19,637</u>	<u>17,837</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,800</u>	<u>1,800</u>	<u>19,637</u>	<u>17,837</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(110,620)	(110,620)	(112,816)	(2,196)
<b>Total other financing sources (uses)</b>	<u>(110,620)</u>	<u>(110,620)</u>	<u>(112,816)</u>	<u>(2,196)</u>
<b>Net change in fund balances</b>	<u>\$ (108,820)</u>	<u>\$ (108,820)</u>	<u>(93,179)</u>	<u>\$ 15,641</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>\$ 176,043</u>	
End of year			<u>\$ 82,864</u>	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Street Lighting Assessment

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 128,336	\$ 128,336	\$ 127,807	\$ (529)
Interest and rents	500	500	784	284
<b>Total revenues</b>	<b>128,836</b>	<b>128,836</b>	<b>128,591</b>	<b>(245)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	14,669	14,669	14,658	11
Public works	116,514	116,514	116,541	(27)
<b>Total expenditures</b>	<b>131,183</b>	<b>131,183</b>	<b>131,199</b>	<b>(16)</b>
<b>Net change in fund balances</b>	<b>\$ (2,347)</b>	<b>\$ (2,347)</b>	<b>(2,608)</b>	<b>\$ (261)</b>
<b>FUND BALANCES:</b>				
Beginning of the year			29,835	
End of year			\$ 27,227	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Asset Forfeiture

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ -	\$ 355	\$ 355
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>355</u>	<u>355</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>355</u>	<u>\$ 355</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>2,043</u>	
End of year			<u>\$ 2,398</u>	

**City of Sebastopol**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Downtown Association**

**For the year ended June 30, 2024**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 8,700	\$ 8,700	\$ 7,300	\$ (1,400)
Interest and rents	-	-	10	10
<b>Total revenues</b>	<u>8,700</u>	<u>8,700</u>	<u>7,310</u>	<u>(1,390)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	8,700	8,700	-	8,700
<b>Total expenditures</b>	<u>8,700</u>	<u>8,700</u>	<u>-</u>	<u>8,700</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	7,310	<u>\$ 7,310</u>
<b>FUND BALANCES:</b>				
Beginning of the year			(66)	
End of year			<u>\$ 7,244</u>	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Art in Lieu

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 500	\$ 500	\$ 3,918	\$ 3,418
Charges for services	-	-	(605)	(605)
<b>Total revenues</b>	<u>500</u>	<u>500</u>	<u>3,313</u>	<u>2,813</u>
<b>EXPENDITURES:</b>				
Current:				
General government	30,000	30,000	44,250	(14,250)
<b>Total expenditures</b>	<u>30,000</u>	<u>30,000</u>	<u>44,868</u>	<u>(13,632)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(29,500)</u>	<u>(29,500)</u>	<u>(41,555)</u>	<u>(12,055)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(50,500)	(50,500)	(16)	50,484
<b>Total other financing sources (uses)</b>	<u>(50,500)</u>	<u>(50,500)</u>	<u>(16)</u>	<u>50,484</u>
<b>Net change in fund balances</b>	<u>\$ (80,000)</u>	<u>\$ (80,000)</u>	<u>(41,571)</u>	<u>\$ 38,429</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>98,597</u>	
End of year			<u>\$ 57,026</u>	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Measure M

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Sales and use taxes	\$ 190,000	\$ 190,000	\$ 192,383	\$ 2,383
Interest and rents	4,000	4,000	17,470	13,470
<b>Total revenues</b>	<b>194,000</b>	<b>194,000</b>	<b>209,853</b>	<b>15,853</b>
<b>EXPENDITURES:</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>194,000</b>	<b>194,000</b>	<b>209,853</b>	<b>15,853</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(509,557)	(509,557)	(292,419)	217,138
<b>Total other financing sources (uses)</b>	<b>(509,557)</b>	<b>(509,557)</b>	<b>(292,419)</b>	<b>217,138</b>
<b>Net change in fund balances</b>	<b>\$ (315,557)</b>	<b>\$ (315,557)</b>	<b>(82,566)</b>	<b>\$ 232,991</b>
<b>FUND BALANCES:</b>				
Beginning of the year			500,365	
End of year			\$ 417,799	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Housing General Plan

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 6,830	\$ 6,830
Interest and rents	500	500	2,717	2,217
Charges for services	10,000	10,000	-	(10,000)
<b>Total revenues</b>	<b>10,500</b>	<b>10,500</b>	<b>9,547</b>	<b>(953)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	25,025	25,025	44,665	19,640
<b>Total expenditures</b>	<b>25,025</b>	<b>25,025</b>	<b>44,665</b>	<b>19,640</b>
<b>Net change in fund balances</b>	<b>\$ 13,075</b>	<b>\$ 13,075</b>	<b>(35,118)</b>	<b>\$ (48,193)</b>
<b>FUND BALANCES:</b>				
Beginning of the year			114,613	
End of year			\$ 79,495	



**City of Sebastopol**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Street Reserve**

**For the year ended June 30, 2024**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 10,000	\$ 10,000	\$ 16,836	\$ 6,836
<b>Total revenues</b>	<u>10,000</u>	<u>10,000</u>	<u>16,836</u>	<u>6,836</u>
<b>EXPENDITURES:</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>10,000</u>	<u>10,000</u>	<u>16,836</u>	<u>6,836</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(135,000)	(157,470)	(22,470)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(135,000)</u>	<u>(157,470)</u>	<u>(22,470)</u>
<b>Net change in fund balances</b>	<u>\$ 10,000</u>	<u>\$ (125,000)</u>	(140,634)	<u>\$ (15,634)</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>431,087</u>	
End of year			<u>\$ 290,453</u>	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Vehicle Abatement

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 100	\$ 100	\$ 103	\$ 3
Charges for services	500	500	10,319	9,819
<b>Total revenues</b>	<u>600</u>	<u>600</u>	<u>10,422</u>	<u>9,822</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>600</u>	<u>600</u>	<u>10,422</u>	<u>9,822</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,000)	(2,000)	(2,000)	-
<b>Total other financing sources (uses)</b>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (1,400)</u>	<u>\$ (1,400)</u>	8,422	<u>\$ 9,822</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>2,589</u>	
End of year			<u>\$ 11,011</u>	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Inclusionary and Linkage Housing

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 1,500	\$ 1,500	\$ 4,347	\$ 2,847
<b>Total revenues</b>	<u>1,500</u>	<u>1,500</u>	<u>4,347</u>	<u>2,847</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,500</u>	<u>1,500</u>	<u>4,347</u>	<u>2,847</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(10,500)	(10,500)	-	10,500
<b>Total other financing sources (uses)</b>	<u>(10,500)</u>	<u>(10,500)</u>	<u>-</u>	<u>10,500</u>
<b>Net change in fund balances</b>	<u>\$ (9,000)</u>	<u>\$ (9,000)</u>	4,347	<u>\$ 13,347</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>124,435</u>	
End of year			<u>\$ 128,782</u>	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Building Permit Incremental Fund

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 500	\$ 500	\$ 3,341	\$ 2,841
Charges for services	10,000	10,000	15,489	5,489
<b>Total revenues</b>	<b>10,500</b>	<b>10,500</b>	<b>18,830</b>	<b>8,330</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 10,500</b>	<b>\$ 10,500</b>	<b>18,830</b>	<b>\$ 8,330</b>
<b>FUND BALANCES:</b>				
Beginning of the year			108,031	
End of year			\$ 126,861	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Community Development Block Grant

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 203,500	\$ 203,500	\$ 39,811	\$ (163,689)
Interest and rents	-	-	3,567	3,567
<b>Total revenues</b>	<u>203,500</u>	<u>203,500</u>	<u>43,378</u>	<u>(160,122)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>203,500</u>	<u>203,500</u>	<u>43,378</u>	<u>(160,122)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(203,500)	(203,500)	(95,882)	107,618
<b>Total other financing sources (uses)</b>	<u>(203,500)</u>	<u>(203,500)</u>	<u>(95,882)</u>	<u>107,618</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(52,504)</u>	<u>\$ (52,504)</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>74,842</u>	
End of year			<u>\$ 22,338</u>	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### SB1 Road and Maintenance

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 185,900	\$ 185,900	\$ 175,941	\$ (9,959)
Interest and rents	5,000	5,000	5,631	631
<b>Total revenues</b>	<u>190,900</u>	<u>190,900</u>	<u>181,572</u>	<u>(9,328)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>190,900</u>	<u>190,900</u>	<u>181,572</u>	<u>(9,328)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(160,680)	(160,680)	(22,100)	138,580
<b>Total other financing sources (uses)</b>	<u>(160,680)</u>	<u>(160,680)</u>	<u>(22,100)</u>	<u>138,580</u>
<b>Net change in fund balances</b>	<u>\$ 30,220</u>	<u>\$ 30,220</u>	159,472	<u>\$ 129,252</u>
<b>FUND BALANCES:</b>				
Beginning of the year, as restated			<u>153,834</u>	
End of year			<u>\$ 313,306</u>	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### General Government Facilities Fee

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ -	\$ 74	\$ 74
Charges for services	-	-	3,017	3,017
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>3,091</b>	<b>3,091</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>3,091</b>	<b>\$ 3,091</b>
<b>FUND BALANCES:</b>				
Beginning of the year			2,972	
End of year			\$ 6,063	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Fire Facilities Fee

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	-	-	11	11
Charges for services	-	-	2,000	2,000
<b>Total revenues</b>	-	-	2,011	2,011
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	2,011	<u>\$ 2,011</u>
<b>FUND BALANCES:</b>				
Beginning of the year			985	
End of year			<u>\$ 2,996</u>	



# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Stormwater Facilities Fee

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ -	\$ 125	\$ 125
Charges for services	-	-	9,428	9,428
<b>Total revenues</b>	-	-	9,553	9,553
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	9,553	<u>\$ 9,553</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>6,334</u>	
End of year			<u>\$ 15,887</u>	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Supplemental Planning Grant (SB2 and LEAP)

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 92,600	\$ 92,600	\$ 187,927	\$ 95,327
<b>Total revenues</b>	<u>92,600</u>	<u>92,600</u>	<u>187,927</u>	<u>95,327</u>
<b>EXPENDITURES:</b>				
Current:				
General government	65,000	65,000	30,153	34,847
<b>Total expenditures</b>	<u>65,000</u>	<u>65,000</u>	<u>30,153</u>	<u>34,847</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>27,600</u>	<u>27,600</u>	<u>157,774</u>	<u>130,174</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(27,600)	(27,600)	-	27,600
<b>Total other financing sources (uses)</b>	<u>(27,600)</u>	<u>(27,600)</u>	<u>-</u>	<u>27,600</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>157,774</u>	<u>\$ 157,774</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>(177,597)</u>	
End of year			<u>\$ (19,823)</u>	

**City of Sebastopol**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

**Undergrounding**

**For the year ended June 30, 2024**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 1,500	\$ 1,500	\$ 8,412	\$ 6,912
<b>Total revenues</b>	<u>1,500</u>	<u>1,500</u>	<u>8,412</u>	<u>6,912</u>
<b>EXPENDITURES:</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	8,412	<u>\$ 6,912</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>240,818</u>	
End of year			<u>\$ 249,230</u>	

# City of Sebastopol

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Clean Renewable Energy Bonds

For the year ended June 30, 2024

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ -	\$ 72	\$ 72
Charges for services	-	-	8,100	8,100
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>8,172</u>	<u>8,172</u>
<b>EXPENDITURES:</b>				
Principal	\$ 40,597	40,597	102,644	(62,047)
<b>Total expenditures</b>	<u>40,597</u>	<u>40,597</u>	<u>102,644</u>	<u>(62,047)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(40,597)</u>	<u>(40,597)</u>	<u>(94,472)</u>	<u>(53,875)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	62,048	62,048
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>62,048</u>	<u>62,048</u>
<b>Net change in fund balances</b>	<u>\$ (40,597)</u>	<u>\$ (40,597)</u>	<u>(32,424)</u>	<u>\$ 8,173</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>2,864</u>	
End of year			<u>\$ (29,560)</u>	

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# STATISTICAL SECTION

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This part of the City of Sebastopol's annual comprehensive 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.

## **Index**

### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability issues additional debt in the future.

### **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.

### **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.

**CITY OF SEBASTOPOL**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
(Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
<b>Governmental Activities</b>				
Net Investment In Capital Assets	\$ 8,085,194	\$ 8,017,313	\$ 8,461,885	\$ 9,242,243
Restricted	4,128,962	4,314,008	2,279,908	1,660,668
Unrestricted	(4,937,921)	(3,524,869)	(847,289)	(3,254,719)
<b>Total Governmental Activities Net Position</b>	<b>\$ 7,276,235</b>	<b>\$ 8,806,452</b>	<b>\$ 9,894,504</b>	<b>\$ 7,648,192</b>
<b>Business-Type Activities</b>				
Net Investment In Capital Assets	\$ 4,566,315	\$ 4,799,099	\$ 4,705,054	\$ 5,956,258
Restricted	1,544,038	1,404,798	1,468,204	-
Unrestricted	1,051,968	1,691,465	2,900,417	3,430,964
<b>Total Business-Type Activities Net Position</b>	<b>\$ 7,162,321</b>	<b>\$ 7,895,362</b>	<b>\$ 9,073,675</b>	<b>\$ 9,387,222</b>
<b>Primary Government</b>				
Net Investment In Capital Assets	\$ 12,651,509	\$ 12,816,412	\$ 13,166,939	\$ 15,198,501
Restricted	5,673,000	5,718,806	3,748,112	1,660,668
Unrestricted	(3,885,953)	(1,833,404)	2,053,128	176,245
<b>Total Primary Government Net Position</b>	<b>\$ 14,438,556</b>	<b>\$ 16,701,814</b>	<b>\$ 18,968,179</b>	<b>\$ 17,035,414</b>

Note: The City implemented GASB Statement No. 68 in FY 2015, which required the City to record their net pension liability in the statement of net position.

Source: Basic Financial Statements- City of Sebastopol, California

Fiscal Year

2019	2020	2021	2022	2023	2024
\$ 9,448,772	\$ 9,494,832	\$ 9,355,475	\$ 9,702,362	\$ 10,407,888	\$ 13,491,017
1,450,299	2,827,215	3,067,342	3,599,203	2,696,032	2,592,120
(2,485,538)	(3,011,697)	(4,241,598)	(5,490,293)	56,266	(591,864)
<u>\$ 8,413,533</u>	<u>\$ 9,310,350</u>	<u>\$ 8,181,219</u>	<u>\$ 7,811,272</u>	<u>\$ 13,160,186</u>	<u>\$ 15,491,273</u>
\$ 5,966,945	\$ 5,594,545	\$ 5,199,403	\$ 5,259,183	\$ 5,366,755	\$ 5,821,403
-	-	-	-	-	-
3,563,944	3,204,183	2,840,979	1,782,914	847,207	(1,467,220)
<u>\$ 9,530,889</u>	<u>\$ 8,798,728</u>	<u>\$ 8,040,382</u>	<u>\$ 7,042,097</u>	<u>\$ 6,213,962</u>	<u>\$ 4,354,183</u>
\$ 15,415,717	\$ 15,089,377	\$ 14,554,878	\$ 14,961,545	\$ 15,774,643	\$ 19,312,420
1,450,299	2,827,215	3,067,342	3,599,203	2,696,032	2,592,120
1,078,406	192,486	(1,400,619)	(3,707,379)	903,473	(2,059,084)
<u>\$ 17,944,422</u>	<u>\$ 18,109,078</u>	<u>\$ 16,221,601</u>	<u>\$ 14,853,369</u>	<u>\$ 19,374,148</u>	<u>\$ 19,845,456</u>

**CITY OF SEBASTOPOL**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
(Accrual Basis of Accounting)

	2015	2016	2017	2018
<b>Expenses</b>				
Governmental Activities				
General government	\$ 1,451,524	\$ 1,761,437	\$ 2,055,024	\$ 2,278,030
Public safety	4,397,921	4,193,457	5,260,822	5,397,701
Community development	34,936	9,155	-	-
Public works	1,331,944	1,376,165	938,036	1,301,865
Parks and recreation	644,813	1,066,267	749,005	801,006
Interest on long-term debt	91,304	83,446	80,566	72,765
Total Governmental Activities Expenses	<u>7,952,442</u>	<u>8,489,927</u>	<u>9,083,453</u>	<u>9,851,367</u>
Business-Type Activities				
Water	1,368,427	1,669,223	1,716,237	1,893,951
Wastewater	2,795,925	2,887,638	2,889,787	3,090,686
Total Business-Type Activities Expenses	<u>4,164,352</u>	<u>4,556,861</u>	<u>4,606,024</u>	<u>4,984,637</u>
Total Primary Government Net Expenses	<u>\$ 12,116,794</u>	<u>\$ 13,046,788</u>	<u>\$ 13,689,477</u>	<u>\$ 14,836,004</u>
<b>Program Revenues</b>				
Governmental Activities				
Charges for services				
General government	\$ 342,911	\$ 915,735	\$ 180,139	\$ 208,574
Public safety	278,638	240,886	190,018	171,292
Community development	14,390	162,652	-	-
Public works	182,878	305,614	539,617	324,193
Parks and recreation	89,971	100,630	66,739	44,247
Operating Contributions and Grants	579,188	484,480	209,472	348,082
Capital Contributions and Grants	742,670	446,248	525,005	473,052
Total Governmental Activities Program Revenues	<u>2,230,646</u>	<u>2,656,245</u>	<u>1,710,990</u>	<u>1,569,440</u>
Business-Type Activities				
Charges for services				
Water	1,933,720	2,061,253	2,457,698	2,270,224
Wastewater	2,959,002	3,116,767	3,324,934	3,028,330
Capital Contributions and Grants	30,356	142,905	-	-
Total Business-Type Activities Program Revenues	<u>4,923,078</u>	<u>5,320,925</u>	<u>5,782,632</u>	<u>5,298,554</u>
Total Primary Government Program Revenues	<u>\$ 7,153,724</u>	<u>\$ 7,977,170</u>	<u>\$ 7,493,622</u>	<u>\$ 6,867,994</u>

Source: Basic Financial Statements- City of Sebastopol, California



Fiscal Year

2019	2020	2021	2022	2023	2024
\$ 2,000,974	\$ 2,609,862	\$ 2,657,999	\$ 2,966,273	\$ 2,702,550	\$ 3,215,865
5,813,782	6,263,272	6,760,025	6,741,592	5,108,708	6,374,018
-	-	-	-	-	-
1,220,155	1,448,514	1,633,132	2,102,767	928,845	1,542,964
976,489	1,159,950	965,252	1,030,936	1,010,731	1,163,946
72,530	70,118	37,858	19,063	30,692	33,287
10,083,930	11,551,716	12,054,266	12,860,631	9,781,526	12,330,080
1,933,059	2,393,602	2,490,214	2,572,104	2,505,812	2,923,488
3,333,798	3,562,838	3,519,884	3,845,631	3,765,130	4,269,156
5,266,857	5,956,440	6,010,098	6,417,735	6,270,942	7,192,644
\$ 15,350,787	\$ 17,508,156	\$ 18,064,364	\$ 19,278,366	\$ 16,052,468	\$ 19,522,724
\$ 188,613	\$ 214,999	\$ 205,711	\$ 212,591	\$ 218,820	\$ 223,487
179,531	152,232	134,888	109,257	134,997	131,130
-	-	-	-	-	-
345,425	421,397	520,283	394,056	817,936	482,328
26,588	50,605	75,314	24,383	6,675	18,871
239,765	1,856,224	799,896	548,966	2,527,480	752,416
380,700	477,809	741,050	715,013	574,589	2,265,289
1,360,622	3,173,266	2,477,142	2,004,266	4,280,497	3,873,521
2,229,367	2,295,614	2,613,289	2,519,592	2,353,715	2,433,539
3,104,920	2,895,155	3,024,497	3,053,622	3,005,604	2,870,624
-	-	-	-	-	-
5,334,287	5,190,769	5,637,786	5,573,214	5,359,319	5,304,163
\$ 6,694,909	\$ 8,364,035	\$ 8,114,928	\$ 7,577,480	\$ 9,639,816	\$ 9,177,684

**CITY OF SEBASTOPOL**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
(Accrual Basis of Accounting)

	2015	2016	2017
<b>Net (Expense)/Revenue</b>			
Governmental Activities	\$ (5,721,796)	\$ (5,833,682)	\$ (7,372,463)
Business-Type Activities	758,726	764,064	1,176,608
<b>Total Primary Government Net Expense</b>	<b>(4,963,070)</b>	<b>(5,069,618)</b>	<b>(6,195,855)</b>
<b>General Revenues and Other Changes in Net Position</b>			
Governmental Activities			
Taxes			
Property taxes	1,392,443	1,393,021	2,459,296
Sales and use taxes	1,713,697	1,748,368	2,069,199
Motor vehicle in lieu taxes	591,353	621,440	-
Transient lodging taxes	359,892	482,164	483,738
Other taxes	2,273,971	2,761,809	2,246,817
Investment earnings	22,017	10,492	73,826
Miscellaneous	257,126	327,178	-
Transfers	31,024	31,024	31,023
Special item: Contribution of long-term loans to Sonoma County	-	(3,602,937)	-
Extraordinary item: Theft of investment funds	-	-	-
<b>Total Governmental Activities</b>	<b>6,641,523</b>	<b>3,772,559</b>	<b>7,363,899</b>
Business-Type Activities			
Investment earnings	-	-	-
Transfers	(31,024)	(31,024)	(31,023)
Extraordinary item: Theft of investment funds	-	-	-
<b>Total Business-Type Activities</b>	<b>(31,024)</b>	<b>(31,024)</b>	<b>(31,023)</b>
<b>Total Primary Government</b>	<b>6,610,499</b>	<b>3,741,535</b>	<b>7,332,876</b>
<b>Change in Net Position</b>			
Governmental Activities	919,727	(2,061,123)	(8,564)
Business-Type Activities	727,702	733,040	1,145,585
<b>Total Primary Government</b>	<b>\$ 1,647,429</b>	<b>\$ (1,328,083)</b>	<b>\$ 1,137,021</b>

Source: Basic Financial Statements- City of Sebastopol, California

Fiscal Year

2018	2019	2020	2021	2022	2023	2024
\$ (8,281,927)	\$ (8,723,308)	\$ (8,378,450)	\$ (9,577,124)	\$ (10,856,365)	\$ (5,501,029)	\$ (8,456,559)
313,917	67,430	(765,671)	(372,312)	(844,521)	(911,623)	(1,888,481)
(7,968,010)	(8,655,878)	(9,144,121)	(9,949,436)	(11,700,886)	(6,412,652)	(10,345,040)
2,478,979	2,618,913	2,891,222	2,981,745	3,004,264	3,469,046	3,608,219
3,923,850	3,714,794	3,958,244	3,697,726	4,362,811	4,608,918	4,521,289
-	-	-	-	-	-	-
514,225	529,810	631,742	518,175	402,255	544,128	519,452
1,134,089	1,097,589	1,153,243	1,100,380	1,158,279	1,436,605	1,467,561
67,458	57,812	259,216	343,753	(7,279)	(36,045)	496,694
260,341	523,614	563,958	602,464	315,678	796,267	104,454
31,023	32,259	31,024	31,024	31,024	31,024	69,977
-	-	-	-	-	-	-
-	-	-	-	(819,039)	-	-
8,409,965	8,574,791	9,488,649	9,275,267	8,447,993	10,849,943	10,787,646
32,728	31,889	107,261	91,655	25,951	114,512	98,679
(31,023)	(32,259)	(31,024)	(31,024)	(31,024)	(31,024)	(69,977)
-	-	-	-	(380,961)	-	-
1,705	(370)	76,237	60,631	(386,034)	83,488	28,702
8,411,670	8,574,421	9,564,886	9,335,898	8,061,959	10,933,431	10,816,348
128,038	(148,517)	1,110,199	(301,857)	(2,408,372)	5,348,914	2,331,087
315,622	67,060	(689,434)	(311,681)	(1,230,555)	(828,135)	(1,859,779)
\$ 443,660	\$ (81,457)	\$ 420,765	\$ (613,538)	\$ (3,638,927)	\$ 4,520,779	\$ 471,308

**CITY OF SEBASTOPOL**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

	2015	2016	2017
General Fund			
Nonspendable	\$ -	\$ -	\$ 11,127
Restricted	-	-	-
Committed	1,015,000	1,015,000	185,000
Assigned	-	-	2,785,000
Unassigned	2,077,523	3,265,624	3,669,067
Total General Fund	<u>\$ 3,092,523</u>	<u>\$ 4,280,624</u>	<u>\$ 6,650,194</u>
All Other Governmental Funds			
Nonspendable	\$ -	\$ -	\$ -
Restricted	3,573,382	3,827,777	2,279,908
Committed	595,718	464,800	154,351
Unassigned	-	-	(79,673)
Total All Other Governmental Funds	<u>4,169,100</u>	<u>4,292,577</u>	<u>2,354,586</u>
Total Governmental Funds	<u><u>\$7,261,623</u></u>	<u><u>\$8,573,201</u></u>	<u><u>\$9,004,780</u></u>

Source: Basic Financial Statements- City of Sebastopol, California

Fiscal Year

2018	2019	2020	2021	2022	2023	2024
\$ 46,392	\$ 28,818	\$ 76,529	\$ 42,386	\$ 180,191	\$ 187,748	\$ 1,305,154
-	-	1,186,330	1,161,558	2,013,242	1,234,900	2,861,099
185,000	-	-	-	-	-	-
3,335,000	3,579,535	4,610,435	5,049,534	4,601,816	4,601,125	2,703,713
3,882,742	4,993,434	4,269,513	3,028,639	3,547,112	5,947,365	4,796,525
<u>\$ 7,449,134</u>	<u>\$ 8,601,787</u>	<u>\$ 10,142,807</u>	<u>\$ 9,282,117</u>	<u>\$ 10,342,361</u>	<u>\$ 11,971,138</u>	<u>\$ 11,666,491</u>
\$ -	\$ -	\$ 2,651	\$ -	\$ 555	\$ -	\$ -
1,660,668	1,450,299	1,640,885	1,905,784	1,585,961	1,656,890	1,592,576
279,229	436,477	475,327	491,317	492,217	539,118	417,314
(48,819)	(113,745)	(10,535)	(6,926)	(7,776)	(183,350)	(476,949)
<u>1,891,078</u>	<u>1,773,031</u>	<u>2,108,328</u>	<u>2,390,175</u>	<u>2,070,957</u>	<u>2,012,658</u>	<u>1,532,941</u>
<u>\$9,340,212</u>	<u>\$10,374,818</u>	<u>\$12,251,135</u>	<u>\$11,672,292</u>	<u>\$12,413,318</u>	<u>\$13,983,796</u>	<u>\$13,199,432</u>

**CITY OF SEBASTOPOL**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
Revenues				
Property taxes	\$ 1,393,024	\$ 2,459,296	\$ 2,681,062	\$ 2,618,914
Sales and use taxes	3,652,138	3,940,169	4,454,450	4,686,751
Other taxes	1,218,306	-	-	-
Transient occupancy taxes	-	483,738	514,225	529,810
Utility users tax	-	-	-	-
Franchise fees	-	351,568	359,466	323,496
Licenses and permits	314,693	488,234	412,678	304,268
Fines and forfeits	158,380	122,235	88,747	82,605
Intergovernmental	1,443,193	979,119	676,542	765,572
Interest and rents	43,433	92,985	112,795	106,357
Charges for services	843,764	717,270	428,703	320,219
Miscellaneous	67,948	434,506	294,146	523,223
<b>Total Revenues</b>	<b>9,134,879</b>	<b>10,069,120</b>	<b>10,022,814</b>	<b>10,261,215</b>
Expenditures				
Current				
General Government	1,501,999	1,628,362	2,272,637	1,879,155
Public Safety	4,175,290	4,329,264	4,429,352	4,780,975
Community development	35,436	9,600	-	-
Parks and recreation	544,596	524,035	605,061	639,930
Public works	1,073,855	1,443,331	930,256	868,491
Capital Outlay	80,472	554,243	1,188,516	1,471,598
Debt Service:				
Principal	358,175	302,357	233,469	245,128
Interest	93,135	82,796	80,566	72,766
Cost of debt issuance	-	-	-	-
<b>Total Expenditures</b>	<b>7,862,958</b>	<b>8,873,988</b>	<b>9,739,857</b>	<b>9,958,043</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,271,921</b>	<b>1,195,132</b>	<b>282,957</b>	<b>303,172</b>
Other Financing Sources (Uses)				
Lease financing	-	85,423	66,250	-
Proceeds from debt	-	-	-	-
Payment to escrow	-	-	-	-
Sales of capital assets	-	-	799	-
Transfers In	256,301	417,645	198,741	1,396,214
Transfers Out	(225,277)	(386,622)	(167,718)	(1,363,955)
<b>Total Other Financing Sources (Uses)</b>	<b>31,024</b>	<b>116,446</b>	<b>98,072</b>	<b>32,259</b>
<b>Extraordinary/Special Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balances</b>	<b>\$1,302,945</b>	<b>\$1,311,578</b>	<b>\$381,029</b>	<b>\$335,431</b>
Debt Service as a percentage of non-capital expenditures	5.8%	4.6%	3.6%	3.7%

Source: Basic Financial Statements- City of Sebastopol, California

		Fiscal Year					
		2019	2020	2021	2022	2023	2024
\$	2,891,222	\$ 2,981,746	\$ 3,004,264	\$ 3,333,748	\$ 3,469,047	\$ 3,608,219	
	4,907,892	4,609,379	5,321,931	5,744,161	5,766,785	4,819,171	
	-	-	-	-	-	-	
	631,742	518,175	402,255	504,292	544,128	519,452	
	-	-	-	-	-	863,179	
	358,299	336,738	363,167	405,507	468,871	489,591	
	324,928	458,640	507,434	454,321	736,252	522,373	
	55,501	48,171	30,439	27,452	28,766	34,665	
	540,760	2,213,385	1,401,853	1,071,029	2,749,503	2,604,266	
	309,812	390,766	38,129	(257,367)	10,009	547,888	
	318,062	293,920	361,904	261,074	384,367	257,671	
	563,549	602,471	315,177	927,480	796,090	102,465	
	10,901,767	12,453,391	11,746,553	12,471,697	14,953,818	14,368,940	
	1,933,038	2,216,083	2,308,287	2,678,185	3,072,218	2,972,687	
	4,998,720	5,448,918	6,292,688	6,059,990	6,202,781	5,987,388	
	-	-	-	-	-	-	
	826,945	970,013	792,038	799,261	928,296	979,416	
	1,051,102	1,062,194	1,161,841	1,293,535	1,171,320	1,104,778	
	766,230	590,256	680,072	1,797,036	1,669,492	3,748,461	
	249,619	250,516	275,351	240,932	339,564	397,266	
	72,531	70,118	37,858	19,063	30,693	33,285	
	-	-	12,842	-	-	-	
	9,898,185	10,608,098	11,560,977	12,888,002	13,414,364	15,223,281	
	1,003,582	1,845,293	185,576	(416,305)	1,539,454	(854,341)	
	-	-	-	-	-	-	
	-	-	420,626	1,126,307	-	-	
	-	-	(397,030)	-	-	-	
	-	-	-	-	-	-	
	2,912,182	632,536	632,536	1,511,475	1,758,851	3,545,300	
	(2,881,158)	(601,512)	(601,512)	(1,480,451)	(1,727,827)	(3,475,323)	
	31,024	31,024	54,620	1,157,331	31,024	69,977	
	-	-	(819,039)	-	-	-	
	\$1,034,606	\$1,876,317	(\$578,843)	\$741,026	\$1,570,478	(\$784,364)	
	3.5%	3.2%	3.0%	2.3%	3.3%	3.8%	

**CITY OF SEBASTOPOL**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Secured Property	Unsecured Property	SBE Nonunitary	Total Taxable Assessed Value <sup>1</sup>	Estimated Actual Taxable Value <sup>2</sup>	Total Direct Tax Rate <sup>3</sup>
2015	\$ 1,030,201,370	\$ 33,857,950	\$ -	\$ 1,064,059,320	\$ -	1.1157%
2016	1,101,325,085	34,718,413	-	1,136,043,498	-	1.1152%
2017	1,159,102,311	36,169,711	-	1,195,272,022	-	1.1247%
2018	1,213,563,175	40,451,873	-	1,254,015,048	1,506,046,992	1.1322%
2019	1,293,160,893	41,422,754	-	1,334,583,647	-	1.1322%
2020	1,346,424,183	39,548,176	-	1,385,972,359	1,769,357,484	1.1570%
2021	1,396,730,880	40,985,208	-	1,437,716,088	1,787,188,307	1.1560%
2022	1,442,646,754	42,502,411	-	1,485,149,165	1,939,139,162	1.1776%
2023	1,519,838,181	40,116,647	-	1,559,954,828	2,307,922,054	1.1369%
2024	1,594,670,072	46,550,880	-	1,641,220,952	2,135,504,184	1.1630%

<sup>1</sup> Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value as it appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased to reflect:

- a) annual inflation up to 2 percent
- b) current market value at time of ownership change;
- c) market value for new construction

<sup>2</sup> Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

<sup>3</sup> Total direct tax rate is represented by TRA 05-001, 05-022.

Source: Sonoma County Assessor data, Avenu Insights & Analytics



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**CITY OF SEBASTOPOL**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**

Agency	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Basic Levy</b> <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Palm Drive Health Care District	0.00520	0.00520	0.00520	0.00520	0.00520	0.00300	0.00300	0.00260	0.00260	0.00250
Sebastopol Elementary Bonds	0.03700	0.03500	0.03300	0.03550	0.03450	0.03350	0.03600	0.06600	0.05700	0.04200
Sonoma County Junior College	0.01800	0.01600	0.01500	0.01400	0.03600	0.01300	0.01300	0.01300	0.01200	0.01150
Sonoma County Junior College 2014	0.00000	0.00000	0.02500	0.02300	0.00000	0.02400	0.02400	0.02400	0.02300	0.02200
Twin Hills Elementary	0.03300	0.03300	0.03200	0.03050	0.03000	0.03000	0.02900	0.02500	0.00000	0.04050
West Sonoma County Unified High	0.01550	0.01900	0.01750	0.01700	0.04850	0.04650	0.04400	0.04000	0.03530	0.03750
West Sonoma Russian River Project	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700
<b>Total Direct &amp; Overlapping Tax Rates</b> <sup>2</sup>	<b>1.11570</b>	<b>1.11520</b>	<b>1.13470</b>	<b>1.13220</b>	<b>1.16120</b>	<b>1.15700</b>	<b>1.15600</b>	<b>1.17760</b>	<b>1.13690</b>	<b>1.16300</b>

Note:

<sup>1</sup> In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

<sup>2</sup> 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.

Source: Sonoma County Assessor data, Avenu Insights & Analytics

**CITY OF SEBASTOPOL**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Fiscal Year 2024		Fiscal Year 2015	
	Taxable Assessed Value	Percent Of Total Assessed Valuation	Taxable Assessed Value <sup>1</sup>	Percent Of Total Assessed Valuation
Barlow Star LLC	\$ 31,834,640	1.94%	N/A	N/A
H-1 Real Estate LLC	15,546,928	0.95%	N/A	N/A
Longs Drug Stores California LLC	9,725,026	0.59%	6,859,089	0.64%
The Duckhorn Portfolio	8,349,530	0.51%	N/A	N/A
Redwood Marketplace	7,596,302	0.46%	6,447,082	0.61%
970 Gravenstein Hwy LLC	6,835,000	0.42%	N/A	N/A
Maxwell Myers Co & Maxwell A Myers L	6,030,490	0.37%	N/A	N/A
LOK Sebastopol Hotel Co LLC	5,876,420	0.36%	5,228,303	0.49%
Sonoma Real Estate Holdings LLC	5,466,125	0.33%	N/A	N/A
Diajeff LLC	5,282,266	0.32%	4,483,108	0.42%
<b>Total Top 10 Taxpayers</b>	<b>102,542,727</b>	<b>6.25%</b>	<b>\$ 23,017,582</b>	<b>2.16%</b>
<b>Total Taxable Value</b>	<b>\$ 1,641,220,952</b>	<b>100.00%</b>	<b>\$ 1,064,059,320</b>	<b>100.00%</b>

Source: Sonoma County Assessor data, Avenu Insights & Analytics

**CITY OF SEBASTOPOL**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS\***

Fiscal Year	Taxes Levied for the Fiscal Year			Collections within the Fiscal Year of the Levy	
	City	RDA/Successor Agency	Total <sup>1</sup>	Amount	Percent of Levy
2017	\$ 2,523,397	\$ 825,365	\$ 3,348,762	\$ 3,348,762	100.00%
2018	2,433,418	827,985	3,261,403	3,261,403	100.00%
2019	2,714,491	743,087	3,457,578	3,457,578	100.00%
2020	2,781,985	656,366	3,438,351	3,438,351	100.00%
2021	2,909,941	319,262	3,229,203	3,229,203	100.00%
2022	3,202,351	-	3,202,351	3,202,351	100.00%
2023	3,293,347	-	3,293,347	3,293,347	100.00%
2024	3,443,906	-	3,443,906	3,443,906	100.00%

<sup>1</sup> Schedule excludes unitary tax.

<sup>2</sup> The City of Sebastopol participates in the County of Sonoma "Teeter Plan" for property tax distributions. This plan distributes 100% of the secured taxes to participants; and in turn, allows the County to keep related penalties and interest for late tax payments.

\* The schedule is intended to show information for ten years, additional years will be displayed as it becomes available.

Source: Sonoma County Tax Collector/Treasurer

**CITY OF SEBASTOPOL**  
**TAXABLE SALES BY CATEGORY**  
**LAST TEN CALENDAR YEARS (IN THOUSANDS OF DOLLARS)**

**City of Sebastopol - Bradley Burns**

Category	Calendar Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Eating and Drinking Places	\$ 39,035	\$ 40,730	\$ 43,265	\$ 33,525	\$ 44,326	\$ 39,036	\$ 36,947	\$ 32,746	\$ 31,626	\$ 29,686
Food Stores	31,691	33,067	35,126	32,999	39,915	44,478	41,357	39,236	39,368	23,074
Apparel Stores	2,399	2,503	2,659	2,840	3,636	3,883	3,784	3,904	3,873	1,044
Auto Dealers and Supplies	9,932	10,363	11,008	9,243	8,837	8,706	9,284	8,252	8,344	158,109
Service Stations	17,525	18,286	19,424	16,734	21,926	19,190	16,825	17,131	20,449	430
Other Retail Stores	32,346	33,751	35,851	31,820	34,202	32,551	31,599	28,826	28,248	3,399
All Other Outlets	27,598	28,796	30,589	27,608	29,984	21,972	21,472	23,529	23,206	31,304
<b>Total</b>	<b>\$ 160,525</b>	<b>\$ 167,497</b>	<b>\$ 177,922</b>	<b>\$ 154,770</b>	<b>\$ 182,826</b>	<b>\$ 169,816</b>	<b>\$ 161,269</b>	<b>\$ 153,625</b>	<b>\$ 155,114</b>	<b>\$ 247,046</b>

**City of Sebastopol - Measure Y**

Category	Calendar Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Eating and Drinking Places	\$ 36,868	\$ 38,469	\$ 40,863	\$ 33,537	\$ 42,423	\$ 39,585	\$ 37,757	\$ 33,618	\$ 32,338	\$ 29,203
Food Stores	35,413	36,951	39,251	37,966	36,386	38,962	46,524	44,990	42,992	39,556
Apparel Stores	5,600	5,843	6,207	5,293	6,201	6,298	6,676	6,093	6,069	4,950
Auto Dealers and Supplies	38,325	39,990	42,478	33,575	41,451	40,643	44,124	41,412	40,325	40,242
Service Stations	17,876	18,652	19,813	17,106	22,139	19,419	17,085	17,183	19,886	22,676
Other Retail Stores	63,732	66,501	70,639	58,284	53,109	52,863	50,032	47,131	43,757	39,932
All Other Outlets	72,414	75,559	80,262	66,878	68,588	60,692	57,283	56,718	55,486	54,916
<b>Total</b>	<b>\$ 270,228</b>	<b>\$ 281,964</b>	<b>\$ 299,513</b>	<b>\$ 252,641</b>	<b>\$ 270,297</b>	<b>\$ 258,462</b>	<b>\$ 259,481</b>	<b>\$ 247,145</b>	<b>\$ 240,853</b>	<b>\$ 231,475</b>

**City of Sebastopol - Measure T**

Category	Calendar Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Eating and Drinking Places	\$ 36,868	\$ 38,469	\$ 40,863	\$ 33,537	\$ 42,423	\$ 39,585	\$ 37,757	\$ 33,618	\$ 32,338	\$ 29,203
Food Stores	35,413	36,951	39,251	37,966	36,386	38,962	46,524	44,990	42,992	39,556
Apparel Stores	5,600	5,843	6,207	5,293	6,201	6,298	6,676	6,093	6,069	4,950
Auto Dealers and Supplies	38,325	39,990	42,478	33,575	41,451	40,643	44,124	41,412	40,325	40,242
Service Stations	17,876	18,652	19,813	17,106	22,139	19,419	17,085	17,183	19,886	22,676
Other Retail Stores	63,732	66,501	70,639	58,284	53,109	52,863	50,032	47,131	43,757	39,932
All Other Outlets	72,414	75,559	80,262	66,878	68,588	60,692	57,283	56,718	55,486	54,916
<b>Total</b>	<b>\$ 270,228</b>	<b>\$ 281,964</b>	<b>\$ 299,513</b>	<b>\$ 252,641</b>	<b>\$ 270,297</b>	<b>\$ 258,462</b>	<b>\$ 259,481</b>	<b>\$ 247,145</b>	<b>\$ 240,853</b>	<b>\$ 231,475</b>

**City of Sebastopol - Total**

Category	Calendar Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Eating and Drinking Places	\$ 112,819	\$ 117,719	\$ 125,046	\$ 100,593	\$ 129,249	\$ 118,216	\$ 112,516	\$ 100,029	\$ 96,436	\$ 89,102
Food Stores	102,478	106,929	113,584	108,895	112,665	122,367	134,383	129,670	125,326	102,265
Apparel Stores	13,550	14,138	15,018	13,380	15,995	16,528	17,077	16,080	15,980	10,921
Auto Dealers and Supplies	86,793	90,563	96,199	76,513	91,855	90,004	97,536	94,005	89,250	238,577
Service Stations	53,276	55,590	59,050	50,907	66,208	58,032	50,997	51,592	61,102	44,970
Other Retail Stores	159,665	166,600	176,969	148,224	140,420	138,145	131,621	122,975	115,389	83,500
All Other Outlets	171,861	179,326	190,487	161,117	166,791	143,070	135,790	136,807	134,947	140,945
<b>Total</b>	<b>\$ 700,443</b>	<b>\$ 730,864</b>	<b>\$ 776,353</b>	<b>\$ 659,628</b>	<b>\$ 723,183</b>	<b>\$ 686,363</b>	<b>\$ 679,920</b>	<b>\$ 651,158</b>	<b>\$ 638,431</b>	<b>\$ 710,280</b>

\* Categories of sales activity, and amounts displayed for the current reporting period are estimated based on prior years' activity.

**CITY OF SEBASTOPOL**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business-Type Activities	
	Special Assessment Bonds	Finance Purchase Agreements	CEC Loan	Lease- Leaseback Agreements	Total <sup>2</sup>	Installment Agreement	Finance Purchase Agreements
2014	\$ 205,000	\$ 2,415,429	\$ -	\$ -	\$ 2,620,429	\$ 1,200,000	\$ 1,150,336
2015	185,000	2,273,334	-	-	2,458,334	1,160,118	1,130,420
2016	160,000	2,075,657	-	-	2,235,657	1,118,601	1,147,458
2017	140,000	1,850,529	-	-	1,990,529	1,075,382	990,710
2018	115,000	1,625,911	-	-	1,740,911	1,030,391	859,552
2019	90,000	1,400,395	-	-	1,490,395	983,555	737,003
2020	65,000	1,173,640	-	-	1,238,640	-	627,380
2021	35,000	1,126,307	-	933,133	2,094,440	-	3,812,582
2022	-	1,050,637	-	710,239	1,760,876	-	3,559,254
2023	-	985,875	-	377,735	1,363,610	-	3,330,963

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

<sup>1</sup> See Demographic and Economic Indicators schedule for personal income and population data.

<sup>2</sup> Totals do not include other post-employment benefits payable or compensated absences.

n/a: not available

Source: Basic Financial Statements - City of Sebastopol, California

Business-Type Activities

Lease- Leaseback Agreements	Refunding Loan Payable Truist	State Drinking Water Loan	CEC Loan	Total <sup>2</sup>	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
\$ -	\$ -	\$ 142,819	\$ -	\$ 2,493,155	\$ 5,113,584	1.97%	686
-	-	170,415	-	2,460,953	3,761,788	1.42%	500
-	-	249,339	-	2,515,398	3,912,195	1.38%	516
-	-	148,328	-	2,214,420	3,353,458	1.10%	435
-	-	98,863	-	1,988,806	2,947,221	0.97%	382
-	-	75,481	-	1,796,039	2,608,523	0.84%	337
-	1,019,462	-	-	1,646,842	3,293,684	1.00%	430
487,375	955,734	-	-	5,255,691	10,511,382	2.83%	1,404
365,560	891,079	-	-	4,815,893	9,631,786	2.27%	1,311
245,041	825,058	-	-	4,401,062	8,802,124	1.87%	1,207

**CITY OF SEBASTOPOL**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding		Percentage of Personal Income <sup>1</sup>	Percentage of Total Taxable Assessed Value <sup>2</sup>	Per Capita <sup>1</sup>
		Total			
2015	\$	-	N/A	N/A	N/A
2016		-	N/A	N/A	N/A
2017		-	N/A	N/A	N/A
2018		-	N/A	N/A	N/A
2019		-	N/A	N/A	N/A
2020		-	N/A	N/A	N/A
2021		-	N/A	N/A	N/A
2022		-	N/A	N/A	N/A
2023		-	N/A	N/A	N/A
2024		-	N/A	N/A	N/A

<sup>1</sup> See Demographic and Economic Indicators schedule for personal income and population data.

<sup>2</sup> See Assessed Value and Actual Value of Taxable Property schedule for property value data.

Source: Basic Financial Statements - City of Sebastopol, California



**CITY OF SEBASTOPOL**  
**DIRECT AND OVERLAPPING DEBT GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2024**

	Total Debt June 30, 2024	Percent Applicable <sup>1</sup>	City's Share of Debt as of June 30, 2024
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Sonoma County Joint Community College District	\$ 367,115,000	1.425%	\$ 5,231,389
West Sonoma County Union High School District	78,536,954	13.387%	10,513,742
Sebastopol Union School District	20,664,563	58.766%	12,143,737
Twin Hills Union Shool District	2,265,066	0.697%	15,788
Palm Drive Healthcare District	2,060,232	12.540%	258,353
Palm Drive Healthcare District Parcel Tax Obligations	9,225,906	12.540%	1,156,929
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 29,319,937</u>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Sonoma County Certificates of Participation	\$ 4,920,000	1.435%	\$ 70,602
Sonoma County Pension Obligation Bonds	183,880,000	1.435%	2,638,678
Sonoma County Office of Education Certificates of Participation	2,637,891	1.435%	37,854
West Sonoma County Union High School District General Fund Obligations	819,510	13.387%	109,708
Sebastopol Union School District Certificates of Participation	139,826	58.766%	82,170
Twin Hills Union School District Certificates of Participation	118,528	0.697%	826
City of Sebastopol Obligations	1,363,610	100.000%	1,363,610
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u>\$ 4,303,448</u>
COMBINED TOTAL DEBT			<u>\$ 33,623,385</u>
TOTAL DIRECT DEBT			\$ 1,363,610
TOTAL OVERLAPPING DEBT			<u>32,259,775</u>
COMBINED TOTAL DEBT			<u>\$ 33,623,385</u> <sup>2</sup>

<sup>1</sup> The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determinating the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

<sup>2</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded lease obligations

**RATIOS TO 2023-24 ASSESSED VALUATION:**

Total Overlapping Tax and Assessment Debt	1.78%
Combined Direct Debt	0.08%
Combined Total Debt	2.04%

**CITY OF SEBASTOPOL**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

	2015	2016	2017	2018
Total assessed value of all real and personal property	\$ 1,064,059,320	\$ 1,136,043,498	\$ 1,195,272,022	\$ 1,254,015,048
Debt limit percentage	3.75%	3.75%	3.75%	3.75%
Total debt limit	39,902,225	42,601,631	44,822,701	47,025,564
Amount applicable to debt limit	2,620,429	2,458,334	-	1,990,529
Legal debt margin	<u>\$ 37,281,796</u>	<u>\$ 40,143,297</u>	<u>\$ 44,822,701</u>	<u>\$ 45,035,035</u>
Total net debt applicable to the limit as a percentage of debt limit	6.57%	5.77%	0.00%	4.23%

Note: California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus the limit shown is 3.75% (1/4 of 15%).

Source: Basic Financial Statements - City of Sebastopol, California

Fiscal year

2019	2020	2021	2022	2023	2024
\$ 1,293,160,893	\$ 1,346,424,183	\$ 1,396,730,880	\$ 1,442,646,754	\$ 1,519,838,181	\$ 1,594,670,072
3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
48,493,533	50,490,907	52,377,408	54,099,253	56,993,932	59,800,128
1,740,911	1,490,395	1,238,640	2,059,440	1,760,876	1,363,610
<u>\$ 46,752,622</u>	<u>\$ 49,000,512</u>	<u>\$ 51,138,768</u>	<u>\$ 52,039,813</u>	<u>\$ 55,233,056</u>	<u>\$ 58,436,518</u>
3.59%	2.95%	2.36%	3.81%	3.09%	2.28%

**CITY OF SEBASTOPOL**  
**PLEDGED REVENUE COVERAGE**  
**GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

Special Assessment Bonds

Fiscal Year	Special Assessments	Principal	Interest	Coverage
2015	\$ 31,082	\$ 20,000	\$ 17,004	0.84
2016	32,420	20,000	15,312	0.92
2017	31,194	25,000	11,455	0.86
2018	32,344	20,000	10,005	1.08
2019	33,315	25,000	9,686	0.96
2020	31,712	25,000	6,868	1.00
2021	32,512	25,000	8,371	0.97
2022	33,131	30,000	6,596	0.91
2023	-	35,000	2,293	0.00
2024	-	-	-	N/A

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Source: Basic Financial Statements - City of Sebastopol, California

**CITY OF SEBASTOPOL**  
**PLEDGED REVENUE COVERAGE**  
**PROPRIETARY FUNDS**  
**LAST TEN FISCAL YEARS**

Installment Sale Agreement, State Drinking Water Loan,  
Refunding Loan Payable - Truist, Refunding Lease Agreement, and Finance Purchase Agreements

Fiscal Year	Operating Revenue	Adjusted Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2015	\$ 1,933,720	\$ (1,194,003)	\$ 739,717	-	-	n/a
2016	2,061,253	(1,493,267)	567,986	39,881	49,201	6.38
2017	2,467,685	(1,538,204)	929,481	41,517	47,565	10.43
2018	2,284,764	(1,763,844)	520,920	101,011	45,217	3.56
2019	2,280,988	(1,737,823)	543,165	93,902	48,047	3.83
2020	2,343,362	(2,159,899)	183,463	97,338	45,177	1.29
2021	2,613,289	(2,245,148)	368,141	74,943	117,541	1.91
2022	2,519,592	(2,300,500)	219,092	133,663	24,535	1.38
2023	2,353,715	(2,212,048)	141,667	277,668	42,579	0.44
2024	2,499,599	(2,622,128)	(122,529)	261,527	56,599	(0.39)

Note: There were no pledges of non-general obligation debt from 2013 to 2014.

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Operating expenses do not include interest, depreciation or amortization.

Source: Basic Financial Statements - City of Sebastopol, California

**CITY OF SEBASTOPOL**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Population	Personal Income		% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelors Degree	Unemployment Rate	Median Age
		Total (in thousands)	Per Capita				
2015	7,527	264,433	35,131	94.70%	42.90%	3.8%	49.70
2016	7,579	283,772	37,441	93.80%	41.20%	3.4%	51.30
2017	7,709	305,392	39,615	96.10%	48.30%	3.4%	51.30
2018	7,885	303,177	38,449	96.10%	48.30%	4.1%	47.90
2019	7,826	314,018	40,125	93.10%	38.60%	2.4%	47.20
2020	7,745	328,140	42,368	95.70%	43.80%	20.7%	47.60
2021	7,657	330,501	43,163	95.50%	44.90%	11.9%	46.80
2022	7,489	351,291	49,578	96.10%	44.60%	2.6%	48.50
2023	7,348	424,918	57,828	95.60%	47.00%	3.6%	49.10
2024	7,295	471,959	64,696	96.70%	48.50%	3.5%	48.80

Source:

Population: California State Department of Finance. Unemployment Data: California Employment Development Department.

Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries

2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey

**CITY OF SEBASTOPOL**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2024			Fiscal Year 2015		
	Employees	Percent of Total Employment	Rank	Employees	Percent of Total Employment	Rank
West Sonoma County Union High Sch	180	4.74%	1	N/A	N/A	N/A
Apple Valley Post Acute Rehab	173	4.55%	2	N/A	N/A	N/A
Sonoma Specialty Hospital	169	4.45%	3	N/A	N/A	N/A
Traditional Medicinals	145	3.82%	4	N/A	N/A	N/A
Safeway	114	3.00%	5	N/A	N/A	N/A
Whole Foods Market	96	2.53%	6	N/A	N/A	N/A
Gravenstein Union District	93	2.45%	7	N/A	N/A	N/A
TLC Child and Family Services	92	2.42%	8	N/A	N/A	N/A
City of Sebastopol**	90	2.37%	9	N/A	N/A	N/A
Andy's Produce Markets	70	1.84%	10	N/A	N/A	N/A
	<u>1,222</u>	32.16%				

Source: MuniServices, LLC/Avenu Insights & Analytics

**CITY OF SEBASTOPOL**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES**  
**BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS\***

	Fiscal Year							
	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities								
General Government								
City Council	6.00	6.00	6.00	5.00	6.00	6.00	6.00	5.00
City Manager	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00
City Attorney	0.25	0.25	0.25	0.25	0.25	0.25	0.25	-
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Building Inspection	1.50	1.50	1.50	0.50	1.50	0.50	0.50	1.50
Planning	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Public Safety								
Police	34.75	34.75	34.75	24.75	25.75	23.00	25.00	23.00
Fire	33.50	33.50	35.50	34.50	35.50	35.50	34.50	3.50
Public Works and facilities								
Administration	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Laborer	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Engineering	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.25
Maintenance	4.00	6.00	6.00	7.00	7.00	7.00	7.00	6.00
<b>Total</b>	<b>98.25</b>	<b>100.25</b>	<b>102.25</b>	<b>89.25</b>	<b>93.25</b>	<b>89.50</b>	<b>90.50</b>	<b>58.00</b>

\* The schedule is intended to show information for ten years, additional years will be displayed as it becomes available.

Source: City of Sebastopol Finance Department



**CITY OF SEBASTOPOL  
OPERATING INDICATORS  
BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Building</b>										
Residential Building Permits	302	432	393	278	300	290	323	330	360	415
Land use entitlement applications	54	32	25	25	25	25	25	30	57	33
<b>Police</b>										
Citations issued	n/a	n/a	872	1,156	906	2,121	1,122	1,224	1,177	1,128
Arrests made	823	623	669	581	519	468	329	299	297	362
Requests for services	7,801	7,830	7,703	7,845	8,276	8,251	6,894	7,743	12,384	12,674
<b>Fire</b>										
Fire responses	1,071	1,056	1,150	1,190	1,275	1,200	1,189	1,250	1,325	1,595
Fire Inspections	200	300	350	375	400	380	375	390	280	200
Area served (sq. miles)	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.80
<b>Public Works</b>										
Encroachment permits	117	98	59	65	74	86	95	60	61	59
Capital improvement projects	n/a	n/a	n/a	6	3	3	6	1	2	6
Park acres overseen	96.00	96.00	97.70	97.70	97.70	97.70	97.70	97.70	98.70	98.70
Street maintenance - crack seal (streets)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Street maintenance - traffic marking paint (gal.)	n/a	n/a	n/a	271	325	120	135	275	120	300
Street light repairs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Water/Waste Water</b>										
Active Residential Accounts	2,550	2,470	2,682	2,503	2,451	2,686	2,560	2,506	2,767	2,549
Active Commerical Accounts	477	335	473	381	455	343	335	364	379	359
Average Daily Water Consumption	758,904	783,561	838,673	821,096	782,192	817,534	872,883	732,960	718,416	898,063
Ground Storage Capacity (gallons)	\$7.5m	\$7.5m	\$7.5m	\$7.5m	\$7.5m	7.5m	7.5m	7.5m	7.5m	7.5m
Elevated Storage Capacity (gallons)	ated tanks	0 - no elevated tanks	0 - no elevated tanks	0 - no elevated tanks	0 - no elevated tanks	0 - no elevated tanks	0 - no elevated tanks	0 - no elevated tanks	0 - no elevated tanks	0 - no elevated tanks
Ground Water Production Capacity (1000 gallons per day)	3,226	3,226	3,226	3,226	3,312	3,312	3,312	3,312	3,312,000	3,312,000
Pump Capacity (gallons per minute)	2,240	2,240	2,240	2,240	2,300	2,300	2,300	2,300	2,300	2,300
Waste Water Treatment Capacity (1000 gallons per day)	840	840	840	840	840	840	840	840	840,000	840,000

Source: City of Sebastopol Finance Department

**CITY OF SEBASTOPOL**  
**CAPITAL ASSET STATISTICS**  
**BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (centerline miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Street lights	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Traffic signals	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Office buildings	4	4	4	4	4	4	4	4	4	4
Park acreage	96	96	98	97.7	97.7	97.7	97.7	97.7	97.7	97.7
Playing fields/courts	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Swimming pools	1	1	1	1	1	1	1	1	1	1
Water play features	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water										
Water mains (miles)	37	37	37	37	37	37	37	37	37	37
Fire hydrants	n/a	450	450	450	450	450	450	45	450	450
Storage capacity (million gallons)	7.50	7.50	7.50	7.50	7.50	7.50	7.5	7.5	7.5	7.5
Treatment capacity (million gallons)										
Wastewater										
Sewer mains (miles)	29	29	29	29	29	29	29	29	29	29
Treatment capacity (million gallons)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: City of Sebastopol Finance Department