



# CITY OF SEBASTOPOL

## Annual Comprehensive Financial Report

### Fiscal Year 2020-2021





# City of Sebastopol

Sebastopol, California

*Annual Comprehensive Financial Report*

*For the year ended June 30, 2021*

Prepared by:  
Administrative Services Department



**City of Sebastopol**  
**Annual Comprehensive Financial Report**  
**For the year ended June 30, 2021**

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**City Council**

Mayor Patrick Slayter  
Vice Mayor Neysa Hinton  
Una Glass  
Sarah Glade Gurney  
Diana Gardner Rich

**City Manager**

Larry McLaughlin  
lmclaughlin@cityofsebastopol.org  
**Assistant City Manager/City Clerk, MMC**  
Mary Gourley  
mgourley@cityofsebastopol.org

**City of Sebastopol**

January 3, 2022

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

City staff is pleased to present the annual comprehensive financial report for the City of Sebastopol for the fiscal year ended June 30, 2021. This report was prepared by the Administrative Service (Finance) Department, which is responsible for both the accuracy of the data presented, and the completeness of the presentation.

The annual comprehensive financial report includes a complete set of audited financial statements and related explanatory notes to the financial statements that provide additional context for reading the statements, such as accounting policies, as well as detail about summary information presented in the statements. Also, the annual comprehensive financial report includes supplemental information and statistical information to enhance readers' understanding of the City's financial and economic information. The City issues the annual comprehensive financial report within approximately six months after the close of each fiscal year with the intent to meet the goals of fiscal transparency and demonstrate compliance with various sources of external financing, such as state and federal regulations and bond covenants.

City management assumes full responsibility for the completeness and reliability of all of the information contained in this report; and has established a comprehensive framework of internal control to ensure that information is accurate and produced in accordance with generally accepted accounting principles. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's independent auditor, Badawi & Associates, has issued an unmodified ("clean") opinion on the City of Sebastopol financial statements for the fiscal year ended June 30, 2021. The independent auditor's report is presented at the front 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.

**Profile of the City of Sebastopol**

The City of Sebastopol has a population of approximately 7,800 residents; and is located in Sonoma County, California. Sebastopol was incorporated 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, 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

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[www.cityofsebastopol.org](http://www.cityofsebastopol.org)

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 is a City that Cares:**

Sebastopol is a caring community that celebrates inclusion, diversity and sustainable environmental practices; as well as the health and success of its citizens and businesses. Many visitors, from “locals” traveling from the San Francisco Bay Area to interested visitors from around the world, come to Sebastopol to enjoy the natural environment, fine dining, welcoming lodging, and a wide array of recreational and educational activities.

The City is well-known for its leadership efforts in environmental sustainability, and strives to conserve natural resources, notably energy and water. Sebastopol hosts many local events that celebrate the arts and artists, with a robust Community Center that provides an easily accessible space for many local artisans, actors and communicators. A “makers’ space” is located within the city, and a local technology company has hosted many “makers fairs.” Sebastopol seeks an environment where its citizens and visitors can learn and grow together in a caring, supportive environment.

### **Budget Process:**

The City’s annual budget serves as the foundation for the City of Sebastopol’s financial planning and expenditure control system. All departments of the City submit requests for appropriations to the City Budget Subcommittee each year; these requests serve as a starting point for developing a proposed budget. The City Budget Subcommittee presents a proposed operating and capital budget to the City Council each year. The Council holds public hearings, generally starting in June, to review and receive input on the proposed budget before formal adoption. The budget is adopted by fund, department and account classification. During the year, the City Manager may authorize budget transfers within departments and funds, but only the City Council can approve additional appropriations. Staff provides monthly financial reports to the Council during the year and may prepare a comprehensive budget review at mid-year. Council approves adjustments to the original budget during the year to reflect changing conditions that impact revenues or expenditures.

Budget to actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. The general fund comparison is presented as required supplementary information in a separate section of this report immediately following the notes to the financial statements. For the City’s other governmental-type funds a budget to actual comparison schedule is presented as optional information in the section of this report containing combining financial statements and individual fund schedules.

### **Local Economy**

The City is located in beautiful Sonoma County, approximately sixty miles north of San Francisco. The area attracts many visitors each year, and Sebastopol receives substantial funding from sales taxes and transient occupancy taxes. Attractive recreational opportunities, great food and wine, and specialty retail shops that offer locally made goods bring in many visitors. Warm welcomes and friendly service brings them back!

Local employment prospects are strong, in relation to historical trends. However, the impacts of the Covid-19 pandemic that began in March 2020 are having a negative impact on local businesses. Projected sales and transient occupancy taxes have been lowered based on very recent experience with the pandemic’s impacts, and the budget has been adjusted accordingly. The FY 21-22 general fund operating budget anticipates the use of resources to exceed sources of funding by approximately \$1.0 million. The adopted budget anticipated unassigned end-of-year general fund balance of \$582,000; which is below the policy threshold. The FY 21-22 adopted budget anticipated assigned and unassigned balance, when combined, to be \$5.6 million, which represents approximately 50% of budgeted expenditures for the general fund. As

the City recovers from the impacts of the Covid-19 pandemic, policy discussions and decisions about the use or accumulation budget reserves will be a key driver of fiscal health.

Conservative projections of general revenues, primarily taxes, are necessary, given recent experiences with sharp declines in economic activity caused by the Covid-19 safety concerns as well as wildfires and floods that have occurred at a rate that is well above the historical norm.

### **Future Challenges:**

The Fiscal Year 2021-22 budget was challenging to balance due to the pandemic; and included flat property tax projections, and lower receipts for other general taxes, especially sales taxes. Cooperation on resource use is the key to maintaining safe reserve levels, and departments began the budget process with a mandate to control expenditures with little or no growth.

Other impacts on future budgets will be pension and post-employment health care costs, as actuarial estimates impact the City's contractual obligation to provide retirement funding to CalPERS, and health care costs continue to rise at a rate that exceeds general inflation. The City has accumulated \$2.7 million in assigned fund balance to create a budgetary buffer against future spikes in pension funding requirements.

The retail hub known as "The Barlow" experienced the most severe economic impacts from prior years' floods, and was experiencing a recovery right before the economic impacts of Covid-19 were felt. All local businesses suffered economically due to the Covid-19 virus. The City is actively working with State and County public health officials to maintain a safe environment for residents and visitors, while also planning to restore the local economic landscape to a sustainable and healthy level. Cooperation and communication will be the key to safety and success.

### **Long-Term Financial Planning**

The City annually updates a five-year financial forecast, incorporating both projected revenues and expenditures for the general fund. The City Council balanced the FY 21-22 budget with an appropriate use of reserves that provided for the continuation of essential services during the response to the Covid-19 pandemic. The City has a practice of using moderately conservative revenue projections and adjusts projections at mid-year when necessary. The fiscal sustainability goals and priorities that had financially-significant impacts on budget development follow:

#### **I. Maintain core services to the public as a top priority:**

- a. The budget provides "baseline" funding in core areas, including police, fire, roadways, recreation and development services; and funds administrative efforts to make public communications and decision-making transparent and responsive.
- b. By policy, funding requests that are above a baseline budget (prior years' minimum operating requirements, contractual obligation plus an inflation factor), are incorporated in departmental operating budgets based on a cost-to-service benefit analysis.
- c. Create and charge fair prices for services that are delivered on an "as requested" basis, such as planning and development services which are regulated through a the user fee schedule.

#### **II. Create and maintain appropriate operating budgetary surpluses:**

- a. Anticipated revenues plus beginning fund balances (financing sources) should be higher than appropriations for expenditures plus ending fund balances (financing uses).
- b. The City's goal of creating and maintaining fund balances while providing for core services is intended to provide a cushion against uncontrollable spikes in costs or unanticipated short-term drops in revenue.
- c. Planned fund balance uses, besides providing stability when expenses spike or revenues drop, should be limited to taking care of deferred City infrastructure and equipment needs, funding

one-time costs to create efficiencies in City programs, and providing pre-funding of longer-term liabilities that will save money in future years.

- d. The FY 21-22 adopted operating budget meets the City Council's fund balance policy goals when assigned and unassigned fund balance are combined; and does not fund items above the baseline policy level. However, assigned fund balance is lower than the policy level due to the need to be responsive to the Covid-19 pandemic's impact and to fund baseline service while also using conservative estimates of general tax revenues.

**III. Debt financing is limited to achieving operating efficiencies:**

- a. Consistent with the City Council's goal to provide stability for ongoing core service programs.
- b. The FY 21-22 operating budget provides for no additional debt financing.
- c. Core programs that require significant infrastructure, like Water and Wastewater may use debt financing for significant capital costs due to the long-term nature of the assets and financing plans.

**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, 2020. 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 three consecutive years (fiscal years ended 2017 through 2020).

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. Staff Contributions

**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, and through the cooperation of the entire City staff. City staff members have my sincere appreciation for their contributions. The Mayor and Council Members deserve recognition for their continued support and leadership in maintaining high standards of professionalism in managing the City's finances.

Respectfully Submitted,



Ana Kwong – Administrative Services Director

# CITY OFFICIALS

(as of the date of the Financial Statements)

## City Council:

Una Glass, Mayor

Sarah Glade Gurney, Vice Mayor

Neysa Hinton

Diana Gardner Rich

Patrick Slayter

## City Staff:

City Manager   City Attorney.....	Lawrence McLaughlin
Assistant City Manager   City Clerk .....	Mary Gourley
Administrative Services Director .....	Ana Kwong
Building Official .....	Vacant
Engineering Manager.....	Vacant
Fire Chief .....	William Braga
Planning Director .....	Kari Svanstrom
Police Chief .....	Kevin Kilgore
Public Works Superintendent .....	Dante Del Prete

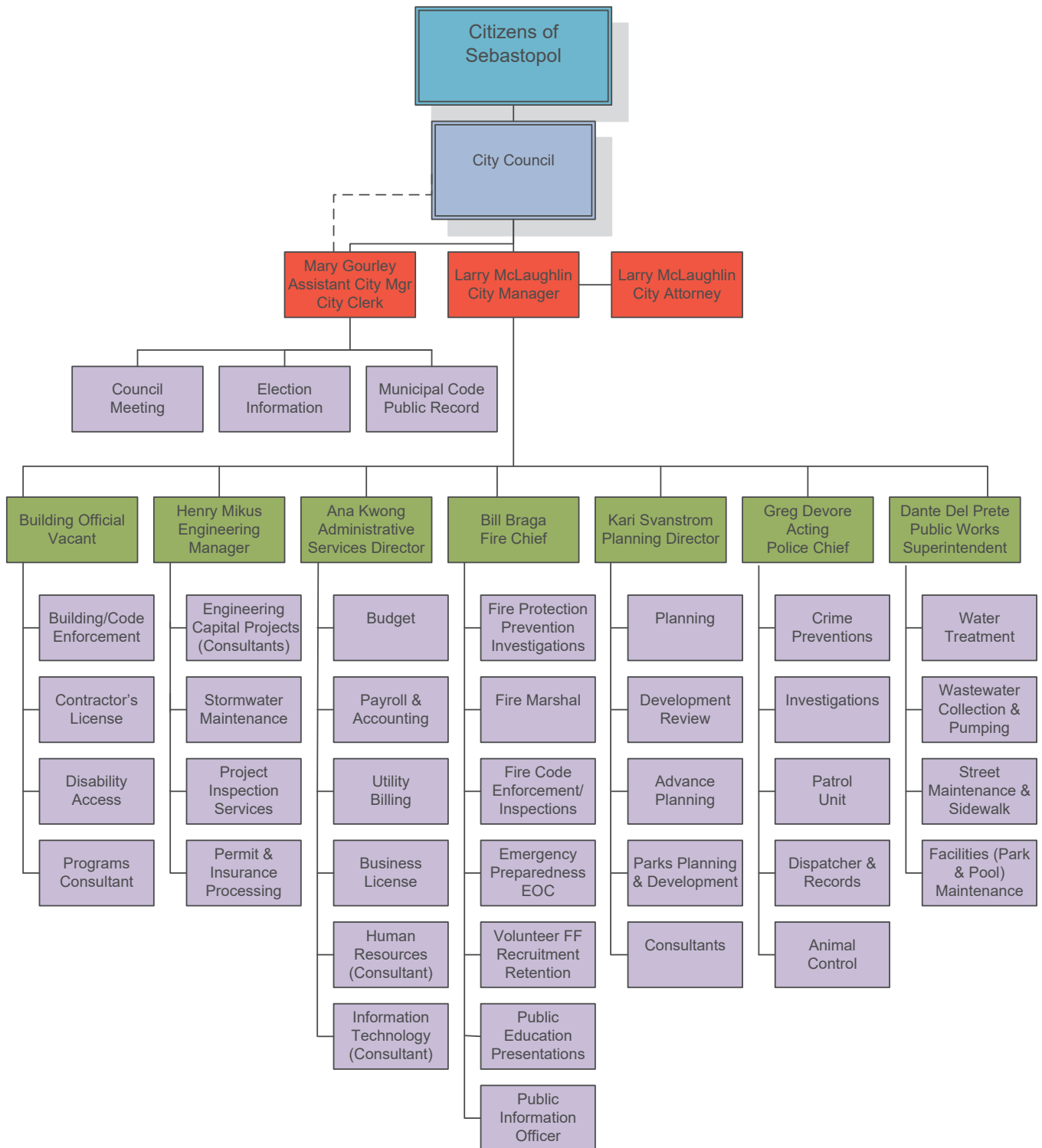
## Advisory Commissions or Committees:

Planning Commission  
Design Review Board  
Public Arts Committee



# City Organization

## 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 Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sebastopol, California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to 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, 2021, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5-20 and 83-88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 92 to 120 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

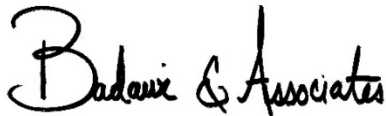
The combining and individual nonmajor fund financial statements, and budgetary comparison schedules on pages 92 to 120 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the budgetary comparison schedules on pages 92 to 120 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs  
Berkeley, California  
January 3, 2022

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**CITY OF SEBASTOPOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(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, 2020 and ended June 30, 2021 (FY20-21). 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 \$16,221,000 (net position) at June 30, 2021: Governmental activities' net position was \$8,181,000; and business-type activities' net position was \$8,040,000.
  - Total government-wide net position is categorized as follows:
    - \$14,554,000 is the net investment in capital assets;
    - \$ 3,067,000 is restricted for specific purposes (restricted net position); and,
    - (\$1,400,000) 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 decreased by \$1,129,000 and \$759,000 respectively; accounting for a government-wide decrease in net position of \$1,888,000.
  - At June 30, 2021, the city's governmental funds reported a combined ending fund balance of \$11,672,000. Governmental funds' balances decreased by \$(579,000) for the year reported.
  - The general fund reports fund balance of \$9,282,000 at June 30, 2021; and it is distributed in these categories:
    - 1) \$42,000 is categorized as **non-spendable**, and is comprised of prepaid items.
    - 2) \$1,162,000 is reported as **restricted** for flood recovery.
    - 3) \$5,049,000 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, \$1,010,000;
      - Equipment, vehicle and technology replacement, \$1,221,000; and,
      - Pension and other post-employment liabilities rate stabilization, \$2,818,000.
    - 4) \$3,029,000 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 \$8,040,000 at June 30, 2021; with \$4,234,000 reported in the water fund; and \$3,806,000 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, 2021**  
**(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.

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.

**CITY OF SEBASTOPOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021  
(Rounded to the nearest \$1,000)**

**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.

**CITY OF SEBASTOPOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(Rounded to the nearest \$1,000)**

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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.

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*.



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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 uses one fiduciary fund to account for activities related to its former Redevelopment Agency.

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**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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 12,850,000	\$ 13,673,000	\$ 4,978,000	\$ 5,200,000	\$ 17,828,000	\$ 18,873,000
Capital assets	10,594,000	10,985,000	6,847,000	7,391,000	17,441,000	18,376,000
<b>Total assets</b>	<b>23,444,000</b>	<b>24,658,000</b>	<b>11,825,000</b>	<b>12,591,000</b>	<b>35,269,000</b>	<b>37,249,000</b>
<b>Deferred outflows of Resources</b>						
Deferred Outflows Pension and OPEB	2,692,000	2,603,000	534,000	559,000	3,226,000	3,162,000
<b>Total deferred outflows of resources</b>	<b>2,692,000</b>	<b>2,603,000</b>	<b>534,000</b>	<b>559,000</b>	<b>3,226,000</b>	<b>3,162,000</b>
Current Liabilities	1,840,000	1,679,000	249,000	303,000	2,089,000	1,982,000
Long-term Liabilities	15,482,000	15,333,000	3,987,000	3,882,000	19,469,000	19,215,000
<b>Total liabilities</b>	<b>17,322,000</b>	<b>17,012,000</b>	<b>4,236,000</b>	<b>4,185,000</b>	<b>21,558,000</b>	<b>21,197,000</b>
<b>Deferred inflows of Resources</b>						
Deferred inflows - Pension and OPEB	633,000	939,000	83,000	166,000	716,000	1,105,000
<b>Total deferred inflows of resources</b>	<b>633,000</b>	<b>939,000</b>	<b>83,000</b>	<b>166,000</b>	<b>716,000</b>	<b>1,105,000</b>
<b>Net Position</b>						
Invested in capital assets	9,355,000	9,495,000	5,199,000	5,595,000	14,554,000	15,090,000
Restricted	3,067,000	1,641,000	-	-	3,067,000	1,641,000
Unrestricted	(4,241,000)	(1,826,000)	2,841,000	3,204,000	(1,400,000)	1,378,000
<b>Total net position</b>	<b>\$ 8,181,000</b>	<b>\$ 9,310,000</b>	<b>\$ 8,040,000</b>	<b>\$ 8,799,000</b>	<b>\$16,221,000</b>	<b>\$18,109,000</b>

Total net position, (assets and deferred outflows, less liabilities and deferred inflows), was \$16,221,000 at June 30, 2021. Governmental activities net position was \$8,181,000; and business-type activities' net position was \$8,040,000.

The largest component of the City's net position is invested in capital assets; and is reported at \$14,554,000. This component represents 90% of total net position as of June 30, 2021. 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.

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An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used, with \$3,067,000 reported as restricted at June 30, 2021.

At June 30, 2021 the City reported negative unrestricted net position for its governmental activities of (\$4,241,000) and a positive unrestricted net position for business-type activities of \$2,841,000. Government-wide total unrestricted net position is negative (\$1,400,000). The negative unrestricted net position reported for governmental activities is due in large part to pension and post-employment medical liabilities. Also, during the year, as mentioned early in the analysis, the city recorded a theft event that had a negative impact of \$1,200,000 on unrestricted net position.

**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, 2021 and 2020.

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

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$ 936,000	\$ 839,000	\$ 5,638,000	\$ 5,191,000	\$ 6,574,000	\$ 6,030,000
Grants and contributions	800,000	1,856,000			800,000	1,856,000
Capital grants and contributions	741,000	478,000			741,000	478,000
<b>General revenues:</b>						
Property taxes	3,004,000	2,982,000			3,004,000	2,982,000
Sales Tax	4,363,000	3,698,000			4,363,000	3,698,000
Transient Occupancy Taxes	402,000	518,000			402,000	518,000
Other Taxes	1,158,000	1,100,000			1,158,000	1,100,000
Other income	309,000	947,000	25,000	92,000	334,000	1,039,000
<b>Total revenues</b>	<b>11,713,000</b>	<b>12,418,000</b>	<b>5,663,000</b>	<b>5,283,000</b>	<b>17,376,000</b>	<b>17,701,000</b>
<b>Expenses</b>						
General government	2,658,000	2,610,000			2,658,000	2,610,000
Public safety	6,760,000	6,263,000			6,760,000	6,263,000
Parks and recreation	965,000	1,160,000			965,000	1,160,000
Public works	1,633,000	1,449,000			1,633,000	1,449,000
Interest	38,000	70,000			38,000	70,000
Water			2,490,000	2,394,000	2,490,000	2,394,000
Wastewater			3,520,000	3,563,000	3,520,000	3,563,000
<b>Total expenses</b>	<b>12,054,000</b>	<b>11,552,000</b>	<b>6,010,000</b>	<b>5,957,000</b>	<b>18,064,000</b>	<b>17,509,000</b>
<b>Increase in net position before transfers and special item</b>	<b>(341,000)</b>	<b>866,000</b>	<b>(347,000)</b>	<b>(674,000)</b>	<b>(688,000)</b>	<b>192,000</b>
<b>Transfers</b>	<b>31,000</b>	<b>31,000</b>	<b>(31,000)</b>	<b>(31,000)</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net position</b>	<b>(310,000)</b>	<b>897,000</b>	<b>(378,000)</b>	<b>(705,000)</b>	<b>(688,000)</b>	<b>192,000</b>
<b>Extraordinary Item:</b>						
Theft of investment funds	(819,000)	-	(381,000)	-	(1,200,000)	-
<b>Change in Net Position</b>	<b>(1,129,000)</b>	<b>897,000</b>	<b>(759,000)</b>	<b>(705,000)</b>	<b>(1,888,000)</b>	<b>192,000</b>
<b>Net position beginning</b>	<b>9,310,000</b>	<b>8,413,000</b>	<b>8,799,000</b>	<b>9,504,000</b>	<b>18,109,000</b>	<b>17,917,000</b>
<b>Net position, Ending</b>	<b>\$8,181,000</b>	<b>\$ 9,310,000</b>	<b>\$8,040,000</b>	<b>\$8,799,000</b>	<b>\$16,221,000</b>	<b>\$18,109,000</b>

**Governmental Activities:**

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

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

	Expenses by Function		Percentage Change
	2021	2020	2020-2021
General Government	2,658,000	2,610,000	1.84%
Public Safety	6,760,000	6,263,000	7.94%
Parks and recreation	965,000	1,160,000	-16.81%
Public Works	1,633,000	1,449,000	12.70%
Interest on Long term Debt	38,000	70,000	-45.71%
<b>Total</b>	<b><u>12,054,000</u></b>	<b><u>11,552,000</u></b>	<b><u>4.35%</u></b>

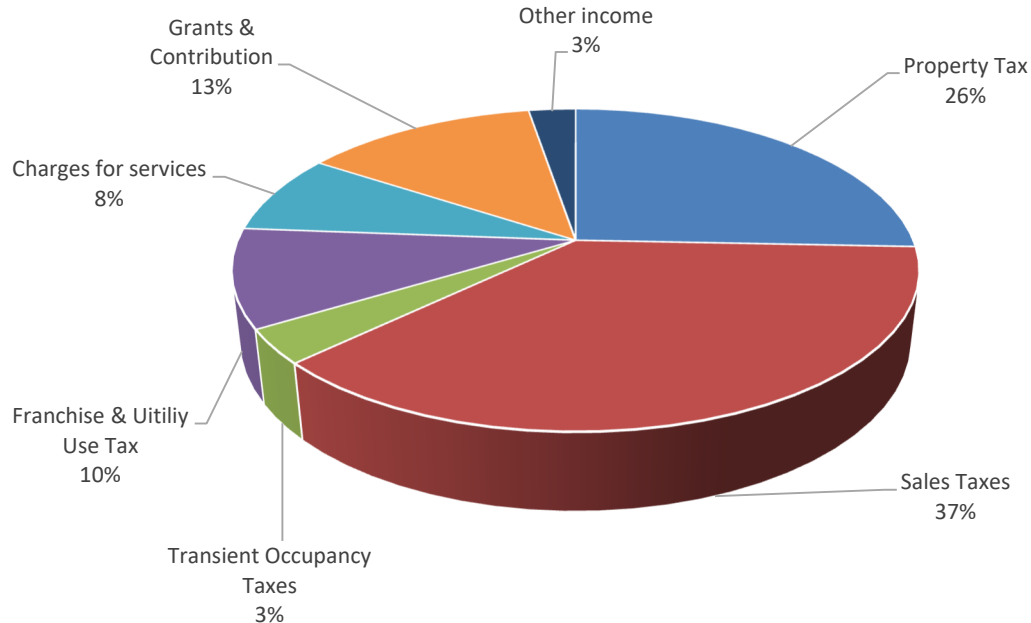
The shifts between categories reflect changes in service delivery as well as the timing of deferred maintenance performed by the parks and recreation and public works functions. General government and public safety expense increases are primarily driven by changes in actuarial estimates of future funding requirements for pensions and post-employment medical benefits. Decreases in expenses for interest reflect the amortization of long term debt.

Governmental activities' services were financed as follows:

- Those who directly benefitted from the programs paid charges for service of \$936,000;
- Other governments and organizations that subsidized certain programs with operating grants of \$800,000 and capital grants of \$741,000; and,
- Tax revenues totaling \$8,927,000 were primarily comprised of support in the form of property, sales and transient occupancy taxes.
- Interest earnings, miscellaneous revenues and transfers from other funds totaled \$340,000.
- Sales taxes comprise approximately 37% of total governmental activities revenue, and transient occupancy taxes make up 3%. Those sources are considered to be more sensitive to short-term economic changes than property taxes, (26% of total revenue); and franchise fees and utility taxes, (10% of total revenue).

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A graphical representation of the relative weights of governmental activities revenues follow  
**Governmental Activities Revenue by Source  
Fiscal Year 2020-2021**



The residual amount of governmental activities’ revenues less expenses is negative (\$349,000) for fiscal year 2020-21; and when combined with a transfer in from business-type activities of \$31,000, the effect of a theft of County of Sonoma treasury fund reported as an extraordinary item (\$819,000), net position attributed to governmental activities decreased by (\$1,129,000).

Total fiscal year 20-21 governmental activities revenues were \$11,713,000, and reflect a \$705,000 decrease over the prior year’s amount, indicating revenue decline of 5.7%. General revenues, primarily taxes, decreased by 0.10%, with \$9,236,000 collected in the current year reported, compared with \$9,245,000 collected in the prior year; a decrease of (\$9,000).

The net change in governmental activities’ revenue is attributed to two major factors: 1) A decrease in intergovernmental grants and contributions that funded prior years’ disaster recovery expenses; and, 2) Changes in tax revenues that are impacted by the public response to the Covid-19 global pandemic.

Governmental Activities’ expenses grew by \$502,000, from \$11,552,000 reported for FY 19-20 to \$12,054,000 reported for FY 20-21. This 4% growth is reflective of normal inflationary pressures on salary and benefits, and services and supplies. Changes between categories of expenses include an increase in public safety expenses attributed to response to Covid-19 and disaster recovery; an increase in public works due to restoration of project after the County Health Officer lifted “shelter-in-place” orders that hampered work on prior year’s projects. A theft of investment funds from the County of Sonoma treasury is reported as an extraordinary item (\$819,000) and is more fully explained in the notes to the financial statements.

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As noted in our description of the differences between government-wide and fund financial statements, more detail of governmental activities is provided in the fund financial statements that focus on changes in financial resources.

**Business-Type Activities:**

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

For FY 21 the net position of business-type activities decreased by \$(759,000); with a \$(116,000) decrease in the water fund and a \$(643,000) decrease in the wastewater fund. The change in net position represents 8.6% of the combined funds' beginning net position.

The decrease in net position is consistent with the prior year's results, and is due to cost increases for the operation of the sub-regional wastewater treatment plant, and increased cost of payroll related to pensions. Also, the extraordinary item reported, theft of funds that occurred due to a fraudulent wire transfer out of the Sonoma County Treasury, contributed to the reduction in business-type activities net position.

Net position of the water enterprise fund was \$4,234,000 and the net position of the wastewater fund was \$3,806,000, for a combined net position of \$8,840,000 for all business-type activity at June 30, 2021.

Investment in capital assets is the largest category of the business-type activities' net position, with \$5,199,000 and 64.7% of total net position. The unrestricted net position, total net position less net position invested in capital assets is \$2,841,000 and 35.3% 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 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, 2021, the City's governmental funds reported total fund balances of \$11,672,000, a decrease of \$579,000 in comparison with the prior year. The total fund balance is reported within these categories:

- \$42,000 is "non-spendable" because the financial resources have been used to prepay expenditures.
- \$3,067,000 is "restricted," and is only available to spend in accordance with the external restrictions imposed by the funding sources themselves.

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- \$491,000 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.
- \$5,050,000 is “assigned” for a particular future use.
- \$3,022,000 is “unassigned,” and as such is considered available to finance future years’ budgetary needs at the discretion of the City Council.

The aggregated non-major funds report a negative un-assigned fund balance of \$7,000. This is caused by expenditures that occur in advance of reimbursement revenues and transfers in from other funds.

**General Fund:**

The general fund is the chief operating fund of the City. During FY 20-21, the general fund balance decreased by (\$861,000); and is \$9,282,000 as of June 30, 2021. Fund balance is distributed in the following categories:

- \$42,000 is “non-spendable” because the financial resources were used for prepaid items.
- \$1,162,000 is restricted for particular uses from outside funding sources or law.
- \$5,050,000 is “assigned” for these stated uses:
  - \$1,010,000 for buildings and infrastructure;
  - \$1,221,000 for equipment, technology and vehicle replacement; and,
  - \$2,819,000 for pension and post-employment medical benefits.
- \$3,028,000 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 fund balance as a percentage of annual expenditures: Unassigned general fund balance at June 30, 2021 represents approximately 28.6% of FY 20-21 general fund expenditures of \$10,579,000.

The general fund balance decrease of (\$861,000) was primarily caused by the theft of city funds from the County of Sonoma Treasury. The general funds portion of the loss, based on respective funds’ cash balances, was \$819,000.

General fund expenditures increased by \$980,000 or 10.2%; from \$9,599,000 reported for FY 19-20 to \$10,579,000 for FY 20-21. Public Safety expenditures increased by \$990,000 or 18%; from \$5,303,000 reported for FY 19-20 and \$6,293,000 reported for FY 20-21, primarily driven by rising pension funding requirements. Details of public pension liabilities and related funding are provided in the notes to the financial statements.

**General Fund Budgetary Highlights**

The general fund’s original budget anticipated a decrease in fund balance of (\$2,198,000) and that budget was amended during the year to anticipate a decrease in fund balance of (\$3,014,000). The City Council reduced the budgetary result by \$1,200,000 to reflect the theft of City of Sebastopol from the County of Sonoma cash pool mention early in this analysis. Other significant budget amendments include an increase in budgeted revenues of \$596,000 during the year for sales taxes, based on favorable mid-year budget reports presented to the City Council.



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The actual budgetary result, a (\$861,000) decrease, was better than the final budget's anticipated decrease of (\$3,014,000). Accordingly, the City reports a positive final budget to actual results variance of \$2,153,000.

Actual revenue for the year exceeded final budget amounts by \$1,414,000. Tax revenues exceeded budget estimates by \$755,000 due to original estimates being conservative. Sales tax was the main component of the positive tax revenue variance, and exceeded final budget estimates by \$646,000. Revenue estimates were conservative in recognition of the uncertainty of the timing and extent of the economic rebound from the lifting of Covid-19 shelter in place orders.

Intergovernmental revenues exceeded final budget estimates by \$545,000, with the positive variance attributed revenues received from other governments to support the City's efforts in responding to the Covid-19 pandemic.

Actual expenditures were favorable in comparison to final budget amounts by \$274,000. Public works programs and parks and recreation expenditures were lower than anticipated due to delayed improvement expenditures.

***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.

**Non-major Governmental Funds:**

Non-major governmental funds, in the aggregate reported June 30, 2021 fund balances of \$2,390,000. 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' fund balance increased by \$282,000; and the increase is indicative of the timing differences between receipt of revenue and transfers in from the various funding sources and the city's budget and expenditure process. The supplementary information includes a description of each fund, and its financial information.

In the aggregate, non-major funds reported a negative un-assigned fund balance of \$7,000 at June 30, 2021. The deficit was caused by expenditures that occur in advance of the reimbursement revenues received from other parties.

Please see note 8 - A, "deficit balances," for more information about individual fund deficits.

**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, 2021 is \$8,040,000; with \$5,199,000 representing investment in capital assets net of related debt and \$2,841,000 reported as unrestricted net position.

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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 of \$1,000 at June 30, 2021 is unchanged for the year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2021 the City had invested \$17,446,000, (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 decrease of \$920,000 for FY 21, which is caused primarily by depreciation in excess of new additions.

Governmental activities' capital asset additions included \$510,000 of construction in progress, \$119,000 of equipment; and \$25,000 in structures improvement. Depreciation on governmental activities' assets was \$933,000. Governmental activities capital assets, net of depreciation, decreased by \$391,000 for the year reported. Business-type activities' capital asset, net of depreciation of reported at \$6,846,000 at June 30, 2021, a decrease of \$544,000 from the prior year. Table A-4 provides a recap of capital asset activity. Please see the notes to the financial statements for detail on the changes of capital assets, (Note 5 – A).

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and CIP	2.95	2.55	0.18	0.14	3.13	2.69
Buildings & structures	7.50	7.40			7.50	7.40
Machinery and equipment	2.70	2.58	0.22	0.17	2.92	2.75
Reservoirs			3.92	3.92	3.92	3.92
Pipelines & water system			4.22	4.22	4.22	4.22
Pipelines & wastewater system			8.34	8.26	8.34	8.26
Vehicles	2.30	2.43	0.93	0.93	3.23	3.36
Infrastructure	8.70	8.71			8.70	8.71
Accumulated depreciation	(13.60)	(12.68)	(10.90)	(10.25)	(24.50)	(22.93)
<b>Total</b>	<b>10.55</b>	<b>10.99</b>	<b>6.91</b>	<b>7.39</b>	<b>17.46</b>	<b>18.38</b>

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**Changes in Long-term Liabilities – Debt:**

For the year reported, general activities' long-term liability transactions include a lease refunding that added a capital lease obligation of \$421,000 and the deletion of \$487,000 in lease obligations. Other long term debt transactions involve the normal reduction in the obligations from annual payments of \$185,000.

Business type long term debt transactions consist of a new capital lease obligation of \$606,000 that was used to retire \$673,000 in lease obligations; and the addition of a loan for \$1,019,000 and was used to retire a loan an installment sales agreement of \$984,000. Detailed information about the City's long-term obligations can be found in the "Notes to the Basic Financial Statements" under section 6 – A.

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

The City is continuing to experience the impacts of the Covid-19 pandemic that began at the end of March 2020 when sheltering in place orders went into effect. The City continues to prepare conservative budgets in order to protect the resources needed for financial stability and remain responsive to changing needs as revenues fluctuate. The City regularly reviews its revenues and expenditures to keep a pulse on its current fiscal health and ensure the adequate protection of the City's financial resources.

The FY 21-22 budget was conservative in response to the unknown impact of Covid-19. Capital and other operational expenditures that could be delayed were not approved in the budget, and will be reconsidered when more is known about the magnitude and length to the pandemic's impact on City revenues. If the regional economic recovery from the pandemic is delayed, or not robust, the City may be forced to make baseline service reductions.

For the 2022 fiscal year, (starts July 1, 2021 and ends June 30, 2022) the following budgetary highlights are noted:

- Projected general fund revenue and transfers in of \$10,114,000 less appropriations for expenditures and transfers out of \$11,167,000 create a general fund use of fund balance of \$1,053,000 for FY 21-22. The baseline operating budget uses conservative estimates of revenue. The adopted budget's general fund unassigned balance is estimated to be \$582,000 at June 30, 2022. The unassigned fund balance covers 5.2% of budget expenditures, which is below the policy benchmark of 15%.
- Water Fund: The unrestricted net position in the water fund is expected to decrease by \$450,000 during the FY 21-22 budget year; and is estimated to be \$1,402,000 at June 30, 2022. This unrestricted net position represents 49% of annual budget expenditures, and exceeds the policy benchmark of 25%.
- Wastewater Fund: The unrestricted net position in the wastewater fund is expected to decrease by \$672,000 during the FY 21-22 budget year; and is estimated to be \$649,000 at June 30, 2022. This unrestricted net position represents 16% of annual budget expenditures, and exceeds the policy benchmark of 25%.

**CITY OF SEBASTOPOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021  
(Rounded to the nearest \$1,000)**

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- Special revenue funds are expected to use fund balances for their various purposes as anticipated by their respective funding sources.
- The City of Sebastopol invites interested readers to review the detailed operating budget by visiting the website:

<https://www.ci.sebastopol.ca.us/City-Government/Departments-Services/Finance/City-Audits>

**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 Treasurer/Administrative Services Director at the City of Sebastopol, 7120 Bodega Avenue, Sebastopol, CA 95472, (707) 823-7863.

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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, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 11,031,658	\$ 3,850,326	\$ 14,881,984
Receivables:			
Accounts receivable	210,843	1,122,674	1,333,517
Taxes receivable	1,240,638	-	1,240,638
Interest receivable	14,744	5,121	19,865
Assessment receivable	65,000	-	65,000
Prepaid items	44,563	-	44,563
<b>Total current assets</b>	<b>12,607,446</b>	<b>4,978,121</b>	<b>17,585,567</b>
Noncurrent assets:			
Restricted cash and investments with fiscal agents	37,347	830	38,177
Notes receivable	204,989	-	204,989
Capital assets:			
Non-depreciable	2,953,924	178,579	3,132,503
Depreciable, net	7,640,190	6,667,666	14,307,856
<b>Total capital assets</b>	<b>10,594,114</b>	<b>6,846,245</b>	<b>17,440,359</b>
<b>Total noncurrent assets</b>	<b>10,836,450</b>	<b>6,847,075</b>	<b>17,683,525</b>
<b>Total assets</b>	<b>23,443,896</b>	<b>11,825,196</b>	<b>35,269,092</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	2,456,573	534,089	2,990,662
Deferred outflows of resources - OPEB	235,175	-	235,175
<b>Total deferred outflows of resources</b>	<b>2,691,748</b>	<b>534,089</b>	<b>3,225,837</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	473,814	40,278	514,092
Accrued interest payable	9,145	5,444	14,589
Accrued liabilities	300,513	-	300,513
Deposits payable	124,023	54,485	178,508
Unearned revenues	8,100	-	8,100
Compensated absences - due within one year	700,000	4,000	704,000
Long term debt - due within one year	224,362	144,400	368,762
<b>Total current liabilities</b>	<b>1,839,957</b>	<b>248,607</b>	<b>2,088,564</b>
Noncurrent liabilities:			
Compensated absences - due in more than one year	308,001	49,053	357,054
Long term debt - due in more than one year	1,014,277	1,502,442	2,516,719
Total OPEB liability	2,730,476	-	2,730,476
Net pension liability	11,429,146	2,435,731	13,864,877
<b>Total noncurrent liabilities</b>	<b>15,481,900</b>	<b>3,987,226</b>	<b>19,469,126</b>
<b>Total liabilities</b>	<b>17,321,857</b>	<b>4,235,833</b>	<b>21,557,690</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	142,840	83,070	225,910
Deferred inflows of resources - OPEB	489,728	-	489,728
<b>Total deferred inflows of resources</b>	<b>632,568</b>	<b>83,070</b>	<b>715,638</b>
<b>NET POSITION</b>			
Net investment in capital assets	9,355,475	5,199,403	14,554,878
Restricted for:			
Flood recovery	1,161,558	-	1,161,558
Housing	240,442	-	240,442
Debt service	40,671	-	40,671
Streets	1,434,516	-	1,434,516
Other purposes	190,155	-	190,155
<b>Total restricted</b>	<b>3,067,342</b>	<b>-</b>	<b>3,067,342</b>
Unrestricted	(4,241,598)	2,840,979	(1,400,619)
<b>Total net position</b>	<b>\$ 8,181,219</b>	<b>\$ 8,040,382</b>	<b>\$ 16,221,601</b>

See accompanying Notes to Basic Financial Statements.

**City of Sebastopol**  
**Statement of Activities**  
**For the year ended June 30, 2021**

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	\$ 2,657,999	\$ 205,711	\$ 478,425	\$ -	\$ 684,136
Public safety	6,760,025	134,888	321,471	-	456,359
Public works	1,633,132	520,283	-	741,050	1,261,333
Parks and recreation	965,252	75,314	-	-	75,314
Interest on long-term debt	37,858	-	-	-	-
Total governmental activities	12,054,266	936,196	799,896	741,050	2,477,142
<b>Business-type activities:</b>					
Water Services	2,490,214	2,613,289	-	-	2,613,289
Wastewater Services	3,519,884	3,024,497	-	-	3,024,497
Total business-type activities	6,010,098	5,637,786	-	-	5,637,786
<b>Total primary government</b>	<b>\$ 18,064,364</b>	<b>\$ 6,573,982</b>	<b>\$ 799,896</b>	<b>\$ 741,050</b>	<b>\$ 8,114,928</b>

**General Revenues and Transfers:**

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Other taxes

Total taxes

Investment earnings

Miscellaneous

Transfers

**Total general revenues and transfers**

**Change in net position before extraordinary item**

**Extraordinary Item:**

Theft of investment funds

**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
\$ (1,973,863)	\$ -	\$ (1,973,863)
(6,303,666)	-	(6,303,666)
(371,799)	-	(371,799)
(889,938)	-	(889,938)
(37,858)	-	(37,858)
<u>(9,577,124)</u>	<u>-</u>	<u>(9,577,124)</u>
-	123,075	123,075
-	(495,387)	(495,387)
-	(372,312)	(372,312)
<u>(9,577,124)</u>	<u>(372,312)</u>	<u>(9,949,436)</u>
3,004,264	-	3,004,264
4,362,811	-	4,362,811
402,255	-	402,255
1,158,279	-	1,158,279
<u>8,927,609</u>	<u>-</u>	<u>8,927,609</u>
(7,279)	25,951	18,672
315,678	-	315,678
31,024	(31,024)	-
<u>9,267,032</u>	<u>(5,073)</u>	<u>9,261,959</u>
(310,092)	(377,385)	(687,477)
(819,039)	(380,961)	(1,200,000)
(1,129,131)	(758,346)	(1,887,477)
<u>9,310,350</u>	<u>8,798,728</u>	<u>18,109,078</u>
<u>\$ 8,181,219</u>	<u>\$ 8,040,382</u>	<u>\$ 16,221,601</u>

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary 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.

**City of Sebastopol**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<u>Major Funds</u>	Non-Major	Total
	<u>General Fund</u>	Governmental	Governmental
		Funds	Funds
<b>ASSETS</b>			
Cash and investments	\$ 8,277,901	\$ 2,379,959	\$ 10,657,860
Restricted cash and investments	-	37,347	37,347
Accounts receivable	56,642	154,203	210,845
Taxes receivable	1,195,753	44,886	1,240,639
Accrued interest receivable	11,895	2,849	14,744
Assessment receivable	-	65,000	65,000
Notes receivable	-	204,989	204,989
Due from other funds	135,487	-	135,487
Prepaid items	42,386	-	42,386
<b>Total assets</b>	<b>\$ 9,720,064</b>	<b>\$ 2,889,233</b>	<b>\$ 12,609,297</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 285,200	\$ 85,689	\$ 370,889
Accrued liabilities	28,517	-	28,517
Due to other funds	-	135,487	135,487
Unearned revenues	207	7,893	8,100
Deposits	124,023	-	124,023
<b>Total liabilities</b>	<b>437,947</b>	<b>229,069</b>	<b>667,016</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	-	269,989	269,989
<b>Fund Balances:</b>			
Nonspendable	42,386	-	42,386
Restricted:			
Flood recovery	1,161,558	-	1,161,558
Highways and streets	-	1,434,516	1,434,516
Public safety	-	34,529	34,529
Community promotion	-	344	344
Debt service	-	40,671	40,671
Affordable housing	-	240,442	240,442
Parks and recreation	-	155,282	155,282
Total restricted	1,161,558	1,905,784	3,067,342
Committed:			
Street projects	-	491,317	491,317
Total committed	-	491,317	491,317
Assigned:			
Buildings, facilities, and infrastructure	1,009,788	-	1,009,788
Equipment, technology, and vehicle replacement	1,221,288	-	1,221,288
Pension and OPEB	2,818,458	-	2,818,458
Total assigned	5,049,534	-	5,049,534
Unassigned	3,028,639	(6,926)	3,021,713
<b>Total fund balances</b>	<b>9,282,117</b>	<b>2,390,175</b>	<b>11,672,292</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 9,720,064</b>	<b>\$ 2,889,233</b>	<b>\$ 12,609,297</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, 2021**

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**Total Fund Balances - Total Governmental Funds** **\$ 11,672,292**

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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. Except for the internal service funds reported below, the capital assets were adjusted as follows:

Non-depreciable	\$ 2,953,924
Depreciable, net	7,640,190
Total capital assets	10,594,114

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.	269,989
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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)
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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
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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	2,456,573
Deferred outflows of resources - OPEB	235,175
Deferred inflows of resources - pension	(142,840)
Deferred inflows of resources - OPEB	(489,728)

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	(700,000)
Long term debt - due within one year	(224,362)
Compensated absences - due in more than one year	(308,001)
Long term debt - due in more than one year	(1,014,277)
Net OPEB liability	(2,730,476)
Net pension liability	(11,429,146)
Total long-term liabilities	(16,406,262)

**Net Position of Governmental Activities** **\$ 8,181,219**

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**City of Sebastopol**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2021**

	Major Funds	Non-Major	Total
	General Fund	Governmental Funds	Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ 2,850,529	\$ 153,735	\$ 3,004,264
Sales and use taxes	5,152,242	169,689	5,321,931
Transient occupancy tax	402,255	-	402,255
Franchise fees	363,167	-	363,167
Licenses and permits	498,475	8,959	507,434
Fines and forfeitures	30,439	-	30,439
Intergovernmental	715,157	686,696	1,401,853
Interest and rents	22,855	15,274	38,129
Charges for services	191,423	170,481	361,904
Miscellaneous	314,129	1,048	315,177
<b>Total revenues</b>	<b>10,540,671</b>	<b>1,205,882</b>	<b>11,746,553</b>
<b>EXPENDITURES:</b>			
Current:			
General government	2,270,754	37,533	2,308,287
Public safety	6,292,688	-	6,292,688
Parks and recreation	792,038	-	792,038
Public works	877,882	283,959	1,161,841
Capital outlay	143,789	536,283	680,072
Debt service:			
Principal	178,335	97,016	275,351
Interest	15,064	22,794	37,858
Cost of issuance	8,488	4,354	12,842
<b>Total expenditures</b>	<b>10,579,038</b>	<b>981,939</b>	<b>11,560,977</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(38,367)</b>	<b>223,943</b>	<b>185,576</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from debt	278,022	142,604	420,626
Payment to escrow	(262,426)	(134,604)	(397,030)
Transfers in	79,367	569,181	648,548
Transfers out	(98,247)	(519,277)	(617,524)
<b>Total other financing sources (uses)</b>	<b>(3,284)</b>	<b>57,904</b>	<b>54,620</b>
<b>EXTRAORDINARY ITEM:</b>			
Extraordinary item - Theft of investment funds	(819,039)	-	(819,039)
<b>Net change in fund balances</b>	<b>(860,690)</b>	<b>281,847</b>	<b>(578,843)</b>
<b>FUND BALANCES:</b>			
Beginning of year	10,142,807	2,108,328	12,251,135
End of year	\$ 9,282,117	\$ 2,390,175	\$ 11,672,292

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, 2021

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (578,843)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-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. 673,464

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. (933,702)

In the Government-Wide Statement of Activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds, proceeds from sales increases financial resources. This amount represents the difference between proceeds and the loss on disposal of capital assets. (130,874)

Employer contributions for pension and 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. 1,483,623

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. (50,306)

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.

- Proceeds from long-term liabilities	(420,626)
- Principal repayments on long-term liabilities	275,351
- Payment to escrow agent	397,030

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. (42,504)

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. (33,404)

Pension expense 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. (1,768,340)

<b>Change in Net Position of Governmental Activities</b>	<u>\$ (1,129,131)</u>
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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, 2021**

	Enterprise Funds			Insurance and Benefits Internal Service Fund
	Water	Wastewater	Total	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 2,251,155	\$ 1,599,171	\$ 3,850,326	\$ 373,794
Accounts receivable	502,016	620,658	1,122,674	-
Prepays	-	-	-	2,177
Total current assets	2,756,080	2,222,041	4,978,121	375,971
Noncurrent assets:				
Restricted cash and investments	830	-	830	-
Capital assets:				
Non-depreciable	141,570	37,009	178,579	-
Depreciable, net	3,790,030	2,877,636	6,667,666	-
Total capital assets	3,931,600	2,914,645	6,846,245	-
Total noncurrent assets	3,932,430	2,914,645	6,847,075	-
<b>Total assets</b>	<b>6,688,510</b>	<b>5,136,686</b>	<b>11,825,196</b>	<b>375,971</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - pension	273,892	260,197	534,089	-
<b>Total deferred outflows of resources</b>	<b>273,892</b>	<b>260,197</b>	<b>534,089</b>	<b>-</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	10,271	30,007	40,278	374,920
Accrued interest payable	2,879	2,565	5,444	-
Deposits payable	54,485	-	54,485	-
Compensated absences, due within one year	2,000	2,000	4,000	-
Long term debt, due within one year	102,181	42,219	144,400	-
Total current liabilities	171,816	76,791	248,607	374,920
Noncurrent liabilities:				
Compensated absences, due in more than one year	19,221	29,832	49,053	-
Long term debt, due in more than one year	1,245,157	257,285	1,502,442	-
Net pension liability	1,249,093	1,186,638	2,435,731	-
Total noncurrent liabilities	2,513,471	1,473,755	3,987,226	-
<b>Total liabilities</b>	<b>2,685,287</b>	<b>1,550,546</b>	<b>4,235,833</b>	<b>374,920</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	42,600	40,470	83,070	-
<b>Total deferred inflows of resources</b>	<b>42,600</b>	<b>40,470</b>	<b>83,070</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	2,584,262	2,615,141	5,199,403	-
Unrestricted	1,650,253	1,190,726	2,840,979	1,051
<b>Total net position</b>	<b>\$ 4,234,515</b>	<b>\$ 3,805,867</b>	<b>\$ 8,040,382</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, 2021**

	Enterprise Funds			Insurance and Benefits Internal Service Fund
	Water	Wastewater	Total	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,608,319	\$ 3,005,251	\$ 5,613,570	\$ 1,081,028
Other revenues	4,970	19,246	24,216	-
<b>Total operating revenues</b>	<b>2,613,289</b>	<b>3,024,497</b>	<b>5,637,786</b>	<b>1,081,028</b>
<b>OPERATING EXPENSES:</b>				
Personnel services	447,255	307,020	754,275	-
Interfund charges for services	1,011,522	831,627	1,843,149	-
Contractual and other services	117,003	91,991	208,994	-
Intergovernmental treatment costs	-	1,650,401	1,650,401	-
Utilities	222,753	45,560	268,313	-
Supplies	263,930	64,444	328,374	-
Insurance, claims, and expenses	65,145	38,263	103,408	1,081,028
Depreciation	245,066	461,733	706,799	-
<b>Total operating expenses</b>	<b>2,372,674</b>	<b>3,491,039</b>	<b>5,863,713</b>	<b>1,081,028</b>
<b>OPERATING INCOME</b>	<b>240,615</b>	<b>(466,542)</b>	<b>(225,927)</b>	<b>-</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest expense	(117,540)	(28,845)	(146,385)	-
Interest and investment revenue	15,105	10,846	25,951	-
<b>Total nonoperating revenues (expenses)</b>	<b>(102,435)</b>	<b>(17,999)</b>	<b>(120,434)</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND EXTRAORDINARY ITEMS</b>	<b>138,180</b>	<b>(484,541)</b>	<b>(346,361)</b>	<b>-</b>
Transfers out	(31,024)	-	(31,024)	-
<b>Total transfers</b>	<b>(31,024)</b>	<b>-</b>	<b>(31,024)</b>	<b>-</b>
<b>EXTRAORDINARY ITEM:</b>				
Theft of investment funds	(222,735)	(158,226)	(380,961)	-
Change in net position	(115,579)	(642,767)	(758,346)	-
<b>NET POSITION</b>				
Beginning of year	4,350,094	4,448,634	8,798,728	1,051
End of year	<u>\$ 4,234,515</u>	<u>\$ 3,805,867</u>	<u>\$ 8,040,382</u>	<u>\$ 1,051</u>

See accompanying Notes to Basic Financial Statements.

**City of Sebastopol**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2021**

	Enterprise Funds			Insurance and Benefit Internal Service Fund
	Water	Wastewater	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 2,563,159	\$ 2,945,617	\$ 5,508,776	\$ -
Cash payments from other funds	-	-	-	1,081,028
Cash received from others	4,970	19,246	24,216	-
Cash payments to suppliers for goods and services	(630,052)	(1,857,691)	(2,487,743)	(1,185,411)
Cash payments to other funds for services	(1,011,522)	(831,627)	(1,843,149)	-
Cash paid to employees	(396,920)	(258,711)	(655,631)	-
<b>Net cash provided by (used in) operating activities</b>	<b>529,635</b>	<b>16,834</b>	<b>546,469</b>	<b>(104,383)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers out	(31,024)	-	(31,024)	-
<b>Net cash provided by noncapital financing activities</b>	<b>(31,024)</b>	<b>-</b>	<b>(31,024)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(45,579)	(116,880)	(162,459)	-
Long-term debt repayment	(74,943)	(74,254)	(149,197)	-
Interest paid and fiscal charges	(117,541)	(28,845)	(146,386)	-
<b>Net cash (used in) capital and related financing activities</b>	<b>(238,063)</b>	<b>(219,979)</b>	<b>(458,042)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income received	12,196	8,634	20,830	-
Theft of investment funds	(222,735)	(158,226)	(380,961)	-
<b>Net cash (used in) investing activities</b>	<b>(210,539)</b>	<b>(149,592)</b>	<b>(360,131)</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>50,009</b>	<b>(352,737)</b>	<b>(302,728)</b>	<b>(104,383)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>2,201,976</b>	<b>1,951,908</b>	<b>4,153,884</b>	<b>478,177</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 2,251,985</b>	<b>\$ 1,599,171</b>	<b>\$ 3,851,156</b>	<b>\$ 373,794</b>
<b>FINANCIAL STATEMENT PRESENTATION:</b>				
Cash and investments	\$ 2,251,155	\$ 1,599,171	3,850,326	\$ 373,794
Restricted cash and investments	830	-	830	-
<b>Total</b>	<b>\$ 2,251,985</b>	<b>\$ 1,599,171</b>	<b>\$ 3,851,156</b>	<b>\$ 373,794</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income	\$ 240,615	\$ (466,542)	\$ (225,927)	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	245,066	461,733	706,799	-
Changes in assets and liabilities:				
Accounts receivable	(50,903)	(59,634)	(110,537)	-
Prepays	31,502	3,023	34,525	(2,177)
Deferred outflows - pension	12,887	12,242	25,129	-
Accounts payable	7,277	29,945	37,222	(102,206)
Deposits payable	5,743	-	5,743	-
Compensated absences	895	1,342	2,237	-
Net pension liability	79,117	75,161	154,278	-
Deferred inflows - pension	(42,564)	(40,436)	(83,000)	-
<b>Total adjustments</b>	<b>289,020</b>	<b>483,376</b>	<b>772,396</b>	<b>(104,383)</b>
<b>Net cash provided by operating activities</b>	<b>\$ 529,635</b>	<b>\$ 16,834</b>	<b>\$ 546,469</b>	<b>\$ (104,383)</b>
<b>NONCASH FINANCING ACTIVITIES</b>				
Refunding debt proceeds deposited into escrow account	\$ 1,340,296	\$ 285,208	\$ 1,625,504	\$ -
Defeasance of debt with bond proceeds in escrow	(1,340,296)	(285,208)	(1,625,504)	-

See accompanying Notes to Basic Financial Statements.



## FIDUCIARY FUND FINANCIAL STATEMENTS

### Private Purpose Trust Fund

*Successor Agency Trust Fund* accounts for assets and liabilities transferred from the City to the Successor Agency Trust Fund.

**City of Sebastopol**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

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	<u>Successor Agency Trust Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 93,881</u>
Total assets	<u>94,123</u>
<b>LIABILITIES</b>	
Due to other government	<u>93,305</u>
Total liabilities	<u>93,305</u>
<b>NET POSITION</b>	
Held in trust for successor agency	<u>818</u>
<b>Total net position</b>	<u><u>\$ 818</u></u>

**City of Sebastopol**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2021**

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	Successor Agency Trust Fund
<b>ADDITIONS:</b>	
Property tax	\$ 319,262
Interest	1,149
<b>Total additions</b>	<u>320,411</u>
<b>DEDUCTIONS:</b>	
Bond interest	5,677
County housing costs	1,975
Return of excess funds	93,305
Administrative costs	210,124
<b>Total deductions</b>	<u>311,081</u>
<b>Change in net position</b>	9,330
<b>NET POSITION:</b>	
Beginning of year	<u>(8,512)</u>
End of year	<u><u>\$ 818</u></u>

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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, 2021

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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, 2021**

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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 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, 2021**

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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.

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City reports a private-purpose trust fund. Private-purpose trust fund account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Fiduciary funds are accounted for using the accrual basis of accounting. A fiduciary fund is used to account for the non-housing successor agency activities of the former redevelopment agency.

**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.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

**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.

**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. *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.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

**H. Capital Assets, Continued**

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

**I. 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 position 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 position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**J. 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.

**K. 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.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

**L. 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.

**M. 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."

**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.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

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

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.

**N. 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.

**O. 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.

**P. 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.

**Q. 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.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

**Q. Other Post Employment Health Care Benefits (OPEB), Continued**

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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

**R. New Accounting Pronouncements**

In 2021, the City adopted the new accounting standards to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 84, *Fiduciary Activities* - The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local government. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. There was no impact on net position as a result of implementation of this statement.
- GASB Statement No. 90, *Majority Equity Interest* - The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the government's holding of the equity meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. There was no impact on net position as a result of implementation of this statement.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates* - The objective of this statement is to address the accounting and financial reporting implications that result from the elimination of the London Interbank Offered Rate (LIBOR) that is notably used in most agreements in which variable payments made or received depend on an interbank offered rate (IBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. There was no impact on net position as a result of implementation of this statement.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

**R. New Accounting Pronouncements, Continued**

- GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 – The objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. There was no impact on net position as a result of implementation of this statement.
  
- GASB Statement No. 98, The Annual Comprehensive Financial Report – The objective of this statement is to address references in authoritative literature to the term *comprehensive annual financial report*. There was no impact on net position as a result of implementation of this statement.

**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	Fiduciary Funds	Total
Cash and investments	\$ 11,031,658	\$ 3,850,326	\$ 93,881	\$ 14,975,865
Restricted cash and investments	37,347	830	-	38,177
<b>Total cash and investments</b>	<b>\$ 11,069,005</b>	<b>\$ 3,851,156</b>	<b>\$ 93,881</b>	<b>\$ 15,014,042</b>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**2. CASH AND INVESTMENTS, Continued**

*A. Summary of Cash and Investments*

Cash and investments as of June 30, 2021 consist of the following:

Deposits:	
Cash on hand	\$ 1,075
Deposits with financial institution	1,258,088
Total cash on hand and deposits	<u>1,259,163</u>
Investments	
County of Sonoma investment pool	9,381,964
Certificates of deposit	2,750,600
Money market	569,539
U.S. Treasury securities	515,995
U.S. government bonds	498,604
Total investments	<u>13,716,702</u>
<b>Total City Treasury</b>	<u>14,975,865</u>
Restricted cash and investments:	
Cash with fiscal agent	38,177
Total restricted cash and investments	<u>38,177</u>
<b>Total cash and investments</b>	<u><u>\$ 15,014,042</u></u>

*B. Cash Deposits*

At June 30, 2021, the carrying amount of the City's cash and cash equivalents were comprised of the general checking account, which had a book balance of \$1,258,088 and petty cash of \$1,075. The bank balance in the City's general checking was \$1,674,344, 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.



**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**2. CASH AND INVESTMENTS, Continued**

**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.

Cash and investments, including cash with fiscal agents, held in the City by maturity date at June 30, 2021 are shown below:

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1 year	More than 1 year less than 5 years
Investments:			
County of Sonoma investment pool	\$ 9,381,964	\$ 9,381,964	\$ -
Certificates of deposit	2,750,600	1,003,363	1,747,237
Money market	569,539	569,539	-
U.S. Treasury securities	515,995	-	515,995
U.S. government bonds	498,604	-	498,604
<b>Total</b>	<b>\$ 13,716,702</b>	<b>\$ 10,954,866</b>	<b>\$ 2,761,836</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.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**2. CASH AND INVESTMENTS, Continued**

*D. Risk Disclosures, Continued*

Presented below is the June 30, 2021 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	\$ 515,995	\$ 515,995
U.S. government bonds	<u>498,604</u>	<u>531,527</u>
Total Investment subject to ratings	1,014,599	<u><u>\$ 1,047,522</u></u>
Assets not subject to credit ratings:		
County of Sonoma investment pool	9,381,964	
Certificates of deposit	2,750,600	
Money market	<u>569,539</u>	
Total investments	<u><u>\$ 13,716,702</u></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, 2021 the City did not have investments (other than in external investment pools) that represented 5% or more of the City's total investments.

*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.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**2. CASH AND INVESTMENTS, Continued**

*E. Fair Value of Investments, Continued*

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.

Investment fair value measurements at June 30, 2021 are described below:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 2,750,600	\$ -	\$ 2,750,600	\$ -
U.S. Treasury securities	515,995	-	515,995	-
U.S. government bonds	498,604	-	498,604	-
Total investments subject to levelling	3,765,199	\$ -	\$ 3,765,199	\$ -
Assets not subject to fair value levelling:				
Money market	569,539			
County of Sonoma investment pool	9,381,964			
Total investments	\$ 13,716,702			

*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, 2021, cash and investments with fiscal agents totaled \$38,177.

*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.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**3. LOANS AND NOTES RECEIVABLE**

At June 30, 2021, 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	\$ 204,989

The \$204,989 solar equipment installation loans are repayable in equal bi-monthly installments over a period of about 33 years by the homeowners, and repayments are made through the City's enterprise utility billing and collection system.

**4. INTERFUND TRANSACTIONS**

**A. Fund Financial Statements**

Due To and Due From

At June 30, 2021, the City had the following short-term interfund receivables and payables:

<u>Due to General Fund</u>	<u>Due From Other Funds</u>
Non-major funds	<u>\$ 135,487</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.

Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2021 is as follows:

	<u>Transfer In</u>		
	<u>General</u>	<u>Non-Major Govt Funds</u>	<u>Total</u>
<u>Transfer Out</u>			
General Fund	\$ -	\$ 98,247	\$ 98,247
Non-major gov't Funds	79,367	439,910	519,277
<b>Total Governmental</b>	<u>79,367</u>	<u>538,157</u>	<u>617,524</u>
Water	-	31,024	31,024
<b>Total Enterprise</b>	<u>-</u>	<u>31,024</u>	<u>31,024</u>
<b>Total Transfers out</b>	<u>\$ 79,367</u>	<u>\$ 569,181</u>	<u>\$ 648,548</u>

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, 2021**

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**5. CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

At June 30, 2021, 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	801,976	92,139	894,115
Total non-depreciable assets	<u>2,953,924</u>	<u>178,579</u>	<u>3,132,503</u>
Depreciable assets:			
Buildings and structures	7,548,378	-	7,548,378
Machinery and equipment	2,694,728	218,632	2,913,360
Reservoirs	-	3,917,184	3,917,184
Pipelines and water distribution system	-	4,224,172	4,224,172
Pipelines and wastewater collection system	-	8,338,469	8,338,469
Vehicles	2,298,524	924,885	3,223,409
Infrastructure	8,708,932	-	8,708,932
Total depreciable assets	21,250,562	17,623,342	38,873,904
Total accumulated Depreciation	<u>(13,610,372)</u>	<u>(10,955,676)</u>	<u>(24,566,048)</u>
Total depreciable assets, net	<u>7,640,190</u>	<u>6,667,666</u>	<u>14,307,856</u>
<b>Total</b>	<u><u>\$ 10,594,114</u></u>	<u><u>\$ 6,846,245</u></u>	<u><u>\$ 17,440,359</u></u>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**5. CAPITAL ASSETS, Continued**

**B. Governmental Activities**

The following is a summary of changes in governmental activity capital assets for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Adjustment/ Reclassification	Balance June 30, 2021
Non-depreciable assets:					
Land and improvements	\$ 2,151,948	\$ -	\$ -	\$ -	\$ 2,151,948
Construction in progress	397,961	529,674	-	(125,659)	801,976
Total non-depreciable assets	<u>2,549,909</u>	<u>529,674</u>	<u>-</u>	<u>(125,659)</u>	<u>2,953,924</u>
Depreciable assets:					
Buildings and structures	7,397,568	25,151	-	125,659	7,548,378
Machinery and equipment	2,576,089	118,639	-	-	2,694,728
Vehicles	2,429,398	-	(130,874)	-	2,298,524
Infrastructure	8,708,932	-	-	-	8,708,932
Total depreciable assets	<u>21,111,987</u>	<u>143,790</u>	<u>(130,874)</u>	<u>125,659</u>	<u>21,250,562</u>
Less accumulated depreciation:					
Buildings and structures	(5,521,803)	(189,442)	-	-	(5,711,245)
Machinery and equipment	(2,218,223)	(130,848)	-	-	(2,349,071)
Vehicles	(1,428,929)	(148,158)	-	-	(1,577,087)
Infrastructure	(3,507,715)	(465,254)	-	-	(3,972,969)
Total accumulated depreciation	<u>(12,676,670)</u>	<u>(933,702)</u>	<u>-</u>	<u>-</u>	<u>(13,610,372)</u>
Total depreciable assets, net	<u>8,435,317</u>	<u>(789,912)</u>	<u>(130,874)</u>	<u>125,659</u>	<u>7,640,190</u>
Total governmental activities, net	<u>\$ 10,985,226</u>	<u>\$ (260,238)</u>	<u>\$ (130,874)</u>	<u>\$ -</u>	<u>\$ 10,594,114</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2021 was as follows:

General government	\$ 138,264
Public safety	237,454
Public works	408,968
Parks and recreation	149,016
<b>Total depreciation expense</b>	<u><u>\$ 933,702</u></u>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**5. 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, 2021:

	Balance July 1, 2020	Additions	Retirements	Adjustment/ Reclassification	Balance June 30, 2021
Non-depreciable assets:					
Land	\$ 86,440	\$ -	\$ -	\$ -	\$ 86,440
Construction in progress	53,103	39,036	-	-	92,139
Total non-depreciable assets	139,543	39,036	-	-	178,579
Depreciable assets:					
Reservoirs	3,917,184	-	-	-	3,917,184
Pipelines and water distribution system	4,224,172	-	-	-	4,224,172
Pipelines and wastewater collection system	8,263,624	74,845	-	-	8,338,469
Machinery and equipment	170,054	48,578	-	-	218,632
Vehicles	924,885	-	-	-	924,885
Total depreciable assets	17,499,919	123,423	-	-	17,623,342
Less accumulated depreciation:					
Reservoirs	(1,327,358)	(138,178)	-	-	(1,465,536)
Pipelines and water distribution system	(3,164,916)	(71,836)	-	-	(3,236,752)
Pipelines and wastewater collection system	(5,348,974)	(414,899)	-	-	(5,763,873)
Machinery and equipment	(176)	(13,881)	-	-	(14,057)
Vehicles	(407,453)	(68,005)	-	-	(475,458)
Total accumulated depreciation	(10,248,877)	(706,799)	-	-	(10,955,676)
Total depreciable assets, net	7,251,042	(583,376)	-	-	6,667,666
<b>Total capital assets</b>	<b>\$ 7,390,585</b>	<b>\$ (544,340)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,846,245</b>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2021 was as follows:

Water	\$ 245,066
Wastewater	461,733
<b>Total depreciation expense</b>	<b>\$ 706,799</b>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**6. LONG-TERM DEBT**

**A. Governmental Activities**

The following is a summary of governmental activity long-term debt transactions during the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year	Due in More than One Year
Special assessment bonds	\$ 90,000	\$ -	\$ (25,000)	\$ 65,000	\$ 30,000	\$ 35,000
Capital lease-capital projects	486,855	-	(486,855)	-	-	-
Refunding lease 2021 - Truist	-	420,626	-	420,626	42,216	378,410
Capital lease-renewable energy	487,946	-	(97,590)	390,356	97,590	292,766
Capital lease-mobile home park	404,524	-	(48,695)	355,829	47,727	308,102
Capital lease-vactor truck	21,070	-	(14,241)	6,829	6,829	-
<b>Total</b>	<b>\$ 1,490,395</b>	<b>\$ 420,626</b>	<b>\$ (672,381)</b>	<b>\$ 1,238,640</b>	<b>\$ 224,362</b>	<b>\$ 1,014,278</b>

**Special Assessment Bonds**

The special assessment bonds were issued in an original amount of \$732,475 for the purpose of facilitating improvements to the Woodstone Center. The bonds are secured by assessments levied against property owners within the assessment district and from monies on deposit in a reserve fund. The bonds consist of 4.25 to 6.7 percent serial bonds maturing through September 2, 2023.

The annual debt service requirements on the special assessment bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 30,000	\$ 3,721	\$ 33,721
2023	35,000	1,941	36,941
Total	<b>\$ 65,000</b>	<b>\$ 5,662</b>	<b>\$70,662</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 will be 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 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.



**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

*A. Governmental Activities, Continued*

**Refunding Lease 2021 - Truist Bank, Continued**

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 82,362	\$ 4,310	\$ 86,672
2023	83,180	3,492	86,672
2024	84,097	2,575	86,672
2025	85,025	1,647	86,672
2026	85,962	709	86,671
Total	<u>\$ 420,626</u>	<u>\$ 12,733</u>	<u>\$433,359</u>

**Other Capital Lease Obligations**

Clean Renewable Energy - The City entered into a capital lease arrangement with Municipal Finance Corporation pursuant to approval from the Internal Revenue Service for the issuance of Clean Renewable Energy Bonds in the principal amount of \$2,074,000 for the purpose of obtaining zero interest financing for renewable energy projects of the City. The arrangement provides for the lease of the projects to Municipal Finance Corporation by the City and the sublease of the projects back to the City by Municipal Finance Corporation in exchange for the rental payments by the City. The City's lease payments to Municipal Finance Corporation are payable from any source of legally available funds.

Mobile Home Park - The City also 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 capital lease was for \$817,500 and it also is payable from any source of legally available funds.

Vector Truck - The City entered into a capital lease arrangement with Holman Capital Corporation for the purpose of financing the acquisition of a sewer cleaning truck in the original lease amount of \$265,000. The lease is payable annual payments \$28,167 through 2022 and bears interest at 2.25 percent.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

**A. Governmental Activities, Continued**

**Other Capital Lease Obligations, Continued**

As of June 30, 2021, future minimum lease payments under these capital leases are as follows:

Year Ending June 30,	Renewable Energy Lease	Mobile Home Park Lease	Vactor Truck Lease	Total
2022	97,589	64,584	7,042	169,215
2023	97,589	64,584	-	162,173
2024	97,589	64,584	-	162,173
2025	97,589	64,584	-	162,173
2026	-	64,584	-	64,584
2027-2028	-	96,880	-	96,880
Total minimum lease payments	390,356	419,800	7,042	817,198
Less amounts representing interest	-	(63,971)	(213)	(64,184)
Present value of net minimum lease payments	<u>\$ 390,356</u>	<u>\$ 355,829</u>	<u>\$ 6,829</u>	<u>\$ 753,014</u>

**B. Business-Type Activities**

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year	Due in More than One Year
Installment agreement	\$ 983,555	\$ -	\$ (983,555)	-	\$ -	\$ -
Refunding loan 2021 - Truist	-	1,019,462	-	1,019,462	63,728	955,734
Capital lease-capital projects	672,747	-	(672,747)	-	-	-
Refunding lease 2021 - Truist	-	606,042	-	606,042	59,334	546,708
State drinking water loan	75,481	-	(75,481)	-	-	-
Capital lease-vactor truck	64,256	-	(42,918)	21,338	21,338	-
<b>Total</b>	<u>\$ 1,796,039</u>	<u>\$ 1,625,504</u>	<u>\$ (1,774,701)</u>	<u>\$ 1,646,842</u>	<u>\$ 144,400</u>	<u>\$ 1,502,442</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.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

*A. Government-Wide Financial Statements, Continued*

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

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.

Gross revenues, net revenues, and total debt service for the Water Fund were \$2,613,289, \$485,536, and \$192,484 respectively for fiscal year 2021. Net revenues were equal 252% of total debt service for the Water Fund for fiscal year 2021.

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

Year Ending			
June 30,	Principal	Interest	Total
2022	\$ 63,728	\$ 20,227	\$ 83,955
2023	64,655	19,300	83,955
2024	66,021	17,934	83,955
2025	67,415	16,540	83,955
2026	68,839	15,116	83,955
2027-2031	366,629	53,141	419,770
2032-2035	322,175	13,643	335,818
<b>Total</b>	<b>\$ 1,019,462</b>	<b>\$ 155,901</b>	<b>\$ 1,175,363</b>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

**A. Government-Wide Financial Statements, Continued**

**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
2022	\$ 118,667	\$ 6,211	\$ 124,878
2023	119,846	5,032	124,878
2024	121,168	3,709	124,877
2025	122,505	2,373	124,878
2026	123,856	1,022	124,878
Total	<u>\$ 606,042</u>	<u>\$ 18,347</u>	<u>\$624,389</u>

Vector Truck - The City entered into a capital lease arrangement with Holman Capital Corporation for the purpose of financing the acquisition of a sewer cleaning truck in the original lease amount of \$265,000. The lease is payable annual payments \$28,167 through 2022 and bears interest at 2.25 percent.

As of June 30, 2021, future minimum lease payments under these capital leases are as follows:

Year Ending June 30,	Vector Truck Lease
2022	\$ 21,500
Total minimum lease payments	21,500
Less amounts representing interest	(162)
Present value of net minimum lease payments	<u>\$ 21,338</u>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**7. 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, 2021 is as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year	Due in More than One Year
Governmental activities	\$ 965,497	\$ 740,824	\$ (698,320)	\$ 1,008,001	\$ 700,000	\$ 308,001
Business-type activities	50,816	38,990	(36,753)	53,053	4,000	49,053
<b>Total</b>	<b>\$ 1,016,313</b>	<b>\$ 779,814</b>	<b>\$ (735,073)</b>	<b>\$ 1,061,054</b>	<b>\$ 704,000</b>	<b>\$ 357,054</b>

**8. OTHER FUND DISCLOSURES**

**A. Deficit Balances**

At June 30, 2021, 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.

Non-major governmental Funds:	
General Capital Project	\$ 6,926

**9. 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 Redwood Empire Municipal Insurance Fund (REMIF). REMIF 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 REMIF 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 REMIF can be obtained from its administrative offices at 414 W. Napa Street, Sonoma, California 95476.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**9. RISK MANAGEMENT, Continued**

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 REMIF.

There have been no significant changes in insurance coverages in fiscal 2021. Settlements have not exceeded coverage for each of the past three fiscal years. The City has no significant uninsured claim liabilities at June 30, 2021.

Subsequent to the end of the year, REMIF merged with California Intergovernmental Risk Authority Joint Powers Authority (CIRA).

**10. 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, 2021**

**10. PENSION PLANS, Continued**

**B. Benefits Provided, Continued**

The rate plan provisions and benefits in effect at June 30, 2021 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	11.031%	7.732%	22.437%
Required unfunded liability payment	\$ 495,916	\$ 4,806	\$ 58,704

	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	22.437%	13.044%	13.044%
Required unfunded liability payment	\$ 553,405	\$ -	\$ 3,336

**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, 2020 were \$1,530,553. The City's contributions to the Plan for the fiscal year ended June 30, 2021 were \$1,686,413.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**10. PENSION PLANS, Continued**

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

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$13,864,877.

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, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 were as follows:

Proportion - June 30, 2019	0.12714%
Proportion - June 30, 2020	0.12743%
Change - Increase (Decrease)	<u>0.00029%</u>

For the year ended June 30, 2021, the City recognized pension expense of \$2,170,386. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,686,413	\$ -
Changes of assumptions	-	69,925
Differences between expected and actual experience	912,693	-
Changes in employer's proportion	40,423	50,432
Differences between the employer's contribution and the employer's proportionate share of contributions	-	105,553
Net differences between projected and actual earnings on plan investments	<u>351,133</u>	<u>-</u>
Total	<u>\$ 2,990,662</u>	<u>\$ 225,910</u>



**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**10. PENSION PLANS, Continued**

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

\$1,686,413 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, 2022. 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 Ending June 30:	
2022	\$ 165,409
2023	421,820
2024	319,149
2025	171,961

**Actuarial Assumptions** - The total pension liability in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return <sup>(1)</sup>	7.15%
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 7.15% 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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, 2021**

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**10. PENSION PLANS, Continued**

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

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

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

The table below reflects 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 Years 1 - 10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

<sup>(a)</sup> An expected inflation of 2.0% used for this period.

<sup>(b)</sup> An expected inflation of 2.92% used for this period.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**10. PENSION PLANS, Continued**

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

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -* The following presents the City’s proportionate share of the net 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	6.15%
Net Pension Liability	\$ 20,270,322
Current Discount Rate	7.15%
Net Pension Liability	\$ 13,864,877
1% Increase	8.15%
Net Pension Liability	\$ 8,590,233

*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, 2021, the City reported no payable for outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**11. 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, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Retiree Health Plan:

Active employees	19
Inactive employees or beneficiaries currently receiving benefits	<u>30</u>
<b>Total</b>	<b><u>49</u></b>

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**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, 2020, the City contributed \$97,430 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.

**D. Total OPEB Liability**

The City’s total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation dated June 30, 2019 actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Discount Rate	2.66%
Inflation	2.75%
Salary Increases	3.00%
Mortality <sup>(1)</sup>	Derived by CalPERS membership data for all funds
Healthcare cost trend rates:	5.00%

(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 2.79% to 2.66% for measurement date June 30, 2020.

**F. Discount Rate**

The discount rate used to measure the total OPEB liability was 2.66%. 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 valuation date.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

*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, 2019</b>	<u>\$ 2,682,363</u>
<b>Changes in the year:</b>	
Service cost	27,295
Interest on the total OPEB liability	73,479
Differences between actual and expected experience	-
Changes in assumptions	44,769
Benefits paid to retirees	<u>(97,430)</u>
<b>Net changes</b>	<u>48,113</u>
<b>Balance at June 30, 2020</b>	<u><u>\$ 2,730,476</u></u>

*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, 2020:

1% Decrease - 1.66%	
Total OPEB liability	\$ 3,117,252
Current Discount Rate - 2.66%	
Total OPEB liability	\$ 2,730,476
1% Increase - 3.66%	
Total OPEB liability	\$ 2,413,559

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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

**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, 2020:

1% Decrease - 4%	
Total OPEB liability	\$ 2,616,336
Current Rate - 5%	
Total OPEB liability	\$ 2,730,476
1% Increase - 6%	
Total OPEB liability	\$ 2,867,626

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

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$50,306. For the fiscal year ended June 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
OPEB contributions subsequent to measurement date	\$ 102,849	\$ -
Differences between expected and actual experience	-	388,693
Changes of assumptions	<u>132,326</u>	<u>101,035</u>
Total	<u>\$ 235,175</u>	<u>\$ 489,728</u>

The \$102,849 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the Total OPEB liability during the fiscal year ending June 30, 2022. 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:	
<u>                    </u>	
2022	\$ (42,108)
2023	(42,108)
2024	(48,503)
2025	(54,899)
2026	(54,899)
Thereafter	(114,885)

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**12. 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.

**13. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the financial reporting entity of the City of Sebastopol that previously reported a redevelopment agency within the financial reporting entity of the City as a blended component unit. The bill provides that upon dissolution of the redevelopment agency, either the City or another unit of government will agree to serve as the successor agency to hold assets until they are distributed to other units of State and Local government. The City Council of the City of Sebastopol elected to have the City become the Successor Agency for the former redevelopment agency non-housing activities and elected to not be the Successor Agency for housing activities of the former agency. Accordingly, all housing related assets and liabilities of the former agency were, effective February 1, 2012, transferred by operation of law to the County of Sonoma.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight Board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future years, successor agencies will only be allocated revenues in the amount that is necessary to pay annual estimated installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the former agency have been paid in full and all assets have been liquidated. The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between the redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the encumbrance or expenditure of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill. Prior to that date, the final seven months of the financial activity of the redevelopment agency continued to be reported in the governmental fund types of the City of Sebastopol. After the date of dissolution, the assets and financial activities of the dissolved redevelopment agency (except for those of the former agency's housing activities that were transferred to the County) are reported in a fiduciary fund (the private-purpose trust fund) in the financial statements of the City of Sebastopol.

**City of Sebastopol**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**13. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY,**  
**Continued**

The assets and liabilities of the private purpose trust are excluded from the government wide statement of net position of the City and the Statement of Activities of the City because fiduciary fund assets are not available in any fashion for use by the City of Sebastopol.

**A. Long-Term Obligations**

Changes in the bonds during the year ended June 30, 2021 were as follows:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2021</u>	Due Within <u>One Year</u>	Due in More than <u>One Year</u>
Tax allocation refunding bonds	\$ 415,000	\$ -	\$(415,000)	\$ -	\$ -	\$ -

**Tax Allocation Refunding Bonds 2007 Series - Original Issue**

On November 6, 2007, The City's former Development Agency issued \$4,575,000 in subordinate tax allocation bonds, series 2007 to advance refund and retire the Agency's 1997 bond issues. The tax allocation bonds consist of \$4,575,000 in serial bonds bearing interest at rates from 3.3 percent to 4.0 percent. The bonds were secured by a pledge of the former Agency's tax increment revenues, and were fully paid off as of June 30, 2021.

**14. SUBSEQUENT EVENTS**

Dissolution of Successor Agency Private Purpose Trust Fund: Subsequent to the end of the year, the City received approval from the State of California Department of Finance to dissolve the City of Sebastopol Successor Agency (Agency).

Lease Purchase Agreement - Energy Efficiency Project: Subsequent to the end of the year, the City entered into a tax exempt lease purchase agreement with Signature Public Funding Corporation for financing energy efficiency and water conservation measures, design services, and acquisition of new roof and solar PV measures at the City library. Financing is for \$4,988,230, to be repaid over a 15 year period.

**15. EXTRAORDINARY ITEM - THEFT OF INVESTMENT FUNDS**

The City of Sebastopol is a participant in the County of Sonoma Pooled Investment fund. During the year reported, the County of Sonoma Treasurer paid \$1,200,000 from the City's accounts based on a fraudulent instruction received by the County.

The City and County are still collecting information about the theft and potential financial resolution. Due to the uncertainty of the amount of potential financial recovery, and timing, the entire \$1,200,000 is reported as an extraordinary loss. The loss is allocated to governmental activities and business-type activities based on their respective weight in cash balances.



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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

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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 are the budget comparison schedule for the General Fund

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**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	\$ 2,742,700	\$ 2,733,000	\$ 2,770,982	\$ 37,982
Real property transfer	39,000	39,000	79,547	40,547
Transient occupancy tax	400,000	400,000	402,255	2,255
Sales and use	3,912,875	4,506,100	5,152,242	646,142
Franchises	335,500	335,500	363,167	27,667
Subtotal	7,430,075	8,013,600	8,768,193	754,593
Licenses, permits and fees:				
Business licenses	130,000	130,000	141,524	11,524
Animal licenses	12,900	12,900	13,845	945
Building permits	150,000	150,000	343,106	193,106
Subtotal	292,900	292,900	498,475	205,575
Fines, forfeitures and penalties:				
Vehicle code	27,000	27,000	16,415	(10,585)
Parking fines	19,500	19,500	14,024	(5,476)
Subtotal	46,500	46,500	30,439	(16,061)
Interest and rentals:				
Investment earnings	155,000	155,825	(22,549)	(178,374)
Rent - Cell Tower	40,000	40,000	39,962	(38)
Rent - other	5,500	5,500	5,442	(58)
Subtotal	200,500	201,325	22,855	(178,470)
Intergovernmental:				
State motor vehicle in-lieu tax	3,500	3,500	5,681	2,181
Reimbursements	21,100	6,100	5,622	(478)
Other	145,600	160,600	703,854	543,254
Subtotal	170,200	170,200	715,157	544,957
Charges for current services:				
Sales of publications	300	300	850	550
Planning fees	30,000	30,000	25,563	(4,437)
Building inspection	-	-	642	642
Encroachment Permits	30,000	30,000	47,835	17,835
Public Works Services	1,500	1,500	654	(846)
Public Safety Services	32,500	29,000	18,135	(10,865)
Fire Inspection Fees	30,000	30,000	69,256	39,256
Other charges	4,300	19,000	28,488	9,488
Subtotal	128,600	139,800	191,423	51,623
Donations and miscellaneous:				
Redevelopment administration	210,125	210,125	210,474	349
Miscellaneous	52,500	52,500	103,655	51,155
Subtotal	262,625	262,625	314,129	51,504
<b>Total revenues</b>	<b>8,531,400</b>	<b>9,126,950</b>	<b>10,540,671</b>	<b>1,413,721</b>

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**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	257,729	257,730	213,156	44,574
City Manager	304,758	324,758	331,630	(6,872)
City Attorney	142,623	142,623	152,926	(10,303)
City Clerk	306,978	321,978	285,487	36,491
Finance and accounting	268,756	268,756	219,681	49,075
Planning	536,505	544,505	494,464	50,041
Building inspection	228,457	226,957	206,486	20,471
General government non-departmental	206,394	338,944	366,924	(27,980)
Subtotal	2,252,200	2,426,251	2,270,754	155,497
Public safety:				
Police protection	4,826,115	5,012,115	5,169,104	(156,989)
Animal control	20,200	21,200	21,081	119
Fire protection	1,109,680	1,100,380	1,096,217	4,163
Fire emergency procedures	5,500	5,500	6,286	(786)
Subtotal	5,961,495	6,139,195	6,292,688	(153,493)
Public works:				
Corporation Yard	244,669	89,399	82,671	6,728
Streets Maintenance	478,550	521,550	427,313	94,237
Parking Lots Maintenance	127,805	124,805	112,809	11,996
Engineering	281,451	266,346	255,089	11,257
Subtotal	1,132,475	1,002,100	877,882	124,218
Parks and recreation:				
Parks & Landscaping Maintenance	466,250	466,250	408,310	57,940
Ives Pool	134,985	128,985	128,566	419
Recreation administration and programs	295,570	295,570	255,162	40,408
Subtotal	896,805	890,805	792,038	98,767
Capital outlay	193,600	190,100	143,789	46,311
Debt service:				
Principal	152,159	152,159	178,335	(26,176)
Interest	52,631	52,630	15,064	37,566
Cost of issuance	-	-	8,488	(8,488)
Subtotal	204,790	204,789	201,887	2,902
<b>Total expenditures</b>	<b>10,641,365</b>	<b>10,853,240</b>	<b>10,579,038</b>	<b>274,202</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(2,109,965)</b>	<b>(1,726,290)</b>	<b>(38,367)</b>	<b>1,687,923</b>

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**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>				
Proceeds from debt issuance	-	-	278,022	278,022
Payment to escrow	-	-	(262,426)	(262,426)
Transfers in	102,000	102,000	79,367	(22,633)
Transfers out	(190,000)	(190,000)	(98,247)	91,753
<b>Total other financing sources (uses)</b>	<b>(88,000)</b>	<b>(88,000)</b>	<b>(3,284)</b>	<b>84,716</b>
<b>EXTRAORDINARY ITEM:</b>				
Theft of investment funds	-	(1,200,000)	(819,039)	380,961
<b>Net change in fund balances</b>	<b>\$ (2,197,965)</b>	<b>\$ (3,014,290)</b>	<b>(860,690)</b>	<b>\$ 2,153,600</b>
<b>FUND BALANCES:</b>				
Beginning of year			10,142,807	
End of year			\$ 9,282,117	

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**2. DEFINED BENEFIT PENSION PLAN**

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

Fiscal year:	2021	2020	2019	2018	2017	2016	2015
Measurement date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	\$13,864,877	\$13,028,541	\$12,272,694	\$12,460,116	\$11,055,177	\$ 8,978,404	\$ 8,365,442
Proportionate share of the net pension liability	0.127430%	0.127140%	0.127360%	0.125641%	0.127760%	0.130805%	0.134439%
Covered payroll	\$ 4,407,536	\$ 4,277,495	\$ 4,075,272	\$ 3,959,602	\$ 3,816,628	\$ 3,636,221	\$ 3,289,261
Proportionate share of the net pension liability as a percentage of covered payroll	314.57%	304.58%	301.15%	314.68%	289.66%	246.92%	254.33%
Plan's share of fiduciary net position as a percentage of total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule

\* Historical information is required only for measurement periods for which GASB 68 is applicable

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. The CalPERS mortality assumptions were adjusted in fiscal year 2019.

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

Fiscal Year	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 1,686,413	\$ 1,530,553	\$ 1,343,860	\$ 1,187,535	\$ 1,099,458	\$ 920,324	\$ 796,771
Contribution in relation to the contractually required contributions	(1,686,413)	(1,530,553)	(1,343,860)	(1,187,535)	(1,099,458)	(920,324)	(796,771)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,679,847	\$ 4,407,536	\$ 4,277,495	\$ 4,075,272	\$ 3,959,602	\$ 3,816,628	\$ 3,636,221
Contributions as a percentage of covered payroll	36.04%	34.73%	31.42%	29.14%	27.77%	24.11%	21.91%

Notes to Schedule

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

Methods and assumptions used to determine required contributions:

Valuation date:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Actuarial cost method:	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation:	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases:	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return:	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age:	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)	(4)	(4)	(4)

<sup>(1)</sup> Level percentage of payroll, closed

<sup>(2)</sup> Depending on age, service, and type of employment

<sup>(3)</sup> 50 for all plans, with the exception of 52 for Miscellaneous PEPRA 2%@62

<sup>(4)</sup> Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

**City of Sebastopol**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**3. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS**

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

Total OPEB Liability	2020	2019	2018	2017
<b>Changes in the year:</b>				
Service cost	\$ 27,295	\$ 56,412	\$ 54,769	\$ 58,870
Interest on the total OPEB liability	73,479	89,484	90,545	81,308
Differences between actual and expected experience	-	(492,345)	-	-
Changes in assumptions	44,769	75,694	57,987	(168,395)
Benefits paid to retirees	(97,430)	(99,403)	(87,182)	(71,368)
<b>Net changes</b>	<b>48,113</b>	<b>(370,158)</b>	<b>116,119</b>	<b>(99,585)</b>
<b>Total OPEB Liability beginning of the year</b>	<b>2,682,363</b>	<b>3,052,521</b>	<b>2,936,402</b>	<b>3,035,987</b>
<b>Total OPEB Liability end of the year</b>	<b>\$ 2,730,476</b>	<b>\$ 2,682,363</b>	<b>\$ 3,052,521</b>	<b>\$ 2,936,402</b>
Covered-employee payroll	\$ 4,272,937	\$ 4,137,211	\$ 3,956,662	\$ 3,982,276
City's total OPEB liability as a percentage of covered-employee payroll	63.90%	64.84%	77.15%	73.74%

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:*

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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# SUPPLEMENTARY INFORMATION

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## 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.

*BSCC 1:4:1 Youth Fund* accounts for monies for the Youth Offender Block Grant.

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

### CAPITAL PROJECTS FUNDS

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

*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

*Woodstone Assessment District* is the bonds which were issued to finance construction including street improvements, drainage, streets lights and signalization to the Fairfield Inn (formerly Holiday Inn), and acquisition of certain public improvements specically benefitting properties located within the boundaries of City Assesement District 1992-1 (Woodstone Center).

*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, 2021**

	Special Revenue			
	Police Grants	Gas Tax	Park in Lieu	Traffic Impact
<b>ASSETS</b>				
Cash and investments	\$ 16,787	\$ 45	\$ 29,073	\$ 379,017
Restricted cash and investments	-	-	-	-
Accounts receivable	7,398	-	-	-
Taxes receivable	-	-	-	-
Accrued interest receivable	81	7	50	466
Assessment receivable	-	-	-	-
Notes receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 24,266</b>	<b>\$ 52</b>	<b>\$ 29,123</b>	<b>\$ 379,483</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCE AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Fund Balances:</b>				
Restricted for :				
Highways and streets	-	-	-	379,483
Public safety	24,266	52	-	-
Community promotion	-	-	-	-
Debt service	-	-	-	-
Affordable housing	-	-	-	-
Parks and recreation	-	-	29,123	-
Committed for street projects	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>24,266</b>	<b>52</b>	<b>29,123</b>	<b>379,483</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 24,266</b>	<b>\$ 52</b>	<b>\$ 29,123</b>	<b>\$ 379,483</b>

Special Revenue

Street Lighting Assessment	Asset Forfeiture	Downtown Association	Art in Lieu	Measure M	Housing General Plan	Street Reserve
\$ 41,675	\$ 10,080	\$ 1,742	\$ 125,999	\$ 298,615	\$ 107,394	\$ 442,393
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,826	-	-	-	43,060	-	-
39	12	2	160	379	130	538
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 43,540</u>	<u>\$ 10,092</u>	<u>\$ 1,744</u>	<u>\$ 126,159</u>	<u>\$ 342,054</u>	<u>\$ 107,524</u>	<u>\$ 442,931</u>

143	-	1,400	-	-	-	-
-	-	-	-	-	-	-
-	7,893	-	-	-	-	-
<u>143</u>	<u>7,893</u>	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

-	-	-	-	-	-	-
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43,397	-	-	-	342,054	-	-
-	2,199	-	-	-	-	-
-	-	344	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	107,524	-
-	-	-	126,159	-	-	-
-	-	-	-	-	-	442,931
-	-	-	-	-	-	-
<u>43,397</u>	<u>2,199</u>	<u>344</u>	<u>126,159</u>	<u>342,054</u>	<u>107,524</u>	<u>442,931</u>

<u>\$ 43,540</u>	<u>\$ 10,092</u>	<u>\$ 1,744</u>	<u>\$ 126,159</u>	<u>\$ 342,054</u>	<u>\$ 107,524</u>	<u>\$ 442,931</u>
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**City of Sebastopol**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2021**

	Special Revenue			
	Vehicle Abatement	Inclusionary and Linkage Housing	Building Permit Incremental Fund	Community Development Block Grant
<b>ASSETS</b>				
Cash and investments	\$ 8,004	\$ 132,763	\$ 48,329	\$ -
Restricted cash and investments	-	-	-	-
Accounts receivable	-	-	-	120,640
Taxes receivable	-	-	-	-
Accrued interest receivable	8	155	57	-
Assessment receivable	-	-	-	-
Notes receivable	-	-	-	-
<b>Total assets</b>	<b>\$ 8,012</b>	<b>\$ 132,918</b>	<b>\$ 48,386</b>	<b>\$ 120,640</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCE AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	120,640
Unearned revenues	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,640</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Fund Balances:</b>				
Restricted for :				
Highways and streets	-	-	-	-
Public safety	8,012	-	-	-
Community promotion	-	-	-	-
Debt service	-	-	-	-
Affordable housing	-	132,918	-	-
Parks and recreation	-	-	-	-
Committed for street projects	-	-	48,386	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>8,012</b>	<b>132,918</b>	<b>48,386</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,012</b>	<b>\$ 132,918</b>	<b>\$ 48,386</b>	<b>\$ 120,640</b>

Special Revenue		Capital Project			Debt Service		Total
BSCC 1:4:1 Youth	SB1 Road and Maintenance	Undergrounding	General Capital Project	Woodstone Assessment District	Clean Renewable Energy Bonds	Non-Major Governmental Funds	
\$ -	\$ 398,496	\$ 244,156	\$ 77,220	\$ -	\$ 18,171	\$ 2,379,959	
-	-	-	-	37,347	-	37,347	
-	26,165	-	-	-	-	154,203	
-	-	-	-	-	-	44,886	
-	468	297	-	-	-	2,849	
-	-	-	-	65,000	-	65,000	
-	-	-	-	-	204,989	204,989	
\$ -	\$ 425,129	\$ 244,453	\$ 77,220	\$ 102,347	\$ 223,160	\$ 2,889,233	
-	-	-	84,146	-	-	\$ 85,689	
-	-	-	-	14,847	-	135,487	
-	-	-	-	-	-	7,893	
-	-	-	84,146	14,847	-	229,069	
-	-	-	-	65,000	204,989	269,989	
-	425,129	244,453	-	-	-	1,434,516	
-	-	-	-	-	-	34,529	
-	-	-	-	-	-	344	
-	-	-	-	22,500	18,171	40,671	
-	-	-	-	-	-	240,442	
-	-	-	-	-	-	155,282	
-	-	-	-	-	-	491,317	
-	-	-	(6,926)	-	-	(6,926)	
-	425,129	244,453	(6,926)	22,500	18,171	2,390,175	
\$ -	\$ 425,129	\$ 244,453	\$ 77,220	\$ 102,347	\$ 223,160	\$ 2,889,233	

**City of Sebastopol**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

	Special Revenue			
	Police Grants	Gas Tax	Park in Lieu	Traffic Impact
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	115,336	175,904	-	-
Interest and rents	345	45	156	2,398
Charges for services	-	-	72,039	57,341
Miscellaneous	798	-	-	-
<b>Total revenues</b>	<b>116,479</b>	<b>175,949</b>	<b>72,195</b>	<b>59,739</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	-	-
Public works	-	187,163	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	20,693	-
Interest	-	-	14,423	-
Cost of issuance	-	-	4,354	-
<b>Total expenditures</b>	<b>-</b>	<b>187,163</b>	<b>39,470</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>116,479</b>	<b>(11,214)</b>	<b>32,725</b>	<b>59,739</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from debt issuance	-	-	142,604	-
Payment to escrow	-	-	(134,604)	-
Transfers in	-	8,800	-	-
Transfers out	(100,000)	-	(1,067)	(47,593)
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>8,800</b>	<b>6,933</b>	<b>(47,593)</b>
<b>Net change in fund balances</b>	<b>16,479</b>	<b>(2,414)</b>	<b>39,658</b>	<b>12,146</b>
<b>FUND BALANCES:</b>				
Beginning of the year	7,787	2,466	(10,535)	367,337
End of year	\$ 24,266	\$ 52	\$ 29,123	\$ 379,483



Special Revenue

Street Lighting Assessment	Asset Forfeiture	Downtown Association	Art in Lieu	Measure M	Housing General Plan	Street Reserve
\$ 121,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	169,689	-	-
-	-	8,959	-	-	-	-
-	-	-	-	-	-	-
314	75	-	733	2,294	713	2,651
-	-	-	-	-	16,307	-
-	-	-	250	-	-	-
<u>121,537</u>	<u>75</u>	<u>8,959</u>	<u>983</u>	<u>171,983</u>	<u>17,020</u>	<u>2,651</u>
11,986	-	8,700	16,667	-	-	-
96,796	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>108,782</u>	<u>-</u>	<u>8,700</u>	<u>16,667</u>	<u>-</u>	<u>-</u>	<u>-</u>
12,755	75	259	(15,684)	171,983	17,020	2,651
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(1,098)	(91,639)	-	-
-	-	-	(1,098)	(91,639)	-	-
12,755	75	259	(16,782)	80,344	17,020	2,651
30,642	2,124	85	142,941	261,710	90,504	440,280
<u>\$ 43,397</u>	<u>\$ 2,199</u>	<u>\$ 344</u>	<u>\$ 126,159</u>	<u>\$ 342,054</u>	<u>\$ 107,524</u>	<u>\$ 442,931</u>

**City of Sebastopol**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

	Special Revenue			
	Vehicle Abatement	Inclusionary and Linkage Housing	Building Permit Incremental Fund	Community Development Block Grant
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	240,853
Interest and rents	50	749	326	-
Charges for services	3,044	69	13,193	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>3,094</b>	<b>818</b>	<b>13,519</b>	<b>240,853</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	180	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Cost of issuance	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,094</b>	<b>818</b>	<b>13,339</b>	<b>240,853</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from debt issuance	-	-	-	-
Payment to escrow	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(505)	-	(240,853)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(505)</b>	<b>-</b>	<b>(240,853)</b>
<b>Net change in fund balances</b>	<b>3,094</b>	<b>313</b>	<b>13,339</b>	<b>-</b>
<b>FUND BALANCES:</b>				
Beginning of the year	4,918	132,605	35,047	-
End of year	\$ 8,012	\$ 132,918	\$ 48,386	\$ -

Special Revenue		Capital Project			Debt Service		Total Non-Major Governmental Funds
BSCC 1:4:1 Youth	SB1 Road and Maintenance	Undergrounding	General Capital Project	Woodstone Assessment District	Clean Renewable Energy Bonds		
\$ -	\$ -	\$ -	\$ -	\$ 32,512	\$ -		\$ 153,735
-	-	-	-	-	-		169,689
-	-	-	-	-	-		8,959
-	154,603	-	-	-	-		686,696
34	2,926	1,463	-	2	-		15,274
-	-	-	-	-	8,488		170,481
-	-	-	-	-	-		1,048
34	157,529	1,463	-	32,514	8,488		1,205,882
-	-	-	-	-	-		37,533
-	-	-	-	-	-		283,959
-	-	-	536,283	-	-		536,283
-	-	-	-	25,000	51,323		97,016
-	-	-	-	8,371	-		22,794
-	-	-	-	-	-		4,354
-	-	-	536,283	33,371	51,323		981,939
34	157,529	1,463	(536,283)	(857)	(42,835)		223,943
-	-	-	-	-	-		142,604
-	-	-	-	-	-		(134,604)
-	-	-	529,357	-	31,024		569,181
(7,373)	(29,149)	-	-	-	-		(519,277)
(7,373)	(29,149)	-	529,357	-	31,024		57,904
(7,339)	128,380	1,463	(6,926)	(857)	(11,811)		281,847
7,339	296,749	242,990	-	23,357	29,982		2,108,328
\$ -	\$ 425,129	\$ 244,453	\$ (6,926)	\$ 22,500	\$ 18,171		\$ 2,390,175

# City of Sebastopol

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

### Police Grants

For the year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 115,336	\$ 15,336
Interest and rents	-	120	345	225
Miscellaneous	810	810	798	(12)
<b>Total revenues</b>	<u>100,810</u>	<u>100,930</u>	<u>116,479</u>	<u>15,549</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>100,810</u>	<u>100,930</u>	<u>116,479</u>	<u>15,549</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 810</u>	<u>\$ 930</u>	16,479	<u>\$ 15,549</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>7,787</u>	
End of year			<u>\$ 24,266</u>	

# City of Sebastopol

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

### Gas Tax

For the year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 192,150	\$ 192,150	\$ 175,904	\$ (16,246)
Interest and rents	-	-	45	45
<b>Total revenues</b>	<u>192,150</u>	<u>192,150</u>	<u>175,949</u>	<u>(16,201)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	186,200	159,900	187,163	(27,263)
<b>Total expenditures</b>	<u>186,200</u>	<u>159,900</u>	<u>187,163</u>	<u>(27,263)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,950</u>	<u>32,250</u>	<u>(11,214)</u>	<u>(43,464)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	8,800	8,800
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>8,800</u>	<u>8,800</u>
<b>Net change in fund balances</b>	<u>\$ 5,950</u>	<u>\$ 32,250</u>	<u>(2,414)</u>	<u>\$ (34,664)</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>2,466</u>	
End of year			<u>\$ 52</u>	

# City of Sebastopol

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

### Park in Lieu

For the year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 126,943	\$ 303,943	\$ -	\$ (303,943)
Interest and rents	1,500	500	156	(344)
Charges for services	25,000	88,200	72,039	(16,161)
Miscellaneous	-	28,000	-	(28,000)
<b>Total revenues</b>	<b>153,443</b>	<b>420,643</b>	<b>72,195</b>	<b>(348,448)</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	22,775	15,735	20,693	(4,958)
Interest	8,695	15,735	14,423	1,312
Cost of issuance	-	-	4,354	(4,354)
<b>Total expenditures</b>	<b>31,470</b>	<b>31,470</b>	<b>39,470</b>	<b>(8,000)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>121,973</b>	<b>389,173</b>	<b>32,725</b>	<b>(356,448)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from debt issuance	-	-	142,604	142,604
Payment to escrow	-	-	(134,604)	(134,604)
Transfers out	(120,000)	(335,897)	(1,067)	334,830
<b>Total other financing sources (uses)</b>	<b>(120,000)</b>	<b>(335,897)</b>	<b>6,933</b>	<b>342,830</b>
<b>Net change in fund balances</b>	<b>\$ 1,973</b>	<b>\$ 53,276</b>	<b>39,658</b>	<b>\$ (13,618)</b>
<b>FUND BALANCES:</b>				
Beginning of the year			(10,535)	
End of year			\$ 29,123	

# City of Sebastopol

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

### Traffic Impact

For the year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 3,700	\$ 3,000	\$ 2,398	\$ (602)
Charges for services	24,000	24,000	57,341	33,341
<b>Total revenues</b>	<b>27,700</b>	<b>27,000</b>	<b>59,739</b>	<b>32,739</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>27,700</b>	<b>27,000</b>	<b>59,739</b>	<b>32,739</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(170,100)	(66,500)	(47,593)	18,907
<b>Total other financing sources (uses)</b>	<b>(170,100)</b>	<b>(66,500)</b>	<b>(47,593)</b>	<b>18,907</b>
<b>Net change in fund balances</b>	<b>\$ (142,400)</b>	<b>\$ (39,500)</b>	<b>12,146</b>	<b>\$ 51,646</b>
<b>FUND BALANCES:</b>				
Beginning of the year			367,337	
End of year			\$ 379,483	

# City of Sebastopol

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

### Street Lighting Assessment

For the year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 122,931	\$ 122,931	\$ 121,223	\$ (1,708)
Interest and rents	-	-	314	314
<b>Total revenues</b>	<u>122,931</u>	<u>122,931</u>	<u>121,537</u>	<u>(1,394)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	12,550	12,550	11,986	564
Public works	117,450	117,450	96,796	20,654
<b>Total expenditures</b>	<u>130,000</u>	<u>130,000</u>	<u>108,782</u>	<u>21,218</u>
<b>Net change in fund balances</b>	<u>\$ (7,069)</u>	<u>\$ (7,069)</u>	12,755	<u>\$ 19,824</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>30,642</u>	
End of year			<u>\$ 43,397</u>	



**City of Sebastopol**

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

**Asset Forfeiture**

**For the year ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ -	\$ 75	\$ 75
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>75</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>75</b>	<b>\$ 75</b>
<b>FUND BALANCES:</b>				
Beginning of the year			2,124	
End of year			\$ 2,199	

# City of Sebastopol

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

### Downtown Association

For the year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 8,760	\$ 8,760	\$ 8,959	\$ 199
<b>Total revenues</b>	<u>8,760</u>	<u>8,760</u>	<u>8,959</u>	<u>199</u>
<b>EXPENDITURES:</b>				
Current:				
General government	8,000	8,700	8,700	-
<b>Total expenditures</b>	<u>8,000</u>	<u>8,700</u>	<u>8,700</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 760</u>	<u>\$ 60</u>	259	<u>\$ 199</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>85</u>	
End of year			<u>\$ 344</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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ -	\$ 733	\$ 733
Charges for services	15,540	10,000	-	(10,000)
Miscellaneous	-	-	250	250
<b>Total revenues</b>	<b>15,540</b>	<b>10,000</b>	<b>983</b>	<b>(9,017)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	93,000	95,000	16,667	78,333
<b>Total expenditures</b>	<b>93,000</b>	<b>95,000</b>	<b>16,667</b>	<b>78,333</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(77,460)</b>	<b>(85,000)</b>	<b>(15,684)</b>	<b>69,316</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(1,098)	(1,098)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,098)</b>	<b>(1,098)</b>
<b>Net change in fund balances</b>	<b>\$ (77,460)</b>	<b>\$ (85,000)</b>	<b>(16,782)</b>	<b>\$ 68,218</b>
<b>FUND BALANCES:</b>				
Beginning of the year			142,941	
End of year			\$ 126,159	

# City of Sebastopol

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

### Measure M

For the year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Sales and use taxes	\$ 162,708	\$ 125,160	\$ 169,689	\$ 44,529
Interest and rents	2,000	1,000	2,294	1,294
<b>Total revenues</b>	<b>164,708</b>	<b>126,160</b>	<b>171,983</b>	<b>45,823</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>164,708</b>	<b>126,160</b>	<b>171,983</b>	<b>45,823</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	45,000	11,000	-	(11,000)
Transfers out	(256,900)	(111,000)	(91,639)	19,361
<b>Total other financing sources (uses)</b>	<b>(211,900)</b>	<b>(100,000)</b>	<b>(91,639)</b>	<b>8,361</b>
<b>Net change in fund balances</b>	<b>\$ (47,192)</b>	<b>\$ 26,160</b>	<b>80,344</b>	<b>\$ 54,184</b>
<b>FUND BALANCES:</b>				
Beginning of the year			261,710	
End of year			\$ 342,054	

**City of Sebastopol**

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

**Housing General Plan**

**For the year ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 500	\$ 1,500	\$ 713	\$ (787)
Charges for services	11,050	12,000	16,307	4,307
<b>Total revenues</b>	<u>11,550</u>	<u>13,500</u>	<u>17,020</u>	<u>3,520</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 11,550</u>	<u>\$ 13,500</u>	17,020	<u>\$ 3,520</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>90,504</u>	
End of year			<u>\$ 107,524</u>	

# City of Sebastopol

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

### Street Reserve

For the year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 5,300	\$ 5,300	\$ 2,651	\$ (2,649)
<b>Total revenues</b>	<u>5,300</u>	<u>5,300</u>	<u>2,651</u>	<u>(2,649)</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>\$ 5,300</u>	<u>\$ 5,300</u>	2,651	<u>\$ (2,649)</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>440,280</u>	
End of year			<u>\$ 442,931</u>	

**City of Sebastopol**

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

**Vehicle Abatement**

**For the year ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ -	\$ 50	\$ 50
Charges for services	50	50	3,044	2,994
<b>Total revenues</b>	<u>50</u>	<u>50</u>	<u>3,094</u>	<u>3,044</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 50</u>	<u>\$ 50</u>	3,094	<u>\$ 3,044</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>4,918</u>	
End of year			<u>\$ 8,012</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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 143,700	\$ -	\$ (143,700)
Interest and rents	1,500	500	749	249
Charges for services	16,000	9,500	69	(9,431)
<b>Total revenues</b>	<b>17,500</b>	<b>153,700</b>	<b>818</b>	<b>(152,882)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>17,500</b>	<b>153,700</b>	<b>818</b>	<b>(152,882)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(143,700)	(505)	143,195
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(143,700)</b>	<b>(505)</b>	<b>143,195</b>
<b>Net change in fund balances</b>	<b>\$ 17,500</b>	<b>\$ 10,000</b>	<b>313</b>	<b>\$ (9,687)</b>
<b>FUND BALANCES:</b>				
Beginning of the year			132,605	
End of year			<u>\$ 132,918</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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ -	\$ 326	\$ 326
Charges for services	6,000	11,900	13,193	1,293
<b>Total revenues</b>	<b>6,000</b>	<b>11,900</b>	<b>13,519</b>	<b>1,619</b>
<b>EXPENDITURES:</b>				
Current:				
General government	6,500	-	180	(180)
<b>Total expenditures</b>	<b>6,500</b>	<b>-</b>	<b>180</b>	<b>(180)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(500)</b>	<b>11,900</b>	<b>13,339</b>	<b>1,439</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(2,000)	-	2,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(2,000)</b>	<b>-</b>	<b>2,000</b>
<b>Net change in fund balances</b>	<b>\$ (500)</b>	<b>\$ 9,900</b>	<b>13,339</b>	<b>\$ 3,439</b>
<b>FUND BALANCES:</b>				
Beginning of the year			35,047	
End of year			<u>\$ 48,386</u>	

# 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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 355,100	\$ 240,853	\$ (114,247)
Miscellaneous	-	135,000	-	(135,000)
<b>Total revenues</b>	<b>-</b>	<b>490,100</b>	<b>240,853</b>	<b>(249,247)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>490,100</b>	<b>240,853</b>	<b>(249,247)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(490,100)	(240,853)	249,247
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(490,100)</b>	<b>(240,853)</b>	<b>249,247</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCES:</b>				
Beginning of the year			-	
End of year			\$ -	

**City of Sebastopol**

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

**BSCC 1:4:1 Youth**

**For the year ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ -	\$ 34	\$ 34
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</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>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(7,373)	(7,373)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(7,373)</u>	<u>(7,373)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(7,339)</u>	<u>\$ (7,339)</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>7,339</u>	
End of year			<u>\$ -</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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 141,218	\$ 135,500	\$ 154,603	\$ 19,103
Interest and rents	-	-	2,926	2,926
<b>Total revenues</b>	<u>141,218</u>	<u>135,500</u>	<u>157,529</u>	<u>22,029</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>141,218</u>	<u>135,500</u>	<u>157,529</u>	<u>22,029</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(113,870)	-	(29,149)	(29,149)
<b>Total other financing sources (uses)</b>	<u>(113,870)</u>	<u>-</u>	<u>(29,149)</u>	<u>(29,149)</u>
<b>Net change in fund balances</b>	<u>\$ 27,348</u>	<u>\$ 135,500</u>	128,380	<u>\$ (7,120)</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>296,749</u>	
End of year			<u>\$ 425,129</u>	

**City of Sebastopol**

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

**Undergrounding**

**For the year ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 1,000	\$ 4,000	\$ 1,463	\$ (2,537)
<b>Total revenues</b>	<u>1,000</u>	<u>4,000</u>	<u>1,463</u>	<u>(2,537)</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>\$ 1,000</u>	<u>\$ 4,000</u>	1,463	<u>\$ (2,537)</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>242,990</u>	
End of year			<u>\$ 244,453</u>	

# City of Sebastopol

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

### General Capital Projects

For the year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Capital outlay	-	17,260	536,283	(519,023)
<b>Total expenditures</b>	<u>-</u>	<u>17,260</u>	<u>536,283</u>	<u>(519,023)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(17,260)</u>	<u>(536,283)</u>	<u>(519,023)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	615,870	1,246,197	529,357	(716,840)
<b>Total other financing sources (uses)</b>	<u>615,870</u>	<u>1,246,197</u>	<u>529,357</u>	<u>(716,840)</u>
<b>Net change in fund balances</b>	<u>\$ 615,870</u>	<u>\$ 1,228,937</u>	<u>(6,926)</u>	<u>\$ (1,235,863)</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>-</u>	
End of year			<u>\$ (6,926)</u>	

# City of Sebastopol

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

### Woodstone Assessment District

For the year ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 33,400	\$ 33,400	\$ 32,512	\$ (888)
Interest and rents	-	-	2	2
<b>Total revenues</b>	<b>33,400</b>	<b>33,400</b>	<b>32,514</b>	<b>(886)</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	30,000	30,000	25,000	5,000
Interest	11,030	11,030	8,371	2,659
<b>Total expenditures</b>	<b>41,030</b>	<b>41,030</b>	<b>33,371</b>	<b>7,659</b>
<b>Net change in fund balances</b>	<b>\$ (7,630)</b>	<b>\$ (7,630)</b>	<b>(857)</b>	<b>\$ 6,773</b>
<b>FUND BALANCES:</b>				
Beginning of the year			23,357	
End of year			\$ 22,500	

# 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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 8,488	\$ 8,488
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>8,488</b>	<b>8,488</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	\$ 20,299	20,299	51,323	(31,024)
<b>Total expenditures</b>	<b>20,299</b>	<b>20,299</b>	<b>51,323</b>	<b>(31,024)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(20,299)</b>	<b>(20,299)</b>	<b>(42,835)</b>	<b>(22,536)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	31,024	31,024
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>31,024</b>	<b>31,024</b>
<b>Net change in fund balances</b>	<b>\$ (20,299)</b>	<b>\$ (20,299)</b>	<b>(11,811)</b>	<b>\$ 8,488</b>
<b>FUND BALANCES:</b>				
Beginning of the year			29,982	
End of year			\$ 18,171	



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# STATISTICAL SECTION

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

## **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			
	2012	2013	2014	2015
<b>Governmental Activities</b>				
Net Investment In Capital Assets	\$ 7,555,847	\$ 7,351,269	\$ 7,657,875	\$ 8,085,194
Restricted	6,152,199	7,314,525	7,398,898	4,128,962
Unrestricted	1,002,469	1,512,494	1,926,598	(4,937,921)
<b>Total Governmental Activities Net Position</b>	<b>\$ 14,710,515</b>	<b>\$ 16,178,288</b>	<b>\$ 16,983,371</b>	<b>\$ 7,276,235</b>
<b>Business-Type Activities</b>				
Net Investment In Capital Assets	\$ 5,620,805	\$ 5,237,342	\$ 5,232,877	\$ 4,566,315
Restricted	298,317	576,831	523,783	1,544,038
Unrestricted	1,306,809	1,786,572	2,413,672	1,051,968
<b>Total Business-Type Activities Net Position</b>	<b>\$ 7,225,931</b>	<b>\$ 7,600,745</b>	<b>\$ 8,170,332</b>	<b>\$ 7,162,321</b>
<b>Primary Government</b>				
Net Investment In Capital Assets	\$ 13,176,652	\$ 12,588,611	\$ 12,890,752	\$ 12,651,509
Restricted	6,450,516	7,891,356	7,922,681	5,673,000
Unrestricted	2,309,278	3,299,066	4,340,270	(3,885,953)
<b>Total Primary Government Net Position</b>	<b>\$ 21,936,446</b>	<b>\$ 23,779,033</b>	<b>\$ 25,153,703</b>	<b>\$ 14,438,556</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

2016	2017	2018	2019	2020	2021
\$ 8,017,313	\$ 8,461,885	\$ 9,242,243	\$ 9,448,772	\$ 9,494,832	\$ 9,355,475
4,314,008	2,279,908	1,660,668	1,450,299	2,827,215	3,067,342
(3,524,869)	(847,289)	(3,254,719)	(2,485,538)	(3,011,697)	(4,241,598)
<u>\$ 8,806,452</u>	<u>\$ 9,894,504</u>	<u>\$ 7,648,192</u>	<u>\$ 8,413,533</u>	<u>\$ 9,310,350</u>	<u>\$ 8,181,219</u>
\$ 4,799,099	\$ 4,705,054	\$ 5,956,258	\$ 5,966,945	\$ 5,594,545	\$ 5,199,403
1,404,798	1,468,204	-	-	-	-
1,691,465	2,900,417	3,430,964	3,563,944	3,204,183	2,840,979
<u>\$ 7,895,362</u>	<u>\$ 9,073,675</u>	<u>\$ 9,387,222</u>	<u>\$ 9,530,889</u>	<u>\$ 8,798,728</u>	<u>\$ 8,040,382</u>
\$ 12,816,412	\$ 13,166,939	\$ 15,198,501	\$ 15,415,717	\$ 15,089,377	\$ 14,554,878
5,718,806	3,748,112	1,660,668	1,450,299	2,827,215	3,067,342
(1,833,404)	2,053,128	176,245	1,078,406	192,486	(1,400,619)
<u>\$ 16,701,814</u>	<u>\$ 18,968,179</u>	<u>\$ 17,035,414</u>	<u>\$ 17,944,422</u>	<u>\$ 18,109,078</u>	<u>\$ 16,221,601</u>

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Expenses</b>				
<b>Governmental Activities</b>				
General government	\$ 620,298	\$ 907,290	\$ 1,327,123	\$ 1,451,524
Public safety	4,076,568	4,002,741	4,154,787	4,397,921
Community development	640,286	89,926	141,771	34,936
Education SERAF	-	-	-	-
Public works	1,059,870	962,578	1,207,688	1,331,944
Parks and recreation	485,332	684,115	771,708	644,813
Interest on long-term debt	201,026	113,226	103,767	91,304
<b>Total Governmental Activities Expenses</b>	<b>7,083,380</b>	<b>6,759,876</b>	<b>7,706,844</b>	<b>7,952,442</b>
<b>Business-Type Activities</b>				
Water	1,166,923	1,320,990	1,298,601	1,368,427
Wastewater	2,195,805	2,335,916	2,605,752	2,795,925
<b>Total Business-Type Activities Expenses</b>	<b>3,362,728</b>	<b>3,656,906</b>	<b>3,904,353</b>	<b>4,164,352</b>
<b>Total Primary Government Net Expenses</b>	<b>\$ 10,446,108</b>	<b>\$ 10,416,782</b>	<b>\$ 11,611,197</b>	<b>\$ 12,116,794</b>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
Charges for services				
General government	\$ 430,935	\$ 476,923	\$ 435,632	\$ 342,911
Public safety	327,309	274,025	248,479	278,638
Community development	313,521	41,325	19,942	14,390
Public works	220,180	107,687	193,334	182,878
Parks and recreation	36,958	114,637	130,691	89,971
Operating Contributions and Grants	598,351	813,943	553,751	579,188
Capital Contributions and Grants	1,623,332	7,331	288,575	742,670
<b>Total Governmental Activities Program Revenues</b>	<b>3,550,586</b>	<b>1,835,871</b>	<b>1,870,404</b>	<b>2,230,646</b>
<b>Business-Type Activities</b>				
Charges for services				
Water	1,128,182	1,427,249	1,709,463	1,933,720
Wastewater	2,099,751	2,374,980	2,688,194	2,959,002
Capital Contributions and Grants	259,789	260,514	107,307	30,356
<b>Total Business-Type Activities Program Revenues</b>	<b>3,487,722</b>	<b>4,062,743</b>	<b>4,504,964</b>	<b>4,923,078</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 7,038,308</b>	<b>\$ 5,898,614</b>	<b>\$ 6,375,368</b>	<b>\$ 7,153,724</b>

Source: Basic Financial Statements- City of Sebastopol, California

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 1,761,437	\$ 2,055,024	\$ 2,278,030	\$ 2,000,974	\$ 2,609,862	\$ 2,657,999
4,193,457	5,260,822	5,397,701	5,813,782	6,263,272	6,760,025
9,155	0	-	-	-	-
-	-	-	-	-	-
1,376,165	938,036	1,301,865	1,220,155	1,448,514	1,633,132
1,066,267	749,005	801,006	976,489	1,159,950	965,252
83,446	80,566	72,765	72,530	70,118	37,858
8,489,927	9,083,453	9,851,367	10,083,930	11,551,716	12,054,266
1,669,223	1,716,237	1,893,951	1,933,059	2,393,602	2,490,214
2,887,638	2,889,787	3,090,686	3,333,798	3,562,838	3,519,884
4,556,861	4,606,024	4,984,637	5,266,857	5,956,440	6,010,098
<u>\$ 13,046,788</u>	<u>\$ 13,689,477</u>	<u>\$ 14,836,004</u>	<u>\$ 15,350,787</u>	<u>\$ 17,508,156</u>	<u>\$ 18,064,364</u>

\$ 915,735	\$ 180,139	\$ 208,574	\$ 188,613	\$ 214,999	\$ 205,711
240,886	190,018	171,292	179,531	152,232	134,888
162,652	-	-	-	-	-
305,614	539,617	324,193	345,425	421,397	520,283
100,630	66,739	44,247	26,588	50,605	75,314
484,480	209,472	348,082	239,765	1,856,224	799,896
446,248	525,005	473,052	380,700	477,809	741,050
2,656,245	1,710,990	1,569,440	1,360,622	3,173,266	2,477,142
2,061,253	2,457,698	2,270,224	2,229,367	2,295,614	2,613,289
3,116,767	3,324,934	3,028,330	3,104,920	2,895,155	3,024,497
142,905	-	-	-	-	-
5,320,925	5,782,632	5,298,554	5,334,287	5,190,769	5,637,786
<u>\$ 7,977,170</u>	<u>\$ 7,493,622</u>	<u>\$ 6,867,994</u>	<u>\$ 6,694,909</u>	<u>\$ 8,364,035</u>	<u>\$ 8,114,928</u>

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

	Fiscal Year		
	2012	2013	2014
<b>Net (Expense)/Revenue</b>			
Governmental Activities	\$ (3,532,794)	\$ (4,924,005)	\$ (5,836,440)
Business-Type Activities	124,994	405,837	600,611
<b>Total Primary Government Net Expense</b>	<b>(3,407,800)</b>	<b>(4,518,168)</b>	<b>(5,235,829)</b>
<b>General Revenues and Other Changes in Net Position</b>			
Governmental Activities			
Taxes			
Property taxes	1,292,711	1,602,494	1,392,443
Sales and use taxes	1,392,916	1,673,360	1,713,697
Motor vehicle in lieu taxes	565,094	566,513	591,353
Transient lodging taxes	300,937	329,577	359,892
Other taxes	1,358,326	1,924,257	2,273,971
Incremental property taxes	922,557	0	-
Investment Earnings	-	-	-
Unrestricted interest and rents	81,145	(5,330)	22,017
Miscellaneous	20,555	269,884	257,126
Transfers	31,024	31,023	31,024
Special item: Dissolution of redevelopment agency	(4,909,339)	-	-
Special item: Contribution of long-term loans to Sonoma County	-	-	-
Extraordinary item: Theft of investment funds	-	-	-
<b>Total Governmental Activities</b>	<b>1,055,926</b>	<b>6,391,778</b>	<b>6,641,523</b>
Business-Type Activities			
Investment Earnings	-	-	-
Transfers	(31,024)	(31,023)	(31,024)
Extraordinary item: Theft of investment funds	-	-	-
<b>Total Business-Type Activities</b>	<b>(31,024)</b>	<b>(31,023)</b>	<b>(31,024)</b>
<b>Total Primary Government</b>	<b>1,024,902</b>	<b>6,360,755</b>	<b>6,610,499</b>
<b>Change in Net Position</b>			
Governmental Activities	(2,476,868)	1,467,773	805,083
Business-Type Activities	93,970	374,814	569,587
<b>Total Primary Government</b>	<b>\$ (2,382,898)</b>	<b>\$ 1,842,587</b>	<b>\$ 1,374,670</b>

Source: Basic Financial Statements- City of Sebastopol, California

Fiscal Year

	2015	2016	2017	2018	2019	2020	2021
\$	(5,721,796)	\$ (5,833,682)	\$ (7,372,463)	\$ (8,281,927)	\$ (8,723,308)	\$ (8,378,450)	\$ (9,577,124)
	758,726	764,064	1,176,608	313,917	67,430	(765,671)	(372,312)
	(4,963,070)	(5,069,618)	(6,195,855)	(7,968,010)	(8,655,878)	(9,144,121)	(9,949,436)
	1,393,021	2,459,296	2,478,979	2,618,913	2,891,222	2,981,745	3,004,264
	1,748,368	2,069,199	3,923,850	3,714,794	3,958,244	3,697,726	4,362,811
	621,440	-	-	-	-	-	-
	482,164	483,738	514,225	529,810	631,742	518,175	402,255
	2,761,809	2,246,817	1,134,089	1,097,589	1,153,243	1,100,380	1,158,279
	-	-	-	-	-	-	-
	-	-	67,458	57,812	259,216	343,753	(7,279)
	10,492	73,826	0	-	-	-	-
	327,178	0	260,341	523,614	563,958	602,464	315,678
	31,024	31,023	31,023	32,259	31,024	31,024	31,024
	-	-	-	-	-	-	-
	(3,602,937)	-	-	-	-	-	-
	-	-	-	-	-	-	(819,039)
	3,772,559	7,363,899	8,409,965	8,574,791	9,488,649	9,275,267	8,447,993
	-	-	32,728	31,889	107,261	91,655	25,951
	(31,024)	(31,023)	(31,023)	(32,259)	(31,024)	(31,024)	(31,024)
	-	-	-	-	-	-	(380,961)
	(31,024)	(31,023)	1,705	(370)	76,237	60,631	(386,034)
	3,741,535	7,332,876	8,411,670	8,574,421	9,564,886	9,335,898	8,061,959
	(1,949,237)	1,530,217	1,037,502	292,864	765,341	896,817	(1,129,131)
	727,702	733,041	1,178,313	313,547	143,667	(705,040)	(758,346)
\$	(1,221,535)	\$ 2,263,258	\$ 2,215,815	\$ 606,411	\$ 909,008	\$ 191,777	\$ (1,887,477)

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

	Fiscal Year		
	2012	2013	2014
General Fund			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	-	-
Committed	-	1,195,000	458,000
Assigned	-	-	-
Unassigned	789,029	697,762	1,113,028
Total General Fund	\$ 789,029	\$ 1,892,762	\$ 1,571,028
All Other Governmental Funds			
Nonspendable	\$ -	\$ -	\$ -
Restricted	2,547,599	3,025,676	3,169,424
Committed	213,100	364,291	471,226
Unassigned	-	-	-
Total All Other Governmental Funds	2,760,699	3,389,967	3,640,650
Total Governmental Funds	\$3,549,728	\$5,282,729	\$5,211,678

Source: Basic Financial Statements- City of Sebastopol, California



Fiscal Year						
2015	2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ 11,127	\$ 46,392	\$ 28,818	\$ 76,529	\$ 42,386
-	-	-	-	-	1,186,330	1,161,558
1,015,000	1,015,000	185,000	185,000	-	-	-
-	-	2,785,000	3,335,000	3,579,535	4,610,435	5,049,534
2,077,523	3,265,624	3,669,067	3,882,742	4,993,434	4,269,513	3,028,639
\$ 3,092,523	\$ 4,280,624	\$ 6,650,194	\$ 7,449,134	\$ 8,601,787	\$ 10,142,807	\$ 9,282,117
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,651	\$ -
3,573,382	3,827,777	2,279,908	1,660,668	1,450,299	1,640,885	1,905,784
595,718	464,800	154,351	279,229	436,477	475,327	491,317
-	-	(79,673)	(48,819)	(113,745)	(10,535)	(6,926)
4,169,100	4,292,577	2,354,586	1,891,078	1,773,031	2,108,328	2,390,175
\$7,261,623	\$8,573,201	\$9,004,780	\$9,340,212	\$10,374,818	\$12,251,135	\$11,672,292

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Property taxes	\$ 2,215,268	\$ 1,602,494	\$ 1,392,443	\$ 1,393,024
Sales and use taxes	1,977,528	2,812,420	3,214,480	3,652,138
Other taxes	966,989	1,010,312	1,070,444	1,218,306
Transient occupancy taxes	-	-	-	-
Franchise fees	-	-	-	-
Licenses and permits	321,351	364,654	290,026	314,693
Fines and forfeits	174,613	124,941	117,358	158,380
Intergovernmental	2,990,419	1,337,164	1,412,805	1,443,193
Interest and rents	92,583	12,529	76,670	43,433
Charges for services	648,309	676,416	922,178	843,764
Miscellaneous	690,618	79,048	54,189	67,948
<b>Total Revenues</b>	<b>10,077,678</b>	<b>8,019,978</b>	<b>8,550,593</b>	<b>9,134,879</b>
Expenditures				
Current				
General Government	763,950	876,686	1,308,096	1,501,999
Public Safety	3,727,294	3,746,490	3,950,740	4,175,290
Community development	893,424	88,735	140,258	35,436
Parks and recreation	277,746	374,110	679,488	544,596
Public works	761,911	809,017	1,124,226	1,073,855
Education SERAF	-	-	-	-
Capital Outlay	1,610,157	228,939	240,332	80,472
Intergovernmental	329,888	-	-	-
Debt Service:				
Principal	1,299,299	349,214	357,250	358,175
Interest	211,532	114,692	105,278	93,135
Cost of debt issuance	-	-	-	-
<b>Total Expenditures</b>	<b>9,875,201</b>	<b>6,587,883</b>	<b>7,905,668</b>	<b>7,862,958</b>
Excess of Revenues Over (Under) Expenditures	202,477	1,432,095	644,925	1,271,921
Other Financing Sources (Uses)				
Capital lease financing	-	-	-	-
Sale of property	-	269,883	-	-
Proceeds from debt	-	-	-	-
Payment to escrow	-	-	-	-
Sales of capital assets	-	-	-	-
Transfers In	565,248	265,144	256,529	256,301
Transfers Out	(534,224)	(234,121)	(225,505)	(225,277)
<b>Total Other Financing Sources (Uses)</b>	<b>31,024</b>	<b>300,906</b>	<b>31,024</b>	<b>31,024</b>
<b>Extraordinary/Special Items</b>	<b>(3,514,884)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balances</b>	<b>(\$3,281,383)</b>	<b>\$1,733,001</b>	<b>\$675,949</b>	<b>\$1,302,945</b>
Debt Service as a percentage of non-capital expenditures	19.0%	7.3%	6.0%	5.8%

Source: Basic Financial Statements- City of Sebastopol, California

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 2,459,296	\$ 2,681,062	\$ 2,618,914	\$ 2,891,222	\$ 2,981,746	\$ 3,004,264
3,940,169	4,454,450	4,686,751	4,907,892	4,609,379	5,321,931
-	-	-	-	-	-
483,738	514,225	529,810	631,742	518,175	402,255
351,568	359,466	323,496	358,299	336,738	363,167
488,234	412,678	304,268	324,928	458,640	507,434
122,235	88,747	82,605	55,501	48,171	30,439
979,119	676,542	765,572	540,760	2,213,385	1,401,853
92,985	112,795	106,357	309,812	390,766	38,129
717,270	428,703	320,219	318,062	293,920	361,904
434,506	294,146	523,223	563,549	602,471	315,177
10,069,120	10,022,814	10,261,215	10,901,767	12,453,391	11,746,553
1,628,362	2,272,637	1,879,155	1,933,038	2,216,083	2,308,287
4,329,264	4,429,352	4,780,975	4,998,720	5,448,918	6,292,688
9,600	-	-	-	-	-
524,035	605,061	639,930	826,945	970,013	792,038
1,443,331	930,256	868,491	1,051,102	1,062,194	1,161,841
-	-	-	-	-	-
554,243	1,188,516	1,471,598	766,230	590,256	680,072
-	-	-	-	-	-
302,357	233,469	245,128	249,619	250,516	275,351
82,796	80,566	72,766	72,531	70,118	37,858
-	-	-	-	-	12,842
8,873,988	9,739,857	9,958,043	9,898,185	10,608,098	11,560,977
1,195,132	282,957	303,172	1,003,582	1,845,293	185,576
85,423	66,250	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	420,626
-	-	-	-	-	(397,030)
-	799	-	-	-	-
417,645	198,741	1,396,214	2,912,182	632,536	632,536
(386,622)	(167,718)	(1,363,955)	(2,881,158)	(601,512)	(601,512)
116,446	98,072	32,259	31,024	31,024	54,620
-	-	-	-	-	(819,039)
\$1,311,578	\$381,029	\$335,431	\$1,034,606	\$1,876,317	(\$578,843)
4.6%	3.6%	3.7%	3.5%	3.2%	3.0%

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

Fiscal Year	Secured	Unsecured	SBE Nonunitary	Total Taxable Assessed Value <sup>1</sup>	Total Direct Tax Rate
2012	\$ 925,157,423	\$ 40,782,023	\$ 20,260	\$ 965,919,186	1.1325%
2013	936,099,537	32,978,628	20,260	969,057,905	1.1247%
2014	984,165,141	33,736,420	-	1,017,901,561	1.1247%
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	1.1322%
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	1.1570%
2021	1,396,730,880	40,985,208	-	1,437,716,088	1.1560%

<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

Note: Estimated actual value of taxable property cannot easily be determined as the property in the City is not reassessed annually. Reassessment normally occurs when ownership changes.

Source: Sonoma County Assessor 2007/08 - 2017/18 Combined Tax Rolls

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

Agency	Fiscal Year										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
<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	0.00550	0.00550	0.00550	0.00520	0.00520	0.00520	0.00520	0.00520	0.00300	0.00300	
Sebastopol Elementary Bonds	0.03950	0.03810	0.03810	0.03700	0.03500	0.03300	0.03550	0.03450	0.03350	0.03600	
Sonoma County Junior College	0.02100	0.02100	0.02100	0.01800	0.01600	0.01500	0.01400	0.03600	0.01300	0.01300	
Sonoma County Junior College 2014	0.00000	0.00000	0.00000	0.00000	0.00000	0.02500	0.02300	0.00000	0.02400	0.02400	
Twin Hills Elementary	0.04400	0.03700	0.03700	0.03300	0.03300	0.03200	0.03050	0.03000	0.03000	0.02900	
West Sonoma County Unified High	0.01550	0.01610	0.01610	0.01550	0.01900	0.01750	0.01700	0.04850	0.04650	0.04400	
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>	1.13250	1.12470	1.12470	1.11570	1.11520	1.13470	1.13220	1.16120	1.15700	1.15600	
<b>Voter Approved City Debt Rate</b>											
<b>Redevelopment Rate</b> <sup>4</sup>	1.01250										

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.

<sup>3</sup> City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.

<sup>4</sup>Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

Source: Sonoma County Assessor 2007/08 - 2016/17 Tax Rate Table

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

Taxpayer	Fiscal Year 2021		Fiscal Year 2012	
	Taxable Assessed Value	Percent Of Total Assessed Valuation	Taxable Assessed Value <sup>1</sup>	Percent Of Total Assessed Valuation
Barlow Star LLC	\$ 30,098,089	2.09%	N/A	N/A
H-1 Real Estate LLC Et Al	14,790,000	1.03%	N/A	N/A
Longs Drug Stores California LLC	13,040,610	0.91%	2,814,397	0.29%
970 Gravenstein Hwy LLC	7,587,637	0.53%	N/A	N/A
Duckhorn Wine Company	7,265,970	0.51%	N/A	N/A
Redwood Marketplace	7,226,476	0.50%	6,168,746	0.65%
Pendergast Charles R Tr	5,892,784	0.41%	4,784,708	0.50%
Maxwell Myers Co & Maxwell A Myers L	5,736,889	0.40%	N/A	N/A
LOK Sebastopol Hotel Co LLC	5,705,585	0.40%	5,128,937	0.54%
Diajeff LLC	5,025,092	0.35%	4,289,551	0.45%
<b>Total Top 10 Taxpayers</b>	<b>102,369,132</b>	<b>7.13%</b>	<b>\$ 23,186,339</b>	<b>2.43%</b>
<b>Total Taxable Value</b>	<b>\$ 1,437,716,088</b>	<b>100.00%</b>	<b>\$ 955,403,046</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%

<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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Eating and Drinking Places	\$ 325	\$ 425	\$ 397	\$ 364	\$ 321	\$ 307	\$ 290	\$ 261	\$ 248	\$ 226
Food Stores	344	400	460	411	405	391	350	292	232	229
Apparel Stores	79	80	82	83	81	80	77	76	76	70
Auto Dealers and Supplies	90	88	88	89	86	81	80	78	78	70
Service Stations	188	207	203	168	169	196	224	229	247	191
Other Retail Stores	344	367	346	308	298	279	279	317	311	302
All Other Outlets	205	208	190	181	193	187	168	150	166	173
<b>Total</b>	<b>\$ 1,575</b>	<b>\$ 1,775</b>	<b>\$ 1,766</b>	<b>\$ 1,604</b>	<b>\$ 1,553</b>	<b>\$ 1,521</b>	<b>\$ 1,468</b>	<b>\$ 1,403</b>	<b>\$ 1,358</b>	<b>\$ 1,261</b>

**City of Sebastopol - Measure Y**

Category	Calendar Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Other Retail Stores	\$ 139	\$ 133	\$ 130	\$ 119	\$ 112	\$ 108	\$ 99	\$ 106	\$ 104	\$ 96
Food Stores	97	92	102	116	114	109	101	86	77	75
Auto Dealers and Supplies	84	103	101	110	103	101	101	112	86	83
Eating and Drinking Places	83	103	99	92	82	79	74	66	64	56
Service Stations	48	51	53	43	43	50	57	61	65	49
Apparel Stores	10	12	12	13	12	12	10	8	6	6
All Other Outlets	175	164	161	154	150	142	138	135	129	132
<b>Total</b>	<b>\$ 636</b>	<b>\$ 658</b>	<b>\$ 658</b>	<b>\$ 647</b>	<b>\$ 616</b>	<b>\$ 601</b>	<b>\$ 580</b>	<b>\$ 574</b>	<b>\$ 531</b>	<b>\$ 497</b>

**City of Sebastopol - Measure T**

Category	Calendar Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Other Retail Stores	\$ 279	\$ 267	\$ 261	\$ 239	\$ 225	\$ 217	\$ 197	\$ 51	\$ -	\$ -
Food Stores	194	184	205	233	228	219	201	39	-	-
Auto Dealers and Supplies	168	206	203	220	206	203	202	52	-	-
Eating and Drinking Places	167	205	198	185	164	159	145	34	-	-
Service Stations	95	101	107	86	86	99	114	30	-	-
Apparel Stores	21	24	23	26	24	24	21	4	-	-
All Other Outlets	351	329	325	308	303	285	278	67	-	-
<b>Total</b>	<b>\$ 1,275</b>	<b>\$ 1,316</b>	<b>\$ 1,322</b>	<b>\$ 1,297</b>	<b>\$ 1,236</b>	<b>\$ 1,206</b>	<b>\$ 1,158</b>	<b>\$ 277</b>	<b>\$ -</b>	<b>\$ -</b>

**City of Sebastopol - Total**

Category	Calendar Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Eating and Drinking Places	\$ 575	\$ 733	\$ 694	\$ 641	\$ 567	\$ 545	\$ 509	\$ 361	\$ 312	\$ 282
Food Stores	635	676	767	760	747	719	652	417	309	304
Apparel Stores	110	116	117	122	117	116	108	88	82	76
Auto Dealers and Supplies	342	397	392	419	395	385	383	242	164	153
Service Stations	331	359	363	297	298	345	395	320	312	240
Other Retail Stores	762	767	737	666	635	604	575	474	415	398
All Other Outlets	731	701	676	643	646	614	584	352	295	305
<b>Total</b>	<b>\$ 3,486</b>	<b>\$ 3,749</b>	<b>\$ 3,746</b>	<b>\$ 3,548</b>	<b>\$ 3,405</b>	<b>\$ 3,328</b>	<b>\$ 3,206</b>	<b>\$ 2,254</b>	<b>\$ 1,889</b>	<b>\$ 1,758</b>

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

Fiscal Year	Governmental Activities						Total <sup>2</sup>
	Special Assessment Bonds	Capital Lease Obligation	CEC Loan	2007 Tax Allocation Refunding Bond	Residential Development Loan		
2012	\$ 255,000	\$ 3,367,736	\$ 62,193	\$ -	\$ -	\$ 3,684,929	
2013	240,000	3,057,583	38,131	-	-	3,335,714	
2014	225,000	3,001,169	12,974	-	-	3,239,143	
2015	205,000	2,415,429	-	-	-	2,620,429	
2016	185,000	2,273,334	-	-	-	2,458,334	
2017	160,000	2,075,657	-	-	-	2,235,657	
2018	140,000	1,850,529	-	-	-	1,990,529	
2019	115,000	1,625,911	-	-	-	1,740,911	
2020	90,000	1,400,395	-	-	-	1,490,395	
2021	65,000	1,173,640	-	-	-	1,238,640	

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

Installment Agreement	Capital Lease Obligation	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>
\$ -	\$ 1,448,181	\$ -	\$ -	\$ 29,651	\$ 1,477,832	\$ 5,162,761	2.17%	697
-	1,349,964	-	-	17,689	1,367,653	4,703,367	1.80%	632
-	1,244,969	-	-	6,193	1,251,162	4,490,305	1.82%	604
1,200,000	1,150,336	-	142,819	-	2,493,155	5,113,584	1.97%	686
1,160,118	1,130,420	-	170,415	-	2,460,953	3,761,788	1.42%	500
1,118,601	1,147,458	-	249,339	-	2,515,398	3,912,195	1.38%	516
1,075,382	990,710	-	148,328	-	2,214,420	3,353,458	1.10%	435
1,030,391	859,552	-	98,863	-	1,988,806	2,947,221	0.97%	382
983,555	737,003	-	75,481	-	1,796,039	2,608,523	0.84%	337
-	627,380	1,019,462	-	-	1,646,842	3,293,684	1.00%	430

**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			
2012	\$	-	0.00%	0.00%	-
2013		-	0.00%	0.00%	-
2014		-	0.00%	0.00%	-
2015		-	0.00%	0.00%	-
2016		-	0.00%	0.00%	-
2017		-	0.00%	0.00%	-
2018		-	0.00%	0.00%	-
2019		-	0.00%	0.00%	-
2020		-	N/A	N/A	-
2021		-	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, 2021**

	Total Debt June 30, 2021	Percent Applicable <sup>1</sup>	City's Share of Debt as of June 30, 2021
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Sonoma County Joint Community College District	\$ 356,205,000	1.449%	\$ 5,161,410
West Sonoma County Union High School District	60,747,897	13.498%	8,199,751
Sebastopol Union School District	16,751,585	58.912%	9,868,694
Twin Hills Union Shool District	3,544,964	0.779%	27,615
Palm Drive Healthcare District	2,733,086	12.728%	347,867
Palm Drive Healthcare District Parcel Tax Obligations	11,679,588	12.728%	1,486,578
City of Sebastopol 1915 Act Bonds	65,000	100.000%	65,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>	N/A	N/A	<u>\$ 25,156,916</u>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Sonoma County Certificates of Participation	\$ 11,252,000	1.460%	\$ 164,279
Sonoma County Pension Obligation Bonds	286,690,000	1.460%	4,185,674
Sonoma County Office of Education Certificates of Participation	3,513,603	1.460%	51,299
West Sonoma County Union High School District General Fund Obligations	884,558	13.498%	119,398
Sebastopol Union School District Certificates of Participation	150,925	58.912%	88,913
Twin Hills Union School District Certificates of Participation	127,936	0.779%	997
City of Sebastopol Capital Lease Obligations	1,173,640	100.000%	1,173,640
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>	N/A	N/A	<u>\$ 5,784,199</u>
<b>COMBINED TOTAL DEBT</b>			<u><u>\$ 30,941,115</u></u>
<b>TOTAL DIRECT DEBT</b>			\$ 1,173,640
<b>TOTAL OVERLAPPING DEBT</b>			<u>29,767,475</u>
<b>COMBINED TOTAL DEBT</b>			<u><u>\$ 30,941,115</u></u> <sup>2</sup>

<sup>1</sup> The information needed to complete the direct and overlapping debt schedule was currently unavailable, this information will be provided going forward.

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

**RATIOS TO 2020-21 ASSESSED VALUATION:**

Total Overlapping Tax and Assessment Debt	1.74%
Combined Direct Debt	0.08%
Combined Total Debt	2.14%

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

	Fiscal year			
	2012	2013	2014	2015
Total assessed value of all real and personal property	\$ 965,959,706	\$ 969,098,425	\$ 1,017,901,561	\$ 1,064,059,320
Debt limit percentage	3.75%	3.75%	3.75%	3.75%
Total debt limit	36,223,489	36,341,191	38,171,309	39,902,225
Amount applicable to debt limit	3,684,929	3,335,714	3,239,143	2,620,429
Legal debt margin	<u>\$ 32,538,560</u>	<u>\$ 33,005,477</u>	<u>\$ 34,932,166</u>	<u>\$ 37,281,796</u>
Total net debt applicable to the limit as a percentage of debt limit	10.17%	9.18%	8.49%	6.57%

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

2016	2017	2018	2019	2020	2021
\$ 1,136,043,498	\$ 1,195,272,022	\$ 1,254,015,048	\$ 1,293,160,893	\$ 1,346,424,183	\$ 1,396,730,880
3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
42,601,631	44,822,701	47,025,564	48,493,533	50,490,907	52,377,408
2,458,334	-	1,990,529	1,740,911	1,490,395	1,238,640
\$ 40,143,297	\$ 44,822,701	\$ 45,035,035	\$ 45,035,035	\$ 49,000,512	\$ 51,138,768
5.77%	0.00%	4.23%	3.59%	2.95%	2.36%

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

Tax Allocation Revenue Bonds

Fiscal Year	Property Tax Increment	Principal	Interest	Coverage
2012	\$ 922,557	\$ 939,495	\$ 101,273	0.89
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-

Special Assessment Bonds

Fiscal Year	Special Assessments	Principal	Interest	Coverage
2012	\$ 31,479	\$ 20,000	\$ 22,468	0.74
2013	30,602	15,000	21,302	0.84
2014	32,121	15,000	19,924	0.92
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

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

Note: As of June 30, 2013, pledged revenue for tax allocation bonds was zero, due to transfer of liabilities to Successor Agency.

Source: Basic Financial Statements - City of Sebastopol, California



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

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

Fiscal Year	Operating Revenue	Adjusted Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2012	n/a	n/a	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a	n/a	n/a
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

Note: There were no pledges of non-general obligation debt from 2008 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 CALENDAR YEARS**

Calendar 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				
2012	7,445	260,940	35,049	93.50%	38.90%	4.2%	48.70
2013	7,440	247,209	33,227	92.50%	35.50%	3.3%	48.90
2014	7,454	259,973	34,877	94.90%	39.20%	4.8%	48.70
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%	20.70%	47.60
2021	7,657	330,501	43,163	95.50%	44.90%	11.9%	46.80

Source:

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

2000-2009 Income, Age, and Education Data: ESRI - Demographic Estimates are based on the last available 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  
n/a: not available

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

Employer	Fiscal Year 2021			Fiscal Year 2012		
	Employees	Percent of Total Employment	Rank	Employees	Percent of Total Employment	Rank
Sonoma Specialty Hospital	220	5.24%	1	N/A	N/A	N/A
O'Reilly Media	189	4.50%	2	186	12.00%	N/A
Apple Valley Post acute Rehab	187	4.45%	3	120	8.00%	N/A
TLC Child and Family Services	109	2.60%	4	130	8.00%	N/A
Traditional Medicinals	108	2.57%	5	140	9.00%	N/A
Safeway	102	2.43%	6	95	6.00%	N/A
Gravenstein Union District	88	2.10%	7	N/A	N/A	N/A
Analy High School	87	2.07%	8	90	6.00%	N/A
Whole Foods Market	87	2.07%	9	N/A	N/A	N/A
Greenacres Homes & Food	80	1.90%	10	N/A	N/A	N/A
	1,257	29.93%				

Source: Sonoma County Economic Development Board

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

	Fiscal Year				
	2017	2018	2019	2020	2021
Governmental Activities					
General Government					
City Council	6.00	6.00	6.00	5.00	6.00
City Manager	0.75	0.75	0.75	0.75	0.75
City Attorney	0.25	0.25	0.25	0.25	0.25
Finance	4.00	4.00	4.00	4.00	4.00
Building Inspection	1.50	1.50	1.50	0.50	1.50
Planning	3.00	3.00	3.00	3.00	3.00
Public Safety					
Police	34.75	34.75	34.75	24.75	25.75
Fire	33.50	33.50	35.50	34.50	35.50
Public Works and facilities					
Administration	2.75	2.75	2.75	2.75	2.75
Water	1.00	1.00	1.00	1.00	1.00
Laborer	4.00	4.00	4.00	3.00	3.00
Engineering	1.75	1.75	1.75	1.75	1.75
Maintenance	4.00	6.00	6.00	7.00	7.00
Total Full-Time Equivalent Employees	98.25	100.25	102.25	89.25	93.25

\* 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	
<b>Building</b>										
Residential Building Permits	n/a	n/a	302	432	393	278	300	290	323	
Land use entitlement applications	n/a	n/a	54	32	25	25	25	25	25	
<b>Police</b>										
Citations issued	n/a	n/a	n/a	n/a	872	1,156	906	2,121	1,122	
Arrests made	n/a	n/a	823	623	669	581	519	468	329	
Requests for services	n/a	n/a	7,801	7,830	7,703	7,845	8,276	8,251	6,894	
<b>Fire</b>										
Fire responses	861	1,055	1,071	1,056	1,150	1,190	1,275	1,200	1,189	
Fire Inspections	200	200	200	300	350	375	400	380	375	
Area served (sq. miles)	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	
<b>Public Works</b>										
Encroachment permits	83	93	117	98	59	65	74	86	95	
Capital improvement projects	n/a	n/a	n/a	n/a	n/a	6	3	3	6	
Park acres overseen		96.00	96.00	96.00	97.70	97.70	97.70	97.70	97.70	
Street maintenance - crack seal (streets)	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	n/a	n/a	271	325	120	135	
Street light repairs	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	n/a	n/a	2,550	2,470	2,682	2,503	2,451	2,686	2,560	
Active Commerical Accounts	n/a	n/a	477	335	473	381	455	343	335	
Average Daily Water Consumption	n/a	n/a	758,904	783,561	838,673	821,096	782,192	817,534	872,883	
Ground Storage Capacity (gallons)	n/a	n/a	\$7.5m	\$7.5m	\$7.5m	\$7.5m	\$7.5m	7.5m	7.5m	
Elevated Storage Capacity (gallons)	n/a	n/a	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 (gallons per day)	n/a	n/a	3,225,600	3,225,600	3,225,000	3,225,600	3,312,000	3,312,000	3,312,000	
Pump Capacity (gallons per minute)	n/a	n/a	2,240	2,240	2,240	2,240	2,300	2,300	2,300	
Waste Water Treatment Capacity (gallons per day)	n/a	n/a	840,000	840,000	840,000	840,000	840,000	840,000	840,000	

\* 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  
CAPITAL ASSET STATISTICS  
BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS\***

	Fiscal Year								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police									
Stations	1	1	1	1	1	1	1	1	1
Fire									
Stations	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
Street lights	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
Parks and Recreation									
Office buildings	4	4	4	4	4	4	4	4	4
Park acreage	96	96	96	96	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
Swimming pools	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
Water									
Water mains (miles)	37	37	37	37	37	37	37	37	37
Fire hydrants	n/a	n/a	n/a	450	450	450	450	450	450
Storage capacity (million gallons)	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.5	7.5
Treatment capacity (million gallons)									
Wastewater									
Sewer mains (miles)	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

\* 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