

CITY OF SEBASTOPOL

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR 2024 - 2025



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City of **Sebastopol** Sebastopol, California

Annual Comprehensive Financial Report

For the year ended June 30, 2025

Prepared by:
Administrative Services Department

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CITY OF SEBASTOPOL
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025
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INTRODUCTORY SECTION

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City Council

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

**Interim City Manager**

Assistant City Manager/
City Clerk, MMC
Mary Gourley
mgourley@cityofsebastopol.gov

City of Sebastopol

December 12, 2025

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

City staff is pleased to present the Annual Comprehensive Financial Report (ACFR) for the City of Sebastopol (City) for the fiscal year ended June 30, 2025. This report was prepared by the Administrative Services (Finance) Department, which is responsible for both the accuracy of the data presented, and the completeness of the presentation.

The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2025 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Chavan & Associates, LLP, a firm of certified public accountants, has audited the City's financial statements. They concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended June 30, 2025 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements and should be read in conjunction with this letter and the financial statements and notes.

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

Profile of the City of Sebastopol

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

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

Sebastopol is a full-service city that provides a wide variety of municipal services to its residents and visitors, including municipal utilities (Water and Wastewater); fire and police protection; construction and maintenance of City streets, storm drains, bridges, and similar infrastructure type assets; park maintenance; community recreation activities; building inspections; licenses and permits; and facilities. The city also serves as a transportation and economic hub for West Sonoma County.

Sebastopol: A Community That Values Its People

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

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

Budget Process

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

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

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

Local Economy

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

The City is committed to supporting local employees by promoting new housing that reflects the City's character and values. A key example is the Canopy Project, which began partial construction in 2025 and will continue with its next phase in 2026. These housing initiatives aim to provide modern, affordable options, helping residents live closer to where they work. This not only strengthens the local economy but also enhances community well-being by reducing commute times and encouraging residents to shop locally, ultimately boosting sales tax revenue. Housing development is a critical component of creating a resilient and inclusive community.

Tourism remains a major economic driver for our region, yet with only one hotel currently operating, we are missing out on significant opportunities to capture visitor spending. Hotels play a vital role in supporting local businesses and generating revenue through Transient Occupancy Taxes (TOT) and property taxes, which fund essential services. While we remain optimistic about future hotel development, we are cautious about relying on this revenue until projects are much substantially close to completion. The hotel market can be unpredictable, and associated revenues are too uncertain to include in long-term financial planning at this stage.

The City's Financial Outlook, Challenges and Path Forward

The City has recognized that recurring expenses have consistently exceeded recurring revenues, creating a structural imbalance that cannot be sustained long-term. To address this, on April 1, 2025, the City Council adopted a one-year goal and set priorities to guide decision-making and align resources are aligned with community needs.

Current Budget Dynamics

The FY25-26 budget includes temporary revenues, particularly building permit fees driven by a peak in construction activity. While these revenues provide short-term relief, they are non-recurring making this approach unsustainable for future fiscal years and underscores the need for sustainable strategies.

Revenue and Expense Pressures

The City faces financial strain on both sides of the ledger:

- Sales tax, the City's largest funding source, has remained stagnant, reflecting uncertainty and volatility in the current economic environment.
- In November 2024, voters approved Measure U, a ½-cent local sales tax increase, projected to generate \$1.5 million annually. While this measure provides critical support for services such as 911 emergency medical/police/fire response, wildfire/emergency preparedness, maintenance of streets/roads, parks/trails, library, youth and senior services, retaining/attracting local businesses; and for general government use as outlined in the measure, it does not fully offset rising costs.
- Operating expenses—including personnel, public safety, and infrastructure continue to outpace revenue growth, leaving the City vulnerable to deficits without additional revenue streams or cost containment measures.

Working Together Toward Solutions

City leadership, staff and community partners are fully aware of these challenges and committed to working together on long-term, sustainable solutions. This is not something that can be resolved overnight; it will take time, collaboration, and careful planning. The City is actively exploring options to strengthen recurring revenues, improve operational efficiency, and prioritize core services to ensure financial stability for years to come.

The Bottom Line

Even with Measure U and temporary construction-related revenues, the City's fiscal position remains challenging. While the current environment presents challenges, the City is taking proactive steps to live within our means, maintain careful spending, and identify cost-saving opportunities when applicable. With continued teamwork and transparency, we are confident in our ability to navigate this period and prioritize services and create a sustainable future.

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, 2024. 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 eight consecutive years (fiscal years ended 2017 through 2024). We believe our current report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgment

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

Respectfully Submitted,



Mary Gourley
Interim City Manager



Ana Kwong
Administrative Services Director



CITY OFFICIALS

(as of the date of the Financial Statements)

City Council:

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

City Staff (Support):

Interim City Manager Mary Gourley
City Attorney Alex Mog (Contract)
Assistant City Manager | City Clerk Mary Gourley
Administrative Services Director Ana Kwong
Building Official Steve Brown (Contract)
Community Development Director Jane Riley (Contract)
Acting Director of Public Works Erik Billing
Police Chief Sean McDonagh

Advisory Commissions or Committees:

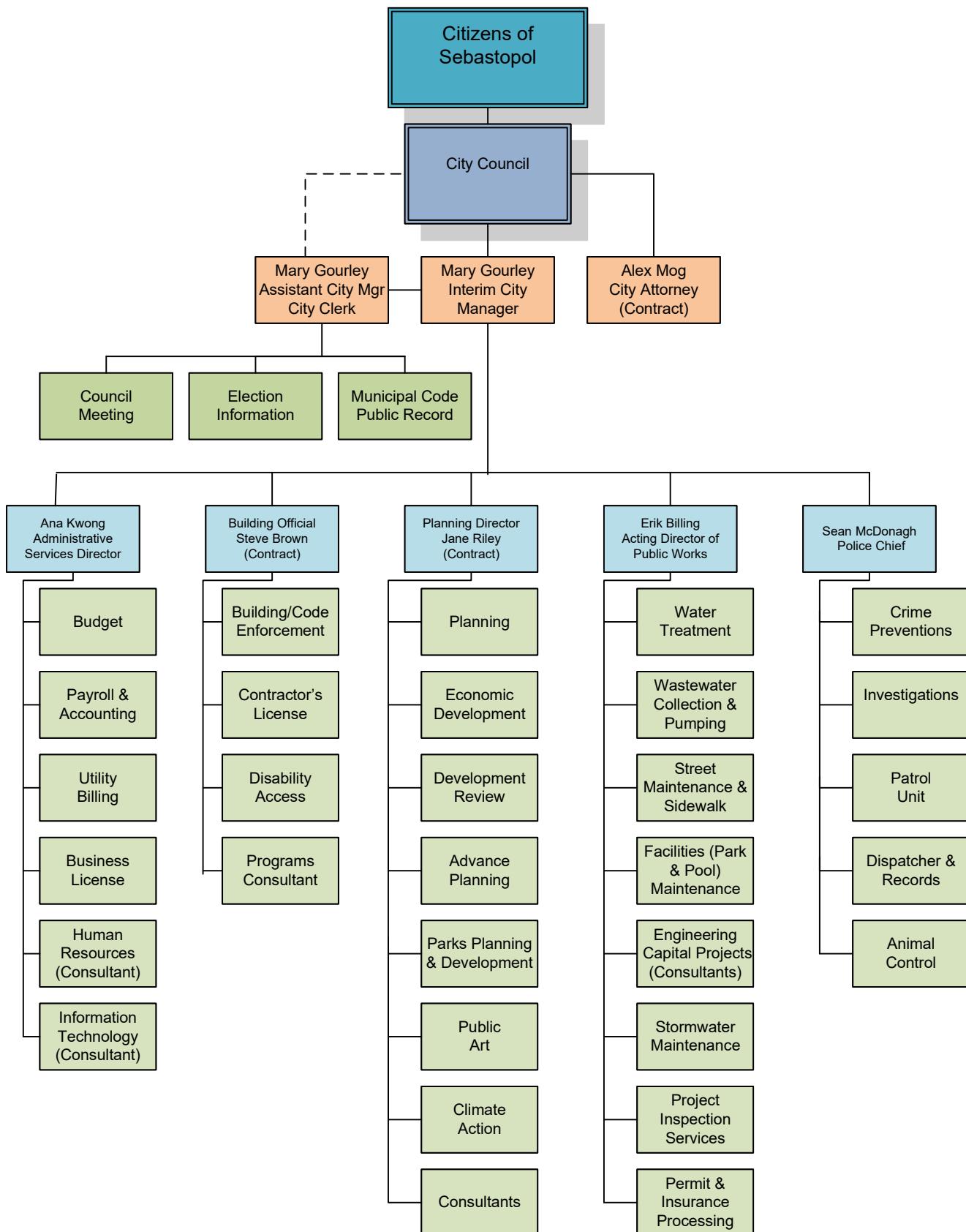
Planning Commission
Design Review Board
Public Arts Committee
Climate Action Committee



City Organization

(as of the date of the Financial Statements)

City Wide Organization Chart by Function





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Sebastopol
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Monill

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sebastopol (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sebastopol, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material



misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, schedules, and other information listed in the supplementary information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has



been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
November 16, 2025
Morgan Hill, California



MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Rounded to the nearest \$1,000)

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, 2024 and ended June 30, 2025 (FY24-25). 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 \$21,629,000 (net position) at June 30, 2025: Governmental activities' net position was \$15,307,000; and business-type activities' net position was \$6,322,000.
- Total government-wide net position is categorized as follows:
 - \$18,690,000 is the net investment in capital assets;
 - \$4,365,000 is restricted for specific purposes (restricted net position); and,
 - (1,426,000) 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 activities decreased by (\$184,000) and business-type activities increased by \$1,968,000; accounting for a government-wide increase in net position of \$1,784,000.
- At June 30, 2025, the city's governmental funds reported a combined ending fund balance of \$14,508,000. Governmental funds' balances increased by \$1,308,000 for the year reported.
- The general fund reports fund balance of \$11,906,000 at June 30, 2025; and it is distributed in these categories:
 - 1) \$1,306,000 is categorized as **non-spendable**, and is comprised of prepaid items.
 - 2) \$2,030,000 is reported as **restricted** for pension obligation.
 - 3) \$4,290,000 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, \$995,000; and
 - Equipment, vehicle and technology replacement, \$1,037,000; and,
 - Pension and other post-employment liabilities rate stabilization, \$1,245,000; and
 - Flood recovery repair, \$1,012,000
 - 4) \$4,280,000 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 \$6,322,000 at June 30, 2025; with \$4,380,000 reported in the water fund; and \$1,942,000 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, 2025
(Rounded to the nearest \$1,000)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Rounded to the nearest \$1,000)

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

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

		Fund Statements	
	Government-Wide Statements	Governmental Funds	Proprietary Funds
Scope	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.
Required financial statements	<p>Statement of net position</p> <p>Statement of activities</p>	<ul style="list-style-type: none"> · Balance sheet · Statement of revenues, expenditures, and changes in net position · Statement of cash flows 	<ul style="list-style-type: none"> · Statement of net position · Statement of revenues, expenses, and changes in net position · Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	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
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

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

The *statement of net position* presents information on the City's assets and deferred outflows; liabilities and deferred outflows; and the residual difference of those elements which is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Rounded to the nearest \$1,000)

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). A description of the functions follows:

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

Fund Financial Statements financial information for funds, which are groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds' financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds

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are not available to support the government's own programs. The City does not report fiduciary funds for the year ended June 30, 2025.

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	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 16,307,000	\$ 15,377,000	\$ 3,909,000	\$ 2,026,000	\$ 20,216,000	\$ 17,403,000
Capital assets	13,799,000	14,855,000	8,717,000	9,122,000	22,516,000	23,977,000
Total assets	30,106,000	30,232,000	12,626,000	11,148,000	42,732,000	41,380,000
Deferred outflows of Resources						
Deferred Outflows Pension and OPEB	4,138,000	5,303,000	885,000	1,123,000	5,023,000	6,426,000
Total deferred outflows of resources	4,138,000	5,303,000	885,000	1,123,000	5,023,000	6,426,000
Current Liabilities	1,763,000	2,375,000	543,000	750,000	2,306,000	3,125,000
Long-term Liabilities	16,193,000	16,570,000	6,540,000	6,999,000	22,733,000	23,569,000
Total liabilities	17,956,000	18,945,000	7,083,000	7,749,000	25,039,000	26,694,000
Deferred inflows of Resources						
Deferred inflows - Pension and OPEB	981,000	1,099,000	106,000	168,000	1,087,000	1,267,000
Total deferred inflows of resources	981,000	1,099,000	106,000	168,000	1,087,000	1,267,000
Net Position						
Invested in capital assets	12,735,000	13,491,000	5,955,000	5,821,000	18,690,000	19,312,000
Restricted	4,365,000	2,592,000	-	-	4,365,000	2,592,000
Unrestricted	(1,793,000)	(592,000)	367,000	(1,467,000)	(1,426,000)	(2,059,000)
Total net position	\$ 15,307,000	\$ 15,491,000	\$ 6,322,000	\$ 4,354,000	\$ 21,629,000	\$ 19,845,000

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Total net position, (assets and deferred outflows, less liabilities and deferred inflows), was \$21,629,000 at June 30, 2025. Governmental activities net position was \$15,307,000; and business-type activities' net position was \$6,322,000.

The largest component of the City's net position is invested in capital assets; and is reported at \$18,690,000. This component represents 86% of total net position as of June 30, 2025. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used, with \$4,365,000 reported as restricted at June 30, 2025.

CITY OF SEBASTOPOL
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Changes in Net Position: Table A-2 reflects comparative changes in net position, for both government and business-type activities for fiscal years ended June 30, 2025 and June 30, 2024.

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

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 3,097,000	\$ 856,000	\$ 8,413,000	\$ 5,304,000	\$ 11,510,000	\$ 6,160,000
Grants and contributions	468,000	752,000	50,000		518,000	752,000
Capital grants and contributions	535,000	2,265,000			535,000	2,265,000
General revenues:						
Property taxes	3,832,000	3,608,000			3,832,000	3,608,000
Sales taxes	5,799,000	4,521,000			5,799,000	4,521,000
Transient occupancy tax	480,000	519,000			480,000	519,000
Utility users tax	914,000	863,000			914,000	863,000
Franchise taxes	490,000	490,000			490,000	490,000
Investment earnings	616,000	497,000			616,000	497,000
Other income	485,000	220,000	66,000	98,000	551,000	318,000
Total revenues	16,716,000	14,591,000	8,529,000	5,402,000	25,245,000	19,993,000
Expenses						
General government	5,458,000	3,216,000			5,458,000	3,216,000
Public safety	7,214,000	6,374,000			7,214,000	6,374,000
Parks and recreation	1,262,000	1,164,000			1,262,000	1,164,000
Public works	2,172,000	1,543,000			2,172,000	1,543,000
Fire - Transfer asset to GRFD	715,000				715,000	-
Interest	79,000	33,000			79,000	33,000
Water			2,465,000	2,923,000	2,465,000	2,923,000
Wastewater			4,096,000	4,269,000	4,096,000	4,269,000
Total expenses	16,900,000	12,330,000	6,561,000	7,192,000	23,461,000	19,522,000
Increase in net position before transfers and special item	(184,000)	2,261,000	1,968,000	(1,790,000)	1,784,000	471,000
Transfers	-	70,000		(70,000)	-	-
Increase (decrease) in net position	(184,000)	2,331,000	1,968,000	(1,860,000)	1,784,000	471,000
Change in Net Position	(184,000)	2,331,000	1,968,000	(1,860,000)	1,784,000	471,000
Net position beginning	15,491,000	13,160,000	4,354,000	6,214,000	19,845,000	19,374,000
Net position, ending	\$ 15,307,000	\$ 15,491,000	\$ 6,322,000	\$ 4,354,000	\$ 21,629,000	\$ 19,845,000

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Governmental Activities:

The government-wide net position increased by **\$1,784,000**, reflecting overall financial growth despite mixed results across activities. This change was composed of:

- **Governmental Activities:** A decrease of **\$184,000**, primarily due to higher spending levels in various programs, which offset revenue gains from the updated cost allocation methodology, the implementation of Sales Tax Measure U, and higher interest earnings.
- **Business-Type Activities:** A significant increase of **\$1,968,000**, driven mainly by the **water and sewer rate adjustments**. These rate increases strengthened utility revenues and supported long-term infrastructure sustainability.

The net improvement was supported by:

- **Updated Cost Allocation Plan** – More accurate distribution of shared service costs.
- **New Sales Tax Measure U** – Additional revenue stream for governmental operations.
- **Higher Interest Earnings** – Favorable market conditions boosted investment returns.

In summary: While governmental activities experienced a slight decline due to increased spending, the substantial growth in business-type activities—primarily from water rate increases—was the key factor behind the overall positive change in net position.

Governmental Activities Revenue

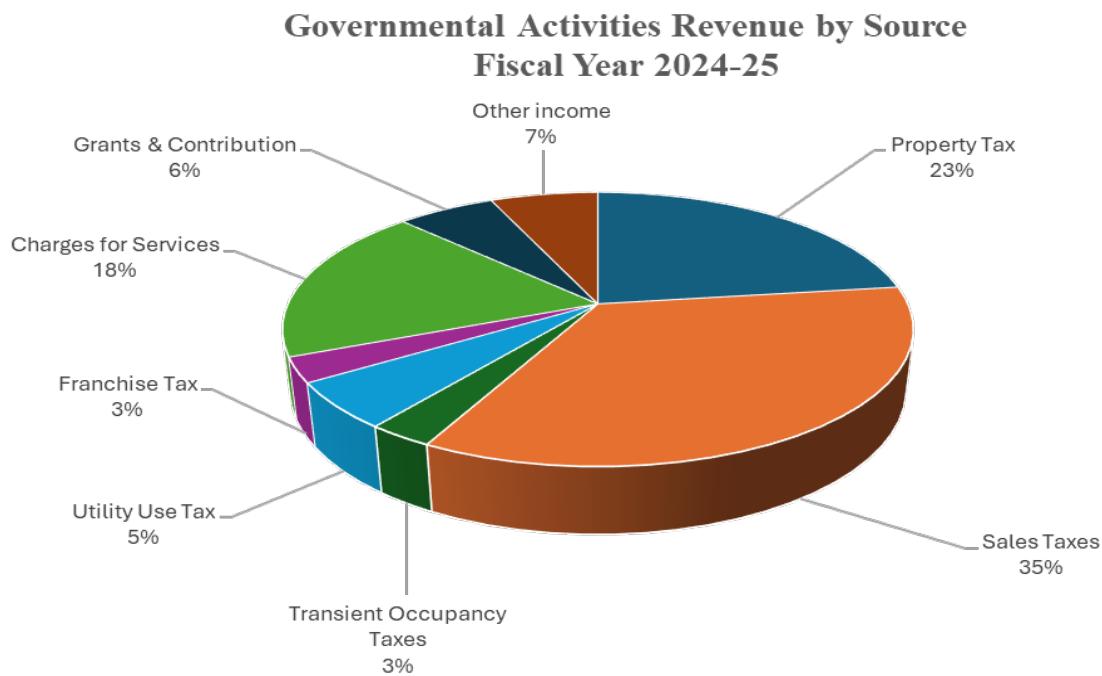
Governmental activities were funded through a combination of tax revenues, service charges, grants, and other income sources:

- **Tax Revenues** – A total of \$11,515,000 was collected from property taxes, retail sales, utility use, and hotel occupancy.
 - Sales taxes represent approximately 35% of governmental activities revenue.
 - Property taxes make up 23% of total revenue and Transient occupancy taxes account for 3%.
 - Franchise fees and utility taxes contribute for 8%

Note: Sales and occupancy taxes are more sensitive to short-term economic fluctuations compared to property taxes.
- **Charges for Services** – Individuals who directly benefited from programs paid \$3,096,000 in service fees, with the bulk of this amount—approximately \$1,762,000—stemming from the updated cost allocation plan, which redistributed shared service costs across departments accounting for 18% of total revenue.
- **Grants and Contributions** – Operating grants totaled \$468,000, while capital grants contributed \$535,000, supporting specific programs and projects accounting for 6%.
- **Other Income** – Tax revenues remain the primary funding source for governmental activities, while grants, service charges, and other income—including interest earnings, miscellaneous revenues, and transfers from other funds totaling \$1,101,000—collectively account for about 7% of revenue.

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

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Total FY 2024-25 governmental activities revenues reached \$16,716,000, reflecting a 15% increase \$2,125,000 over the prior year. Of this total, program revenues contributed \$4,100,000 (25%) and general revenues, primarily taxes, accounted for \$12,616,000 (75%). General revenues grew by \$1,399,000, while program revenues rose by \$226,000.

Property taxes totaled \$3,832,000, an increase of \$224,000 (7%) from the prior year's \$3,608,000. Under the California Constitution, baseline growth in assessed property values is generally limited to 2%. However, assessed values can rise beyond this limit—typically ranging from 2% to 4%—due to factors such as property transfers and reassessment catch-up adjustments. These conditions contributed to the higher property tax collections this year.

Sales taxes totaled \$5,799,000, an increase of \$1,278,000 (29%) from the prior year's \$4,521,000. This strong growth was driven by adjustments in local and countywide sales tax rates, which resulted in higher collections and contributed to the substantial improvement in revenue.

Transient Occupancy Taxes totaled \$480,000, a decrease of \$39,000 (9%) from the prior year's \$519,000. This decline is largely attributed to reduced travel and lodging demand, influenced by broader economic conditions such as higher interest rates and inflationary pressures. These factors have constrained discretionary spending, which reflects the interconnected impact on tourism and consumer behavior.

Utility Users Tax and Franchise Taxes totaled \$1,404,000, reflecting an increase of \$51,000 (4%) compared to the prior year's \$1,353,000. This modest growth is primarily due to inflation.

Other revenues totaled \$1,101,000, an increase of \$385,000 (54%) over the prior year's \$716,000. This growth was primarily driven by two factors: (1) favorable interest earnings resulting from improved market conditions, which boosted returns on invested funds; and (2) reimbursements related to support provided for the implementation of new hauler services, reflecting cost recovery for operational assistance. Together, these sources contributed significantly to the overall increase in this revenue category.

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Program revenues overall of \$4,099,000 increased by \$226,000, or 6%, compared to the prior year \$3,873,000. This change was primarily driven by the following factors:

- Increase of \$1,760,000 due to reclassification of charges for services as revenue rather than expense reductions under the new Cost Allocation Plan.
- Increase of \$480,000 in revenue from building permits related to large developments.
- Decrease of (\$284,000) due to a one-time grant for repairing the library roof.
- Decrease of (\$1,730,000) from reduced transportation projects previously funded by grants.

Governmental Activities Expenses:

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

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

	Expenses by Function		Percentage Change
	2025	2024	2024-2025
General Government	5,458,000	3,216,000	69.7%
Public Safety	7,929,000	6,374,000	24.4%
Parks and recreation	1,262,000	1,164,000	8.4%
Public Works	2,172,000	1,543,000	40.8%
Interest on Long term Debt	79,000	33,000	139.4%
Total	16,900,000	12,330,000	37.1%

The increase in functional areas' shares of total expenses is largely attributable to a change in the cost allocation methodology. Previously, allocated amounts were treated as reductions to departmental expenses. Under the new approach, these amounts—approximately \$1,760,000—are now recorded as charges for services revenue rather than expense offsets, resulting in higher reported expenses compared to the prior year. Moreover, other costs rose due to increased personnel expenses, including higher salaries, routine merit adjustments, cost-of-living increases, and rising benefit costs.

During the fiscal year, the City finalized the consolidation of its fire services with the Gold Ridge Fire Protection District. This reorganization was approved following the LAFCO protest hearing. The transition is expected to improve service delivery, provide upgraded facilities, and ensure sustainable staffing levels.

The City transferred capital assets to the Gold Ridge Fire Protection District as part of an interagency agreement to improve regional fire protection services. The transaction resulted in a recognized **loss** and the accounting treatment reflects the difference between the asset's carrying value on the City's financial records and the amount realized upon transfer. While this loss impacts the current fiscal year's financial results, it represents a planned and necessary step toward achieving long-term service improvements and cost efficiencies.

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Business-Type Activities:

The City's business-type activities consist of transactions within the water and wastewater enterprise funds. At June 30, 2025, the combined net position for these funds was \$6,322,000, with \$4,380,000 in the water fund and \$1,942,000 in the wastewater fund. Of this total, investment in capital assets accounted for \$3,524,000 in the water fund and \$2,432,000 in the wastewater fund.

For FY 2024-25, the net position of business-type activities increased by \$1,968,000, representing a 46% change from the combined beginning net position. The water fund grew by \$909,000, while the wastewater fund increased by \$1,060,000.

This improvement reflects a revenue windfall from the implementation of water and sewer rate increases, which significantly boosted utility revenues and strengthened financial sustainability.

Investment in capital assets represents the largest component of the business-type activities' net position, totaling \$5,955,000, which accounts for approximately 95% of the overall net position. This category reflects the City's significant investment in water and wastewater infrastructure, including treatment facilities, distribution systems, and related equipment—assets essential for delivering reliable utility services and supporting long-term sustainability.

Unrestricted net position, which equals total net position less the amount invested in capital assets, is \$367,000, or about 5% of the total. This portion provides flexibility for operational needs, contingencies, and short-term financial obligations, ensuring the enterprise funds maintain liquidity while continuing to invest in critical infrastructure.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's short-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party or the City itself.

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

As of June 30, 2025, the City's governmental funds reported a total fund balance of \$14,508,000, an increase of \$1,309,000 compared to the prior year's balance of \$13,199,000. This total consists of the General Fund balance of \$11,906,000 and the combined balances of non-major governmental funds totaling \$2,602,000.

The total fund balance is reported within these categories:

- \$1,306,000 is "non-spendable" because the financial resources have been used to prepay expenditure and advances to wastewater fund.
- \$4,365,000 is "restricted," and is only available to spend as specified by external funding sources.
- \$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.
- \$4,290,000 is "assigned" for a particular future use.

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- \$4,056,000 is “unassigned,” and as such is considered available to finance future years’ budgetary needs at the discretion of the City Council.

General Fund:

The General Fund serves as the City’s primary operating fund. During FY 2024–25, its balance increased by \$240,000, bringing the total to \$11,906,000 as of June 30, 2025. This fund balance is allocated across the following categories:

- \$1,306,000 is “non-spendable” because the financial resources have been used to prepay expenditure and advances to wastewater fund.
- \$2,030,000 is restricted for uses specified by external funding sources or law.
- \$4,290,000 is “assigned” for these stated uses:
 - \$995,000 for buildings and infrastructure;
 - \$1,037,000 for equipment, technology and vehicle replacement; and,
 - \$1,245,000 for pension and post-employment medical benefits.
 - \$1,012,000 for flood recovery repairs
- \$4,280,000 is “unassigned,” and as such is considered available to finance future years’ budgetary needs at the discretion of the City Council.

General Fund expenditures for FY 2024–25 totaled \$14,282,000, an increase of \$2,819,000, or 25%, compared to the prior year’s expenditures of \$11,463,000. This significant increase is primarily attributable to a change in the City’s cost allocation methodology. In the prior year, cost allocations were applied as offsets to departmental expenses, reducing reported expenditures. In FY 2024–25, however, the cost allocation plan was recorded as charges for services rather than offsets. This adjustment resulted in higher reported expenditures across departments but also generated corresponding revenue to recognize these charges. The revised accounting treatment enhances transparency by providing a clearer representation of departmental costs and revenue flows.

To assess the City Council’s budgetary flexibility within the General Fund, it is useful to consider the unassigned fund balance as a percentage of annual expenditures. As of June 30, 2025, the unassigned General Fund balance was \$4,280,000, which represents approximately 30% of FY 2024–25 General Fund expenditures totaling \$14,282,000. This ratio indicates a strong level of fiscal capacity to address unforeseen needs or emergencies.

General Fund Budgetary Highlights

This section has always been a source of both interest and complexity for the public. While this section highlights the general fund budgetary aspects, this detailed write-up is referencing page 82. Additionally, it is standard practice to define the general fund more broadly in audits (including additional funds) than in the budget, resulting in the financial statements not providing a direct reconciliation between this document and the budget document.

The original budget for the FY 2024–25 general fund projected a decrease in fund balance of (\$734,000). During the year, this budget was amended to anticipate a further decrease in fund balance of (\$914,000). ***For more details, please refer to the net change in fund balances on page 82.***

During fiscal year 2024–25, the General Fund achieved results that were more favorable than anticipated:

- Revenues: Actual revenues exceeded the final budget estimates by \$117,000. This increase was primarily due to the implementation of a newly enacted sales tax measure, which generated additional revenue. The gain was partially offset by lower-than-expected building permit activity.

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- Expenditures: Total expenditures were \$826,000 below the final appropriations. The variance is mainly attributed to salary savings resulting from position vacancies and reduction in operational spending during the fiscal year.
- Other Financing Sources (Uses): A favorable variance of \$211,000 occurred in this category, largely due to a shift in fire engine debt service payments being funded through Measure H sources.

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, 2025 fund balances of \$2,602,000. Aggregated information of the non-major funds is displayed in the financial statements that also include the major governmental funds. *The individual fund information for non-major governmental funds is reported in the combining statements that are found in the supplemental information section of this report.*

Overall, non-major funds' aggregated fund balances increased by \$1,069,000 during FY 2024-25. The increase is attributed to the appropriate use of financial resources accumulated in prior years to fulfill the purposes for which those accumulated resources were intended.

Proprietary Funds – Water and Sewer Enterprise Funds:

Proprietary fund-type activity is comprised of the water and wastewater enterprise funds, and one internal service fund used to allocate insurance costs. The combined net position of enterprise funds at June 30, 2025 is \$6,322,000; with \$5,955,000 representing the net investment in capital assets and \$367,000 reported as unrestricted net position.

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

Internal Service Fund:

The city also reports the insurance and benefits internal service fund within the proprietary category. The fund takes in revenues in the form of charges paid to other funds of the City and spends those revenues to deliver insurance and other benefits. Ending fund balance was \$1,000 at June 30, 2025.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025 the City had invested \$23,617,000, (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 \$1,461,000 for FY 2024-25.

Governmental activities capital assets, net of accumulated depreciation decreased by \$1,050,000 during FY 24-25. The primary driver was the transfer of fixed assets to Gold Ridge Fire District as part of the reorganization, totaling \$715,000. The remaining activity largely involved routine vehicle and equipment replacements, construction in progress for energy conservation initiatives, and standard depreciation..

Business-type activities capital assets, net of accumulated depreciation, decreased by \$406,000 during FY 24-25. This reduction primarily reflects the impact of routine depreciation on existing fixed assets, which is a normal part

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of the asset lifecycle. No significant acquisitions or disposals occurred during the year, so the decrease is largely attributable to the systematic allocation of asset costs over their useful lives.

Table A-4 provides a recap of capital asset activity.
See the notes to the financial statements for detail on the changes of capital assets, (Note 6).

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and CIP	3.54	7.71	0.30	3.95	3.84	11.66
Buildings & structures	9.61	8.05	3.75		13.36	8.05
Machinery and equipment	2.98	2.88	0.24	0.24	3.22	3.12
Reservoirs			4.29	4.29	4.29	4.29
Pipelines & water system			4.83	4.83	4.83	4.83
Pipelines & wastewater system			8.94	8.97	8.94	8.97
Vehicles	2.50	3.13	1.02	1.02	3.52	4.15
Infrastructure	11.66	9.49	-	-	11.66	9.49
Accumulated depreciation	(16.50)	(16.42)	(13.56)	(13.08)	(30.06)	(29.50)
Total	13.79	14.84	9.81	10.22	23.60	25.06

Changes in Long-term Liabilities – Debt:

For the year reported, general activities' long-term debt obligations decreased by \$299,000 and total \$1,065,000 as of June 30, 2025. Significant transactions included \$299,000 reductions in long-term obligations due to scheduled payments. Detailed information for long-term debt obligations is provided in note 7.

For FY 24-25 business-type long term debt obligations decreased by \$540,000 and total \$3,862,000 as of June 30, 2025. Significant transactions consist of normal reductions in debt obligation principal due to scheduled payments, \$539,000.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES:

The City continues to implement strategic budgeting practices designed to safeguard financial stability while maintaining flexibility and responsiveness to evolving community needs and economic conditions. These practices include establishing realistic revenue projections, prioritizing essential services, and exercising discipline in discretionary spending. To maintain transparency and oversight, the City conducts regular reviews of revenues and expenditures throughout the fiscal year, including monthly meetings with the Budget Committee. These meetings ensure the committee remains informed of any changes, monitors financial performance, identifies emerging trends, and supports forward looking with management of public resources.

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A significant development in FY 2024–25 was the voter-approved ½-cent sales tax measure on November 5, 2024. This measure is expected to generate approximately \$1,500,000 in additional annual revenue, providing a dedicated funding source to support critical services and infrastructure improvements. The new revenue stream enhances the City's ability to maintain service levels, invest in capital projects, and build reserves for future contingencies, further strengthening its fiscal resilience.

For the 2026 fiscal year, (starts July 1, 2025 and ends June 30, 2026) the following budgetary highlights are noted:

- The projected General Fund revenues for FY 2025–26 are estimated at \$15,690,000, representing an increase of \$1,548,000 compared to the prior year's adjusted budget. On the expenditure side, the budget includes \$15,686,000 in General Fund expenses, which reflects a increase of \$507,000 from the previous year. This moderate rise in spending underscores the City's commitment to maintaining service levels and investing in critical areas, even as cost pressures persist. The increase is carefully managed to align with strategic goals and ensure fiscal sustainability.
- Despite these challenges, the FY 2025–26 budget achieves a small surplus of \$3,900, marking a significant improvement from previous years that faced budget deficits. Closing this one-year budgetary gap is both an accomplishment and a challenge, requiring disciplined financial management and strategic prioritization. This progress represents an important step toward fulfilling the City Council's long-standing goal of maintaining a balanced budget, reinforcing the City's commitment to fiscal responsibility and long-term sustainability.
- The City's water and wastewater systems are in poor condition due to years of underinvestment and low rates. Historically, revenues have been insufficient to cover operating costs, fund major projects, and maintain reserves. While essential maintenance continues to prevent service disruptions, a comprehensive Water Master Plan will outline needed capital improvements aligned with available funding. According to the rate study, an additional \$9,000,000 will be required over the next three years: \$7,700,000 for operating deficits, \$700,000 for critical capital projects, and \$800,000 to restore reserves. The Wastewater Fund must also reimburse the General Fund for over \$1 million previously borrowed. Recent rate increases aim to stabilize finances, address deferred maintenance, and replenish reserves—representing the minimum needed to balance operations and begin infrastructure renewal. These actions mark a shift toward fiscal responsibility, though recovery will take time. The FY 2025-26 budget surplus is part of a strategy to rebuild the Enterprise Funds.

The City of Sebastopol invites interested readers to review the detailed operating budget by visiting the website:
https://www.cityofsebastopol.gov/resource_library/city-budgets/

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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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, 2025

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 10,725,899	\$ 2,157,954	\$ 12,883,853
Restricted cash and investments	2,029,908	-	2,029,908
Accounts receivable	236,708	1,449,354	1,686,062
Taxes receivable	1,477,064	-	1,477,064
Interest receivable	51,109	12,597	63,706
Prepaid items and other	281,876	289,263	571,139
Leases receivable	37,190	-	37,190
Total Current Assets	<u>14,839,754</u>	<u>3,909,168</u>	<u>18,748,922</u>
Noncurrent Assets:			
Leases receivable	192,729	-	192,729
Notes receivable	173,614	-	173,614
Internal balances	1,100,000	(1,100,000)	-
Capital Assets:			
Nondepreciable	3,543,624	301,685	3,845,309
Depreciable, net of accumulated depreciation	10,256,153	9,515,108	19,771,261
Total Capital Assets, Net	<u>13,799,777</u>	<u>9,816,793</u>	<u>23,616,570</u>
Total Noncurrent Assets	<u>15,266,120</u>	<u>8,716,793</u>	<u>23,982,913</u>
Total Assets	<u><u>\$ 30,105,874</u></u>	<u><u>\$ 12,625,961</u></u>	<u><u>\$ 42,731,835</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Adjustments	\$ 3,918,382	\$ 884,789	\$ 4,803,171
OPEB Adjustments	219,757	-	219,757
Total Deferred Outflows of Resources	<u><u>\$ 4,138,139</u></u>	<u><u>\$ 884,789</u></u>	<u><u>\$ 5,022,928</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 1,166,866	\$ 223,625	\$ 1,390,491
Interest payable	3,680	5,444	9,124
Deposits payable	217,815	2,875	220,690
Unearned revenue	8,982	366	9,348
Total OPEB liability, due within one year	90,085	-	90,085
Compensated absences, due within one year	147,623	7,770	155,393
Long-term debt, due within one year	127,734	302,550	430,284
Total Current Liabilities	<u>1,762,785</u>	<u>542,630</u>	<u>2,305,415</u>
Noncurrent Liabilities:			
Net pension liability	13,062,636	2,949,607	16,012,243
Total OPEB liability	1,603,118	-	1,603,118
Compensated absences, due in more than one year	590,493	31,078	621,571
Long-term debt, due in more than one year	937,146	3,559,049	4,496,195
Total Noncurrent Liabilities	<u>16,193,393</u>	<u>6,539,734</u>	<u>22,733,127</u>
Total Liabilities	<u><u>\$ 17,956,178</u></u>	<u><u>\$ 7,082,364</u></u>	<u><u>\$ 25,038,542</u></u>
DEFERRED INFLOWS OF RESOURCES			
Leases	\$ 222,111	\$ -	\$ 222,111
Pension Adjustments	468,647	105,823	574,470
OPEB Adjustments	290,139	-	290,139
Total Deferred Inflows of Resources	<u><u>\$ 980,897</u></u>	<u><u>\$ 105,823</u></u>	<u><u>\$ 1,086,720</u></u>
NET POSITION			
Net investment in capital assets	\$ 12,734,897	\$ 5,955,194	\$ 18,690,091
Restricted for:			
Highway and streets	1,571,340	-	1,571,340
Public safety	247,696	-	247,696
Affordable housing	249,756	-	249,756
Parks and recreation	116,957	-	116,957
Pensions and OPEB	2,179,724	-	2,179,724
Total Restricted	<u>4,365,473</u>	<u>-</u>	<u>4,365,473</u>
Unrestricted	<u>(1,793,432)</u>	<u>367,369</u>	<u>(1,426,063)</u>
Total Net Position	<u><u>\$ 15,306,938</u></u>	<u><u>\$ 6,322,563</u></u>	<u><u>\$ 21,629,501</u></u>

The accompanying notes are an integral part of these financial statements.

City of Sebastopol
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues						
	Expenses	Charges for Services	Operating	Capital	Total	Governmental Activities	Business-Type Activities
			Grants and Contributions	Grants and Contributions			
Primary Government:							
Governmental Activities:							
General government	\$ 5,457,746	\$ 1,989,338	\$ 183,886	\$ -	\$ 2,173,224	\$ (3,284,522)	\$ (3,284,522)
Public safety	7,213,977	162,386	283,969	-	446,355	(6,767,622)	(6,767,622)
Parks and recreation	1,262,578	167,997	-	-	167,997	(1,094,581)	(1,094,581)
Public works	2,172,239	776,816	-	535,356	1,312,172	(860,067)	(860,067)
Interest	78,845	-	-	-	-	(78,845)	(78,845)
Total Governmental Activities	\$ 16,185,385	\$ 3,096,537	\$ 467,855	\$ 535,356	\$ 4,099,748	(12,085,637)	(12,085,637)
Business-Type Activities:							
Water	\$ 2,465,031	\$ 3,441,843	\$ -	\$ -	\$ 3,441,843	\$ 976,812	976,812
Wastewater	4,095,674	4,970,764	50,000	-	5,020,764	925,090	925,090
Total Business-Type Activities	\$ 6,560,705	\$ 8,412,607	\$ 50,000	\$ -	\$ 8,462,607	1,901,902	1,901,902
General Revenues:							
Taxes:							
Property taxes					3,831,902	-	3,831,902
Sales taxes					5,799,149	-	5,799,149
Transient occupancy tax					480,263	-	480,263
Utility users tax					913,843	-	913,843
Franchise taxes					490,118	-	490,118
Total taxes					11,515,275	-	11,515,275
Investment earnings					616,231	66,478	682,709
Other revenues					484,696	-	484,696
Total General Revenues					12,616,202	66,478	12,682,680
Special item:							
Loss on transfer of asset to the Gold Ridge Fire Protection District					(714,900)	-	(714,900)
Total General Revenues and Special Item					11,901,302	66,478	11,967,780
Change in Net Position					(184,335)	1,968,380	1,784,045
Net Position - Beginning of Year					15,491,273	4,354,183	19,845,456
Net Position - End of Year					\$15,306,938	\$ 6,322,563	\$21,629,501

The accompanying notes are an integral part of these financial statements.



FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

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

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City of Sebastopol
Balance Sheet
Governmental Funds
June 30, 2025

	Major Fund General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 8,000,237	\$ 2,574,377	\$ 10,574,614
Restricted cash and investments	2,029,908	-	2,029,908
Accounts receivable	216,240	17,124	233,364
Taxes receivable	1,344,679	132,385	1,477,064
Interest receivable	36,161	14,948	51,109
Leases receivable	229,919	-	229,919
Prepaid items and other	198,228	-	198,228
Notes receivable	173,614	-	173,614
Due from other funds	-	115,729	115,729
Advances to other funds	1,100,000	-	1,100,000
Total assets	\$ 13,328,986	\$ 2,854,563	\$ 16,183,549
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 800,914	\$ 128,726	\$ 929,640
Deposits payable	217,815	-	217,815
Unearned revenue	699	8,283	8,982
Due to other funds	-	115,729	115,729
Total liabilities	1,019,428	252,738	1,272,166
Deferred Inflows of Resources:			
Leases	222,111	-	222,111
Unavailable revenues	181,422	-	181,422
Total deferred inflows of resources	403,533	-	403,533
Fund Balances:			
Nonspendable:			
Prepaid items and other	198,228	-	198,228
Advances to other funds	1,100,000	-	1,100,000
Leases	7,808	-	7,808
Restricted:			
Highway and streets	-	1,571,340	1,571,340
Public safety	-	247,696	247,696
Affordable housing	-	249,756	249,756
Parks and recreation	-	116,957	116,957
Pensions and OPEB	2,029,908	149,816	2,179,724
Committed:			
Street projects	-	490,603	490,603
Assigned:			
Buildings, facilities and infrastructure	995,296	-	995,296
Equipment, technology and vehicles	1,036,805	-	1,036,805
Pensions and OPEB	1,245,027	-	1,245,027
Flood recovery	1,012,495	-	1,012,495
Unassigned	4,280,458	(224,343)	4,056,115
Total fund balances	11,906,025	2,601,825	14,507,850
Total liabilities, deferred inflows of resources and fund balances	\$ 13,328,986	\$ 2,854,563	\$ 16,183,549

The accompanying notes are an integral part of these financial statements.

City of Sebastopol
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds \$ 14,507,850

Amounts reported for governmental activities in the statement of net position were different because:

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

Capital assets	30,303,888
Less: accumulated depreciation	(16,504,111)
Total Capital Assets	<u>13,799,777</u>

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (3,680)

Internal service funds are used by management to charge the costs of vehicles and equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities. 1,051

The differences from benefit plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows or deferred outflows of resources in the statement of net position. 3,379,353

Liabilities were reported for certain revenues that were not available to pay current period expenditures and were reported as unearned in the fund statements. 181,422

Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Long-term debt	(1,064,880)
Compensated absences	(738,116)
Net pension liability	(13,062,636)
Total OPEB liability	(1,693,203)
Total Long-Term Obligations	<u>(16,558,835)</u>

Net Position of Governmental Activities \$ 15,306,938

The accompanying notes are an integral part of these financial statements.

City of Sebastopol

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

	Major Funds					General Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds			
	General Fund	Transportation Grants Fund		General Capital Projects Fund							
		General Fund	Grants Fund								
REVENUES											
Property taxes	\$ 3,704,759	\$ -	\$ -	\$ 127,143	\$ 3,831,902						
Sales and use taxes	5,015,508	-	-	783,641	5,799,149						
Transient occupancy tax	480,263	-	-	-	480,263						
Utility users tax	913,843	-	-	-	913,843						
Franchise fees	490,118	-	-	-	490,118						
License and permits	695,666	-	-	7,683	703,349						
Fine and forfeitures	28,921	-	-	-	28,921						
Intergovernmental	224,375	-	-	1,205,033	1,429,408						
Interest and rents	537,620	-	-	115,906	653,526						
Charges for services	1,986,650	-	-	326,711	2,313,361						
Miscellaneous	436,030	-	-	56,880	492,910						
Total Revenues	14,513,753	-	-	2,622,997	17,136,750						
EXPENDITURES											
Current:											
General government	4,807,419	-	-	254,771	5,062,190						
Public safety	6,546,911	-	-	93,748	6,640,659						
Parks and recreation	1,062,886	-	-	188	1,063,074						
Public works	1,369,304	-	-	299,959	1,669,263						
Capital outlay	225,224	-	-	1,009,896	1,235,120						
Debt service											
Principal	241,872	-	-	695,603	937,475						
Interest	28,108	-	-	56,201	84,309						
Total Expenditures	14,281,724	-	-	2,410,366	16,692,090						
Excess (Deficiency) of Revenues over Expenditures	232,029	-	-	212,631	444,660						
OTHER FINANCING SOURCES (USES)											
Debt issuance	-	-	-	-	638,745	638,745					
Sale of capital assets	-	-	-	-	225,013	225,013					
Transfers in	72,815	-	-	-	451,322	524,137					
Transfers out	(65,310)	-	-	(458,827)	(524,137)						
Total Other Financing Sources (Uses)	7,505	-	-	856,253	863,758						
Net Change in Fund Balances	239,534	-	-	1,068,884	1,308,418						
Fund Balances Beginning	11,666,491	(369,251)	(50,752)	1,952,944	13,199,432						
Restatements and Major/Nonmajor Reclassifications	-	369,251	50,752	(420,003)	-						
Fund Balances Beginning, as Adjusted	11,666,491	-	-	1,532,941	13,199,432						
Fund Balances Ending	\$ 11,906,025	\$ -	\$ -	\$ 2,601,825	\$ 14,507,850						

The accompanying notes are an integral part of these 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, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 1,308,418
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Amounts reported for governmental activities in the Statement of Activities and Changes in net position were different because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in net position, the cost of those assets was allocated over their estimated useful lives as depreciation expense.

Capital outlay	1,224,815
Depreciation expense	(926,021)

Gains and losses related to capital assets in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds but have been allocated by function in the Statement of Activities.

	(1,353,644)
--	-------------

Compensated absences not required to be paid with current financial resources are not reported in the governmental funds, but are accrued as noncurrent liabilities in the Government Wide Statement Net Position. The change from prior year accrued compensated absences is reported in the applicable program expense.

	426,824
--	---------

Certain revenues were not recorded or were deferred inflows in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Government-Wide Statement of Activities under the full accrual basis.

	(420,801)
--	-----------

In governmental funds, actual contributions to benefit plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year benefit expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.

	(748,121)
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Repayment of long-term debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

	937,475
--	---------

Loans issued in the governmental funds are reported as other financing sources but are required to be presented as long-term debt in the Government-Wide Statement of Net Position.

	(638,745)
--	-----------

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in net position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the net change in accrued interest from prior year.

	5,465
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Change in Net Position of Governmental Activities	\$ (184,335)
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The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund

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

Wastewater Fund

The 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, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities	
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds/Insurance and Benefits	
ASSETS					
Current assets:					
Cash and investments	\$ 1,227,874	\$ 930,080	\$ 2,157,954	\$ 151,285	
Accounts receivable	624,150	825,204	1,449,354	3,344	
Interest receivable	7,210	5,387	12,597	-	
Prepaid items	168,592	120,671	289,263	83,648	
Total current assets	2,027,826	1,881,342	3,909,168	238,277	
Noncurrent assets:					
Capital assets:					
Nondepreciable	301,685	-	301,685	-	
Depreciable, net of accumulated depreciation	5,818,580	3,696,528	9,515,108	-	
Total noncurrent assets	6,120,265	3,696,528	9,816,793	-	
Total assets	\$ 8,148,091	\$ 5,577,870	\$ 13,725,961	\$ 238,277	
DEFERRED OUTFLOWS OF RESOURCES					
Pension adjustments	\$ 453,738	\$ 431,051	\$ 884,789	\$ -	
Total deferred outflows of resources	\$ 453,738	\$ 431,051	\$ 884,789	\$ -	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 36,000	\$ 187,625	\$ 223,625	\$ 237,226	
Interest payable	2,879	2,565	5,444	-	
Deposits payable	2,875	-	2,875	-	
Unearned revenue	366	-	366	-	
Compensated absences, due within one year	3,108	4,662	7,770	-	
Long-term debt, due within one year	207,305	95,245	302,550	-	
Total current liabilities	252,533	290,097	542,630	237,226	
Noncurrent liabilities:					
Advances from other funds	-	1,100,000	1,100,000	-	
Compensated absences, due in more than one year	12,431	18,647	31,078	-	
Net pension liability	1,512,619	1,436,988	2,949,607	-	
Long-term debt, due in more than one year	2,389,329	1,169,720	3,559,049	-	
Total noncurrent liabilities	3,914,379	3,725,355	7,639,734	-	
Total liabilities	\$ 4,166,912	\$ 4,015,452	\$ 8,182,364	\$ 237,226	
DEFERRED INFLOWS OF RESOURCES					
Pension adjustments	\$ 54,268	\$ 51,555	\$ 105,823	\$ -	
Total deferred inflows of resources	\$ 54,268	\$ 51,555	\$ 105,823	\$ -	
NET POSITION					
Net Investment in capital assets	\$ 3,523,631	\$ 2,431,563	\$ 5,955,194	\$ -	
Unrestricted	857,018	(489,649)	367,369	1,051	
Total net position	\$ 4,380,649	\$ 1,941,914	\$ 6,322,563	\$ 1,051	

The accompanying notes are an integral part of these financial statements.

City of Sebastopol

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities
			Total Enterprise Funds	Internal Service Funds/Insurance and Benefits
	Water	Wastewater		
OPERATING REVENUES				
Charges for services	\$ 3,395,878	\$ 4,970,764	\$ 8,366,642	\$ 1,276,212
Other revenues	45,965	50,000	95,965	-
Total operating revenues	3,441,843	5,020,764	8,462,607	1,276,212
OPERATING EXPENSES				
Personnel services	641,718	549,012	1,190,730	-
Interfund charges for services	852,863	908,934	1,761,797	-
Contractual and other services	188,528	41,678	230,206	-
Intergovernmental treatment costs	-	2,118,436	2,118,436	-
Utilities	235,946	68,698	304,644	-
Supplies	171,105	71,960	243,065	-
Insurance, claims, and expenses	81,510	57,065	138,575	1,276,212
Depreciation	241,132	247,322	488,454	-
Total operating expenses	2,412,802	4,063,105	6,475,907	1,276,212
Operating income (loss)	1,029,041	957,659	1,986,700	-
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(52,229)	(32,569)	(84,798)	-
Investment earnings	45,900	20,578	66,478	-
Total nonoperating revenues (expenses)	(6,329)	(11,991)	(18,320)	-
Income (loss) before operating transfers	1,022,712	945,668	1,968,380	-
TRANSFERS				
Transfers in	95,017	146,663	241,680	-
Transfers out	(209,129)	(32,551)	(241,680)	-
Total transfers	(114,112)	114,112	-	-
Change in net position	908,600	1,059,780	1,968,380	-
Total net position - beginning	3,472,049	882,134	4,354,183	1,051
Total net position - ending	\$ 4,380,649	\$ 1,941,914	\$ 6,322,563	\$ 1,051

The accompanying notes are an integral part of these financial statements.

City of Sebastopol
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities	
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds/Insurance and Benefits	
Cash flows from operating activities:					
Receipts from customers and others	\$ 3,120,009	\$ 4,552,508	\$ 7,672,517	\$ -	
Receipts from interfund charges for services	-	-	-	1,272,868	
Payments to other funds for services	(852,863)	-	(852,863)	-	
Payments to suppliers	(803,031)	(3,181,267)	(3,984,298)	(1,415,558)	
Payments to employees	(565,847)	(481,876)	(1,047,723)	-	
Net cash provided (used) by operating activities	<u>898,268</u>	<u>889,365</u>	<u>1,787,633</u>	<u>(142,690)</u>	
Cash flows from noncapital financing activities:					
Interfund transfers	(114,112)	114,112	-	-	
Net cash provided (used) by noncapital financing activities	<u>(114,112)</u>	<u>114,112</u>	<u>-</u>	<u>-</u>	
Cash flows from capital financing activities:					
Acquisition of capital assets	63,881	(146,663)	(82,782)	-	
Principal payments on long-term debt	(328,963)	(210,500)	(539,463)	-	
Interest paid on long-term debt	(52,229)	(32,569)	(84,798)	-	
Net cash provided (used) by capital financing activities	<u>(317,311)</u>	<u>(389,732)</u>	<u>(707,043)</u>	<u>-</u>	
Cash flows from investing activities:					
Investment receipts	42,286	15,191	57,477	-	
Net cash provided (used) by investing activities	<u>42,286</u>	<u>15,191</u>	<u>57,477</u>	<u>-</u>	
Net increase (decrease) in cash and cash equivalents	509,131	628,936	1,138,067	(142,690)	
Cash and cash equivalents - beginning	718,743	301,144	1,019,887	293,975	
Cash and cash equivalents - ending	<u>\$ 1,227,874</u>	<u>\$ 930,080</u>	<u>\$ 2,157,954</u>	<u>\$ 151,285</u>	
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,029,041	\$ 957,659	\$ 1,986,700	\$ -	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	241,132	247,322	488,454	-	
Change in operating assets and liabilities:					
Accounts receivables	(317,420)	(418,256)	(735,676)	(3,344)	
Prepaid items	-	(783)	(783)	(83,648)	
Deferred outflows of resources	122,000	115,900	237,900	-	
Accounts payable	(125,942)	86,287	(39,655)	(55,698)	
Deposits payable	(4,615)	-	(4,615)	-	
Unearned revenue	201	(50,000)	(49,799)	-	
Compensated absences	(8,986)	(13,479)	(22,465)	-	
Net pension liability	(5,503)	(5,228)	(10,731)	-	
Deferred inflows of resources	(31,640)	(30,057)	(61,697)	-	
Net cash provided (used) by operating activities	<u>\$ 898,268</u>	<u>\$ 889,365</u>	<u>\$ 1,787,633</u>	<u>\$ (142,690)</u>	

The accompanying notes are an integral part of these financial statements.



NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

NOTE 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 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 has no component units that are blended or discretely presented in these financial statements.

B. Basis of Presentation, Accounting and Measurement Focus

The basic financial statements of the City of Sebastopol, California, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (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.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. 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 Financial Statements

The City's government-wide financial statements include a *Statement of Net Position* and a *Statement of Activities and Changes in Net Position*. These statements present summaries of governmental and business-type activities for the City. *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.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, are included in the accompanying *Statement of Net Position*. The *Statement of Activities* presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

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

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

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.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in-regards-to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

The City applies all applicable GASB Pronouncements including all Interpretations currently in effect.

Governmental Fund Financial Statements

Governmental fund financial statements include a *Balance Sheet* and a *Statement of Revenues, Expenditures and Changes in Fund Balances* for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balances* present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

The City reports the following funds as major funds:

General Fund

The General Fund is the general operating fund of the City. It is used for all financial resources except those required to be accounted for in another fund.

Proprietary Funds

In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the “economic resources measurement focus”. This means all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources associated with their activities are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements.

The City has the following enterprise fund that have been reported as major:

Water Fund

This fund is used to account for the operations of the City’s water treatment and distribution system.

Wastewater Fund

This fund is used to account for the operations of the City’s wastewater treatment and distribution system.

The City also reports the following internal service fund:

Insurance and Benefits Fund

This is used to finance and account for insurance and benefits for each department and manage associated costs.

C. 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

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

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.

D. Restricted Cash and Investments

Certain restricted cash and investments are held in trusts for employee benefit plans.

E. Inventories

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. Inventories reported in governmental funds are offset by nonspendable fund balance, which indicates that inventories do not represent expendable available financial resources.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In governmental funds, prepaid items are accounted for using the consumption method and a portion of fund balance equal to the prepaid items has been offset by nonspendable fund balance to indicate that is not available for appropriation.

G. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources. The City considers all trade and property tax receivables to be fully collectible and therefore no allowance for uncollectible accounts is considered necessary. Interfund loans are formal agreements where one fund lends money to another fund with a documented expectation of repayment. Interfund loans are typically used for temporary financing for specific projects or to cover cash shortfalls, and they are expected to be repaid with interest. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. Receivables

Billed, but unpaid, services provided are recorded as accounts receivable. Revenues earned but not collected by year-end are accrued. No allowance for uncollectible accounts receivable has been provided in the governmental funds as management has determined that uncollectible accounts have historically been immaterial and the direct write-off method does not result in a material difference from the

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

allowance method. City reported an allowance of \$16,000 in the water and wastewater fund for accounts that may not be collected within the next fiscal year.

I. Notes Receivable

Repayments of the outstanding loans are classified as a revenue source in the fund where the original loans were made from. The portion of loans receivable deemed to be unavailable have been offset by Unavailable Revenues in the accompanying financial statements, which is a part of deferred inflows of resources.

J. Leases Receivable

The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term. Deferred inflow of resources are recorded for the leases. The deferred inflow of resources are recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable plus incentive payments received. The deferred inflow of resources are amortized on a straight-line basis over the term of the lease.

K. Capital Assets

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

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

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

Intangible right-to-use assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying asset.

Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Public domain infrastructure	50 Years
Buildings and structures	40 Years
System infrastructure	15-40 Years
Vehicles and equipment	5-15 Years

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

L. Deferred Outflows/Deferred Inflows

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

M. Interest Payable

In the government-wide and proprietary fund financial statements, interest payable for long-term debt is recognized as an incurred liability. The City has not allocated the interest on long-term debt to departments. In the fund financial statements, governmental fund types do not recognize the interest payable when the liability is incurred. Interest on long-term debt is recorded in the governmental fund statements when payment is made.

N. Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable revenue.

O. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. The liability for compensated absences includes salary-related taxes and benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. The City's policy requires the payment of certain sick leave balances upon separation from service. In addition, a liability for the estimated value of sick leave that will be used by employees is included in the liability for compensated absences.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

P. Long-Term Liabilities

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type 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 bond premium or discount. Debt issuance costs are expensed in year incurred. 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 debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Lease Liabilities

When applicable, the City recognizes a lease liability and an intangible right-to-use lease asset (capital asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Lease assets are reported separately with capital assets as right of use assets and lease liabilities are reported with long-term liabilities in the statement of net position.

R. Benefit Plans

Pension Expense

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) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

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.

For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

Other Postemployment Benefits

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. Investments are reported at fair value. Generally accepted accounting principles required that the reported results must pertain to liability and asset information within certain defined timeframes.

For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

S. Fund Balances

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable

Nonspendable fund balance represents balances set aside to indicate items that do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, leases receivable in excess of deferred inflows of resources and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed, or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to the constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however the specific amounts can be determined subsequently.

Assigned

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee, the City Manager or Administrative Services Director, and may be changed at the discretion of the City Council or its designee.

Unassigned

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Flow Assumption / Spending Order Policy

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

T. Net Position

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 are attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position.

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." The detail of amounts reported for each of the above defined net position categories is reported in the government-wide Statement of Net Position.

Use of Restricted/Unrestricted Net Position

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

U. Interfund Transactions

Interfund services provided and used are accounted for as revenue, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. All other interfund transactions, except for interfund services provided and used and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers.

V. Property Taxes and Special Assessments

Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. Property taxes go into a pool and are then allocated to cities based on complex formulas. Property taxes are collected by the Auditor-Controller Treasurer-Tax Collector of the County of Sonoma (County) and are remitted upon collection to the various taxing entities, including the City.

For assessment and collection purposes, property is classified as either “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and real property having a tax lien that is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Unsecured property comprises all taxable property not attached to land, such as personal property or business property. Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer.

Valuation of secured property and establishment of a statutory tax lien occur as of January 1 prior to the tax year (the tax year is the July 1 – June 30 fiscal year of the State) of the related tax levy, and the secured and unsecured tax rolls are certified on or before July 31 of the tax year by the County Assessor. The County assesses property values, levies bills, and collects taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien Dates	January 1	January 1
Levy Dates	January 1	January 1
Due Dates	50% on November 1 50% on February 1	July 1
Delinquent After	December 10 (for November) April 10 (for February)	August 31

Property taxes are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the “alternative method of property tax distribution”, known as the Teeter Plan, by the City and County of Sonoma. The Teeter Plan authorizes the Auditor-Controller Treasurer-Tax Collector of the County of Sonoma to allocate 100% of the secured property taxes billed, but not yet paid.

W. Budgetary Information

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.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

X. Use of Estimates

The preparation of basic 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.

Y. Implementation of New Accounting Pronouncements

GASB Statement No. 101, Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. The implementation of this standard did not have a material impact on the City's financial statements.

GASB Statement No. 102, Certain Risk Disclosures

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The implementation of this standard did not have a material impact on the City's financial statements and management determined there were no concentrations or constraints that make the City vulnerable to the risk of substantial impact.

Z. Upcoming New Accounting Pronouncements

The City is currently analyzing its accounting practices to identify the potential impact on the financial statements of the following GASB Statements:

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (5) Budgetary comparison information (6) Financial trend information in the statistical section. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

NOTE 2 - CASH AND INVESTMENTS

As of June 30, 2025, cash and investments were reported in the financial statements as follows:

Government Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Total
Operating cash and investments	\$ 10,725,899	\$ 2,157,954	\$ 12,883,853
Restricted cash and investments	2,029,908	-	2,029,908
Total cash and investments	\$ 12,755,807	\$ 2,157,954	\$ 14,913,761

Cash and investments consisted of the following as of June 30, 2025:

Deposits:	
Cash on hand	\$ 500
Deposits with financial institutions	1,219,208
Total Deposits	<u>1,219,708</u>
Investments:	
County of Sonoma investment pool	83,579
Local Agency Investment Fund	4,870,776
Certificates of deposit	2,795,148
Money market funds	2,385,095
U.S. government bonds	1,529,547
Total investments	<u>11,664,145</u>
Total City Treasury	12,883,853
Restricted cash and investments:	
Section 115 trust for pension	<u>2,029,908</u>
Total cash and investments	<u>\$ 14,913,761</u>

Cash Deposits

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, and places the City ahead of general creditors of the institution. The fair value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The bank balances before reconciling items totaled \$1,314,592 at June 30, 2025 and were different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$1,064,592, which was collateralized by securities held by pledging financial institutions. The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques with three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Investment Policy

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

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

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.

Local Agency Investment Fund (LAIF)

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2025 include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included structure notes and asset-backed securities described below. Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as collateralized mortgage obligations) or credit card receivables.

The LAIF fair value factor of 1.001198310 was used to calculate the fair value of the investments in LAIF. The City is also a voluntary participant in the Sonoma County Investment Pool (County Pool) that is regulated by the County's Investment Policy under the oversight of the Treasury of the County. The County does not 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 the Basic Financial Statements
June 30, 2025

Restricted Cash and Investments

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.

A. 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.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2025, the City's investments were in compliance with the ratings required by the City's investment policy and Government Code.

Concentrations of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2025, the City was in compliance with the concentration requirements of the City's investment policy and government code.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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 investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2025, the City's investments had the following maturities:

Investment Type	12 Months or Less		13 to 24 Months		Fair Value	Fair Value Input Levels	Min. Legal Rating
County of Sonoma investment pool	\$ 83,579	\$ -	\$ 83,579	\$ 83,579	n/a	n/a	n/a
Local Agency Investment Fund	4,870,776	-	4,870,776	4,870,776	n/a	n/a	n/a
Certificates of deposit	2,311,988	483,160	2,795,148	2,795,148	Level 2	n/a	n/a
Money market funds	2,385,095	-	2,385,095	2,385,095	n/a	n/a	n/a
U.S. government bonds	719,817	809,730	1,529,547	1,529,547	Level 2	n/a	Aaa
Total Investments	\$ 10,371,255	\$ 1,292,890	\$ 11,664,145	\$ 11,664,145			

City of Sebastopol
Notes to the Basic Financial Statements
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NOTE 3 - NOTES RECEIVABLE

As of June 30, 2025, loans receivable consisted of solar power equipment installation loans by individual property owners totaling \$173,614. The solar equipment installation loans are repayable in equal bi-monthly installments over a period of 32 years by the homeowners, and repayments are made through the City's enterprise utility billing and collection system.

NOTE 4 - LEASES RECEIVABLE

Cell Tower Lease

The City entered into an agreement with a telecommunications company in 2001 to lease space on a tower. The lease term is 30 years, made up of an initial 15-year term plus three 5-year options. The City considers each optional term to likely be exercised by the lessee. The monthly payments are \$3,413. The City used an annual incremental borrowing rate of 1.77%. The lease receivable as of June 30, 2025 was \$229,919, and related deferred inflow of resources as of June 30, 2025 was \$222,111. For the year ended June 30, 2025, the City recognized \$37,540 in lease revenue related to the lease.

The following summarizes the future lease payments to be received by the City:

Year Ending June 30	Principal	Interest	Total
2026	\$ 37,190	\$ 3,769	\$ 40,959
2027	37,853	3,105	40,958
2028	38,529	2,430	40,959
2029	39,216	1,742	40,958
2030	39,916	1,042	40,958
2031	37,215	330	37,545
Total	<u>\$ 229,919</u>	<u>\$ 12,418</u>	<u>\$ 242,337</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years. Interfund loans between funds are long-term advances that are more formal with set interest rates and repayment terms.

The following summarizes the amounts due to or due from other funds as of June 30, 2025:

Fund	Due from Other Funds	Due to Other Funds
Nonmajor Funds:		
Police Grants Fund	\$ 12,282	\$ -
Traffic Impact Fee Fund	103,447	-
Transportation Grants Fund	-	103,447
OTS Police Federal Grants Fund	-	12,282
Total Due from/to	<u>\$ 115,729</u>	<u>\$ 115,729</u>

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

The following summarizes interfund advances as of June 30, 2025:

Fund	Advances to Other Funds	Advances from Other Funds
General Fund	1,100,000	\$ -
Waste Water Fund	-	1,100,000
Total advances	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>

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

Transfers In/Out

The following summarizes transfers between funds during the fiscal year ended June 30, 2025:

Fund	Transfer In	Transfer Out
General Fund	\$ 72,815	\$ 65,310
Water Fund	95,017	209,129
Wastewater Fund	146,663	32,551
Nonmajor Fund	<u>451,322</u>	<u>458,827</u>
Total Transfers	<u>\$ 765,817</u>	<u>\$ 765,817</u>

Transfers were made from the General Fund to the nonmajor funds to backfill programs in those funds and make debt service payments. Transfers were made between the Water Fund and the Wastewater Fund to cover cash needs during the year for each fund. Transfers between nonmajor funds were made to cover operating costs for programs accounted for in specific funds and to fund capital projects.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

NOTE 6 - CAPITAL ASSETS

Capital assets for governmental activities consisted of the following as of June 30, 2025:

<u>Governmental Activities</u>	Balance June 30, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Non-depreciable:				
Land	\$ 2,151,948	\$ -	\$ -	\$ 2,151,948
Construction in Progress	5,563,258	371,151	(4,542,733)	1,391,676
Total Non-Depreciable	<u>7,715,206</u>	<u>371,151</u>	<u>(4,542,733)</u>	<u>3,543,624</u>
Depreciable and amortizable:				
Buildings and improvements	8,051,797	2,394,867	(839,972)	9,606,692
Machinery and equipment	2,884,019	740,630	(638,745)	2,985,904
Vehicles	3,139,449	85,960	(722,098)	2,503,311
Infrastructure	9,489,416	2,174,941	-	11,664,357
Total Depreciable and Amortizable	<u>23,564,681</u>	<u>5,396,398</u>	<u>(2,200,815)</u>	<u>26,760,264</u>
Less Accumulated Depreciation and Amortization for:				
Buildings and improvements	(6,273,277)	(142,031)	551,009	(5,864,299)
Machinery and equipment	(2,652,566)	(80,591)	-	(2,733,157)
Vehicles	(2,145,188)	(208,995)	296,162	(2,058,021)
Infrastructure	(5,354,230)	(494,404)	-	(5,848,634)
Total Accumulated Deprec. And Amort.	<u>(16,425,261)</u>	<u>(926,021)</u>	<u>847,171</u>	<u>(16,504,111)</u>
Total Deprec/Amort Capital Assets - Net	<u>7,139,420</u>	<u>4,470,377</u>	<u>(1,353,644)</u>	<u>10,256,153</u>
Total Governmental Capital Assets	<u>\$ 14,854,626</u>	<u>\$ 4,841,528</u>	<u>\$ (5,896,377)</u>	<u>\$ 13,799,777</u>

Depreciation and amortization expense for governmental activities during the year was as follows:

General government	\$ 134,180
Public safety	230,440
Parks and recreation	144,614
Public works	416,787
Total depreciation/amortization expense	<u>\$ 926,021</u>

During the year, the City transferred its fire services to the Gold Ridge Fire Protection District. Beginning in December 2025, the City will make an annual payment of \$1,110,000 to the District for fire and emergency services. As part of the reorganization, the City also conveyed ownership of the fire station at 7425 Bodega Avenue, along with fire equipment including engines, to the District in "as is" condition. Following the transfer, the District assumes full responsibility for all maintenance and upkeep.

The following summarizes the assets that were disposed as a result of the transfer and the loss recognized as a special item in the statement of activities:

Buildings and Improvements	\$ 839,973
Vehicles	722,098
Accumulated Depreciation	(847,171)
Loss on Disposal - Special Item	<u>\$ 714,900</u>

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

Capital assets for business-type activities consisted of the following as of June 30, 2025:

Business Type Activities	Balance June 30, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Non Depreciable				
Land	\$ 86,440	\$ -	\$ -	\$ 86,440
Construction in progress	3,863,002	82,781	(3,730,538)	215,245
Total Non-Depreciable	3,949,442	82,781	(3,730,538)	301,685
Depreciable:				
Buildings/Structures	-	3,727,480	25,428	3,752,908
Reservoirs	4,290,965	-	-	4,290,965
Pipelines and water distribution system	4,827,175	1,529	-	4,828,704
Pipelines and wastewater collection system	8,966,956	1,529	(25,428)	8,943,057
Machinery and equipment	240,177	1	-	240,178
Vehicles	1,025,747	-	-	1,025,747
Total Depreciable	19,351,020	3,730,539	-	23,081,559
Less Accumulated Depreciation				
Reservoirs	(1,882,556)	(139,290)	-	(2,021,846)
Pipelines and water distribution system	(3,441,014)	(61,183)	-	(3,502,197)
Pipelines and wastewater collection system	(7,013,201)	(185,193)	-	(7,198,394)
Machinery and equipment	(62,314)	(39,206)	-	(101,520)
Vehicles	(678,912)	(63,582)	-	(742,494)
Total Accumulated Depreciation	(13,077,997)	(488,454)	-	(13,566,451)
Total Depreciable Capital Assets - Net	6,273,023	3,242,085	-	9,515,108
Total Business Type - Capital Assets	\$ 10,222,465	\$ 3,324,866	\$ (3,730,538)	\$ 9,816,793

Depreciation and amortization expense for business-type activities for the year was as follows:

Water	241,132
Wastewater	247,322
Total depreciation and amortization expense	\$ 488,454

NOTE 7 - NONCURRENT LIABILITIES

The City's noncurrent liabilities consisted of the following as of June 30, 2025:

Description	Balance July 01, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
Lease-leaseback agreements:					
Refunding lease 2021 - Truist Bank	\$ 172,307	\$ -	\$ 172,307	\$ -	\$ -
Mobile home park	205,428	-	55,187	150,241	57,924
Finance purchase agreements:					
Energy conservation measures	985,875	-	71,236	914,639	69,810
Community leasing partner fire engine	-	638,745	638,745	-	-
Compenses absences	1,164,940	748,621	1,175,445	738,116	147,623
Net pension liabilities	13,369,294	11,658,314	11,964,972	13,062,636	-
Total OPEB liabilities	1,722,309	409,748	438,854	1,693,203	90,085
Total Governmental Activities	\$ 17,620,153	\$ 13,455,428	\$ 14,516,746	\$ 16,558,835	\$ 365,442

City of Sebastopol
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June 30, 2025

Description	Balance July 01, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
Business Type Activities					
Lease-leaseback agreements:					
Refunding lease 2021 - Truist Bank	\$ 245,041	\$ -	\$ 245,041	\$ -	\$ -
Refunding loan 2021 - Truist Bank	825,058	-	67,415	757,643	68,839
Finance purchase agreements:					
Energy conservation measures	3,330,963	-	227,007	3,103,956	233,711
Compensates absences	61,313	39,401	61,866	38,848	7,770
Net pension liabilities	2,960,338	2,581,479	2,592,210	2,949,607	-
Total Business Type Activities	<u>\$ 7,422,713</u>	<u>\$ 2,620,880</u>	<u>\$ 3,193,539</u>	<u>\$ 6,850,054</u>	<u>\$ 310,320</u>

Lease-leaseback Agreement - Refunding Lease 2021 – Truist Bank

In the 2006 fiscal year, the City entered into a financing arrangement to obtain \$2,880,000 in funds for future capital projects. The general fund is responsible for paying debt service on the governmental activities portion of the lease obligation, which is about 41 percent of the total obligation. The water and wastewater enterprises are responsible for paying the other 59 percent of the obligation. In fiscal year 2021, the City entered into a lease agreement with Truist Bank to refund the 2006 lease obligation. The agreement was for \$1,139,952, bears interest at 1.10 percent per 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 had pledged the fire station as collateral for the refunding lease agreement. This debt was repaid during the year and the fire station was transferred to the Gold Ridge Fire Protection District.

Lease-leaseback Agreements – Mobile Home Park

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

The following summarizes the future debt service payments:

Fiscal Year	Principal	Interest	Total
2026	\$ 57,924	\$ 6,661	\$ 64,585
2027	60,797	3,788	64,585
2028	31,520	772	32,292
Total	<u>\$ 150,241</u>	<u>\$ 11,221</u>	<u>\$ 161,462</u>

Finance Purchase Agreement – Energy Conservation Measures

In fiscal year 2022, the City entered into an equipment purchase agreement with Signature Public Funding Group to acquire various equipment and improvements, consisting of primarily energy efficiency and conservation project, which includes equipment, design, build and installation work and various implementation measurement and verification services related to guaranteed energy savings. The total equipment cost and proceeds received from Signature Public Funding Corp totaled \$4,938,891. Annual debt service requirements of \$374,650 is due July 1st each year, commencing on July 1st, 2022 and the final payment due on July 1st, 2036. Annual interest charged on the financing agreement is 1.77 percent.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

The following summarizes the future debt service payments for governmental activities:

Fiscal Year	Principal	Interest	Total
2026	\$ 69,175	\$ 16,211	\$ 85,386
2027	70,400	14,987	85,387
2028	71,646	13,741	85,387
2029	72,914	12,472	85,386
2030	74,203	11,182	85,385
2031-2035	391,194	35,736	426,930
2036-2037	165,107	4,429	169,536
Total	\$ 914,639	\$ 108,758	\$ 1,023,397

The following summarizes the future debt service payments for business-type activities:

Fiscal Year	Principal	Interest	Total
2026	\$ 234,346	\$ 54,918	\$ 289,264
2027	238,493	50,770	289,263
2028	242,714	46,548	289,262
2029	247,010	42,253	289,263
2030	251,378	37,881	289,259
2031-2035	1,325,253	121,067	1,446,320
2036-2037	564,762	15,006	579,768
Total	\$ 3,103,956	\$ 368,443	\$ 3,472,399

Refunding Loan 2021 – Truist Bank

In fiscal year 2015, the City 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 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. The City pledged its water system net revenues for this purpose and for any other parity obligations.

In fiscal year 2021, the City entered into a loan agreement with Truist Bank to refund the installment sale agreement. The agreement was for \$1,019,462, bears interest at 2.09 percent on 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. 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

City of Sebastopol
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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 \$2,499,599, (\$122,529), and \$318,126 respectively for fiscal year 2025. Net revenues were equal 0% of total debt service for the Water Fund for fiscal year 2025 that was below the required 120%. The City underwent a rate study to ensure compliance with the net revenues covenant in future years.

The following summarizes the future debt service payments:

Fiscal Year	Principal	Interest	Total
2026	\$ 68,839	\$ 15,115	\$ 83,954
2027	70,293	13,662	83,955
2028	71,778	12,177	83,955
2029	73,294	10,660	83,954
2030	74,842	9,112	83,954
2031-2035	<u>398,597</u>	<u>21,175</u>	<u>419,772</u>
Total	<u>\$ 757,643</u>	<u>\$ 81,901</u>	<u>\$ 839,544</u>

NOTE 8 - DEFICIT FUND BALANCES

As of June 30, 2025, the following funds had deficit fund balances.

General Capital Projects	\$ (50,752)
OTS Police Federal Grants	\$ (25,695)
Transportation Grants	\$ (147,896)

The deficit balances were the result of expenditures reported in the current year that will be reimbursed in subsequent years or were funded by beginning fund balance.

NOTE 9 - RETIREMENT PLANS

General Information about the Pension Plans

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 three miscellaneous 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.

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

City of Sebastopol
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June 30, 2025

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. The general fund typically is used to liquidate pension liabilities for governmental funds.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous		Safety	
	Tier 1	PEPRA	Fire/Police	PEPRA
		Prior to January 1, 2013		On or after January 1, 2013
Hire date		January 1, 2013	2013	January 1, 2013
Benefit formula	2% @ 55	2% @ 62	3% @ 50	2.5% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	50-55	50-55	50-55	50-57
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2.0% to 2.5%	2.00%	2.0% to 2.70%
Required employee contribution rates	7.00%	7.75%	8.99%	13.75%
Required employer contribution rates	12.52%	7.87%	25.86%	13.76%

Employees Covered

At June 30, 2025, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety
Active	26	14
Transferred	11	4
Separated	14	4
Retired	52	40
Total	103	62

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 annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are 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. For the year ended June 30, 2025, the City's contributions were as follows:

	Employer Contributions
Miscellaneous	\$ 903,503
Safety	1,040,837
Total Employer Contributions	<u>\$ 1,944,340</u>

City of Sebastopol
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June 30, 2025

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

As of June 30, 2025, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

Proportionate Share of Net Pension Liability/(Asset)	
Miscellaneous	\$ 7,563,096
Safety	8,449,147
Total	<u>16,012,243</u>

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2024, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plans as of June 30, 2024 and 2025 was as follows:

	Miscellaneous	Safety	Combined Plans
Proportion - June 30, 2024	0.15177%	0.11691%	0.13088%
Proportion - June 30, 2025	0.15637%	0.11589%	0.13203%
Change - Increase/(Decrease)	<u>0.00460%</u>	<u>-0.00103%</u>	<u>0.00115%</u>

For the year ended June 30, 2025, the City recognized pension expense of \$2,932,295. At June 30, 2025, 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
Changes of Assumptions	\$ 402,557	\$ -
Differences between Expected and Actual Experience	1,343,424	47,934
Differences between Projected and Actual Investment Earnings	843,791	-
Differences between Employer's Contributions and		
Proportionate Share of Contributions	269,059	163,393
Change in Employer's Proportion	-	363,144
Pension Contributions Made Subsequent to Measurement Date	1,944,340	-
Total	<u>\$ 4,803,171</u>	<u>\$ 574,471</u>

The City reported \$1,944,340 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources			Total
	Miscellaneous	Safety		
2026	\$ 963,924	\$ (214,606)		\$ 749,317
2027	1,350,537	503,441		1,853,978
2028	177,711	(207,404)		(29,693)
2029	(149,206)	(139,734)		(288,939)
2030	-	-		-
Thereafter	-	-		-
Total	\$ 2,342,966	\$ (58,303)		\$ 2,284,663

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

(1) Varies by entry age and service
 (2) Net of pension plan investment expenses, including inflation
 (3) Derived using CalPERS' membership data for all funds

Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9 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. 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

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

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 (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Study.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

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 Plans, calculated using the discount rate for the Plans, 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:

	Miscellaneous	Safety
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 11,585,131	12,123,274
Current	6.90%	6.90%
Net Pension Liability	\$ 7,563,096	8,449,147
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 4,252,369	5,444,228

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See <https://www.calpers.ca.gov/page/investments/about-investment-office/investment-financial-reports?stream=top>.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

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.

Benefits Provided

Employees are eligible for lifetime retiree health benefits. The earliest service retirement eligibility requirements under CalPERS are as follows: hired before 1/1/2013, age 50 with 5 years of CalPERS service, or hired on/after 1/1/2013, age 52 with 5 years of CalPERS service. Employees are allowed to elect spousal coverage at retirement. Retiree medical coverage continues to surviving spouses at the death of retirees as long as the required contributions are made and the retiree elects for the surviving spouse to continue receiving benefits. There is no surviving spouse coverage at the death of active employees. Retirees contribute the portion of premium rates not covered by the employer subsidy. The employer subsidy varies by the bargaining unit and hire date, as well as the retiree tier and whether the retiree is Medicare eligible or not.

Employees Covered by Benefit Terms

At June 30, 2023 (the valuation date), the benefit terms covered the following employees:

Active employees	44
Inactive employees	23
Total employees	67

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

Contributions

The City makes contributions based on a pay-as-you go basis as approved by the authority of the City's Council. Total benefit payments included in the measurement period were \$87,176. The City's contributions during the year of \$108,135 were 2.25% of covered employee payroll. Employees are not required to contribute to the OPEB Plan. There have been no assets accumulated in a trust to provide for the benefits of this OPEB Plan.

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2024
Actuarial Cost Method:	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	4.09%
Inflation	2.30%
Payroll Increases	2.80%
Trend Rate	
Pre-Medicare	6.80%
Medicare	4.17%
Mortality	Based on CalPERS Tables 2017 CalPERS Mortality for Miscellaneous and Schools

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index. The discount rate was increased from 3.86% to 4.09%.

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability during the year ended June 30, 2025:

Fiscal Year Ended June 30, 2025	Total OPEB Liability
Balance at June 30, 2023	\$ 1,722,309
Service cost	30,848
Interest in Total OPEB Liability	65,767
Balance of diff between actual/exp experience	9,943
Balance of changes in assumptions	(36,950)
Benefit payments	(87,176)
Implicit subsidy fulfilled	(11,538)
Net changes	(29,106)
Balance at June 30, 2025	\$ 1,693,203

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

Deferred Inflows and Outflows of Resources

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 8,800	\$ 223,762
Difference between actual and expected earnings	-	-
Change in assumptions	102,822	66,377
OPEB contribution subsequent to measurement date	108,135	-
Totals	\$ 219,757	\$ 290,139

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2026	\$ (55,740)
2027	(55,735)
2028	(38,903)
2029	(22,770)
2030	(841)
Thereafter	(4,528)
Total	\$ (178,517)

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2025:

Service cost	\$ 30,848
Interest in TOL	65,767
Difference between actual and expected experience	(57,008)
Change in assumptions	1,268
OPEB Expense	\$ 40,875

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2025:

Net OPEB liability ending	\$ 1,693,203
Net OPEB liability beginning	(1,722,309)
Change in net OPEB liability	(29,106)
Changes in deferred outflows	(2,945)
Changes in deferred inflows	(42,289)
Employer contributions and implicit subsidy	115,215
OPEB Expense	\$ 40,875

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

Sensitivity to Changes in the Municipal Bond Rate

The total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a municipal bond rate (used to determine the discount rate) that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	(1% Decrease)	4.09%	(1% Increase)
Total OPEB Liability	\$ 1,864,198	\$ 1,693,203	\$ 1,546,879

Sensitivity to Changes in the Healthcare Cost Trend Rates

The total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	(1% Decrease)	Current	(1% Increase)
Total OPEB Liability	\$ 1,626,468	\$ 1,693,203	\$ 1,770,918

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Litigation

The City is subject to certain matters of litigation that may arise in the normal course of conducting City business. City management believes, based upon consultation with legal counsel, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants if required by and in accordance with the provisions of the Uniform Guidance and applicable State requirements. For Federal programs, the City did not reach the level of qualifying expenditures during the current fiscal year that would require a single audit. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City, due to the costs of available coverage, participates as a member of the California Intergovernmental Risk Authority Joint Powers Authority (CIRA). CIRA provides joint protection programs for public entities covering automobile, general liability, errors and omissions, property and workers compensation claims. Under the program, the City has a \$5,000 retention limit similar to a deductible with the CIRA being responsible for losses above that amount up to \$500,000 for liability losses, \$1,000,000 for workers compensation claims, and \$25,000 for property damage. The Fund carries purchased excess commercial liability insurance of \$39.5 million in excess of its \$500,000 limit, and a commercial property policy for \$300 million. Financial information pertaining to CIRA can be obtained from its administrative offices at 2330 E. Bidwell Street, Suite 150 Folsom CA 95630.

City of Sebastopol
Notes to the Basic Financial Statements
June 30, 2025

Liabilities of the City are reported in the financial statements 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 (IBNR). Because estimating claims involves complex factors such as inflation, legal changes, and settlement trends, claim liabilities are periodically reevaluated. The City's exposure is limited to deductible or retention amounts and any losses exceeding program coverage.

There have been no significant changes in insurance coverages in fiscal 2025. Settlements have not exceeded coverage for each of the past four fiscal years. The City has no material claim liabilities at June 30, 2025. There were no claims liabilities as of June 30, 2025.

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

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.

NOTE 14 - PRIOR PERIOD RESTATEMENTS

The City had the following funds reclassified from Major to Nonmajor during the year:

	Beginning Balance Previously Reported	Changes to or Within the Financial Reporting Entity	Beginning Balance Restated
Fund Balance: Governmental Funds			
Major Funds	\$ (420,003)	\$ 420,003	\$ -
Nonmajor Funds	-	(420,003)	(420,003)
Total Governmental Funds	\$ (420,003)	\$ -	\$ (420,003)



REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Information

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 and function or 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.

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (GAAP Basis)

General Fund

For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual Amounts	Positive (Negative)	
REVENUES					
Property taxes	\$ 3,660,000	\$ 3,660,000	\$ 3,704,759	\$ 44,759	
Sales and use taxes	4,563,925	4,563,925	5,015,508	451,583	
Transient occupancy tax	519,000	519,000	480,263	(38,737)	
Utility users tax	877,175	877,175	913,843	36,668	
Franchise fees	502,250	502,250	490,118	(12,132)	
License and permits	1,459,500	1,459,500	695,666	(763,834)	
Fine and forfeitures	31,700	31,700	28,921	(2,779)	
Intergovernmental	50,890	58,390	224,375	165,985	
Interest and rents	495,750	495,750	537,620	41,870	
Charges for services	1,969,797	1,969,797	1,986,650	16,853	
Miscellaneous	184,425	259,425	436,030	176,605	
Total Revenues	14,314,412	14,396,912	14,513,753	116,841	
EXPENDITURES					
Current:					
General Government:					
City Council	198,625	200,125	176,805	23,320	
City Manager	698,885	773,885	827,311	(53,426)	
City Attorney	647,900	647,900	646,785	1,115	
City Clerk	430,771	477,471	457,159	20,312	
Finance and accounting	1,438,423	1,449,265	1,398,572	50,693	
Planning	802,126	659,401	679,001	(19,600)	
Building inspection	319,720	305,536	303,408	2,128	
Nondepartmental	488,747	490,884	318,378	172,506	
Public safety:					
Police	5,316,488	5,480,162	5,054,636	425,526	
Fire protection	1,523,910	1,526,726	1,492,275	34,451	
Parks and recreation	1,133,823	1,014,085	1,062,886	(48,801)	
Public works	1,472,723	1,487,755	1,369,304	118,451	
Capital outlay	239,800	329,800	225,224	104,576	
Debt service					
Principal retirement	381,024	236,682	241,872	(5,190)	
Interest and fiscal charges	65,070	28,061	28,108	(47)	
Total Expenditures	15,158,035	15,107,738	14,281,724	826,014	
Excess (Deficiency) of Revenues over Expenditures	(843,623)	(710,826)	232,029	942,855	
OTHER FINANCING SOURCES (USES)					
Transfers in	364,551	126,500	72,815	(53,685)	
Transfers out	(255,000)	(330,000)	(65,310)	264,690	
Total Other Financing Sources (Uses)	109,551	(203,500)	7,505	211,005	
Net Change in Fund Balance	(734,072)	(914,326)	239,534	1,153,860	
Fund Balance Beginning	11,666,491	11,666,491	11,666,491	-	
Fund Balance Ending	\$ 10,932,419	\$ 10,752,165	\$ 11,906,025	\$ 1,153,860	

City of Sebastopol
Schedule of Pension Contributions
(Last Ten Years)

Miscellaneous and Safety Plan

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Contractually Required Contributions	\$ 920,324	\$ 1,099,458	\$ 1,187,535	\$ 1,343,860	\$ 1,530,553
Contributions in Relation to					
Contractually Required Contributions	<u>920,324</u>	<u>1,099,458</u>	<u>1,187,535</u>	<u>1,343,860</u>	<u>1,530,553</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>				
Covered Payroll	\$ 3,816,628	\$ 3,908,821	\$ 3,956,662	\$ 4,137,211	\$ 4,272,937
Contributions as a % of Covered Payroll	24.11%	28.13%	30.01%	32.48%	35.82%

Miscellaneous and Safety Plan

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Contractually Required Contributions	\$ 1,686,413	\$ 1,827,570	\$ 1,763,271	\$ 1,657,901	\$ 1,944,340
Contributions in Relation to					
Contractually Required Contributions	<u>1,686,413</u>	<u>1,827,570</u>	<u>1,763,271</u>	<u>1,657,901</u>	<u>1,944,340</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>				
Covered Payroll	\$ 4,348,774	\$ 4,318,106	\$ 4,138,191	\$ 4,807,478	\$ 4,957,148
Contributions as a % of Covered Payroll	38.78%	42.32%	42.61%	34.49%	39.22%

Notes to Schedule:

Valuation Date:

June 30, 2023

Assumptions Used:

Entry Age Method used for Actuarial Cost Method

Level Percentage of Payroll and Direct Rate Smoothing

Remaining Amortization Period no more than 26 years

Inflation Assumed at 2.30%

Investment Rate of Returns set at 6.8%

The mortality table was developed based on CalPERS-specific data. The rates includes 15 years of mortality improvements using Society of Actuaries Scale MP-2016. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2023.

The CalPERS mortality assumptions was adjusted in fiscal year 2021.

City of Sebastopol
Schedule of Proportionate Share of Net Pension Liability
(Last Ten Years)

Miscellaneous and Safety Plan

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Proportion of Net Pension Liability (Safety and Misc)	0.13081%	0.12776%	0.12564%	0.12736%	0.12714%
Proportion of Net Pension Liability (Misc Plan Only)	0.32726%	0.31824%	0.31608%	0.32565%	0.32535%
Proportionate Share of Net Pension Liability	\$ 8,978,404	\$ 11,055,177	\$ 12,460,116	\$ 12,272,694	\$ 13,028,541
Covered Payroll	\$ 3,636,221	\$ 3,816,628	\$ 3,908,821	\$ 3,956,662	\$ 4,137,211
Proportionate Share of NPL as a % of Covered Payroll	246.92%	289.66%	318.77%	310.18%	314.91%
Plan's Fiduciary Net Position as a % of the TPL	76.02%	71.74%	70.97%	71.83%	71.59%

Miscellaneous and Safety Plan

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Proportion of Net Pension Liability (Safety and Misc)	0.12743%	0.16022%	0.13442%	0.13090%	0.13203%
Proportion of Net Pension Liability (Misc Plan Only)	0.32870%	0.45634%	0.33181%	0.32657%	0.15637%
Proportionate Share of Net Pension Liability	\$ 13,864,877	\$ 8,665,009	\$ 15,526,113	\$ 16,329,632	\$ 16,012,243
Covered Payroll	\$ 4,272,937	\$ 4,348,774	\$ 4,318,106	\$ 4,138,191	\$ 4,807,478
Proportionate Share of NPL as a % of Covered Payroll	324.48%	199.25%	359.56%	394.61%	333.07%
Plan's Fiduciary Net Position as a % of the TPL	70.91%	82.62%	70.72%	70.47%	71.76%

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2023.

The CalPERS mortality assumptions was adjusted in fiscal year 2021.

City of Sebastopol

Schedule of Changes in the City's Total OPEB Liability

(Last Ten Years)

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability								
Service cost	\$ 58,870	\$ 54,769	\$ 56,412	\$ 27,295	\$ 27,917	\$ 22,458	\$ 14,299	\$ 30,848
Interest	81,308	90,545	89,484	73,479	72,014	47,335	68,708	65,767
Diff. between expected/actual experience	-	-	(492,345)	-	(551,283)	(23,434)	(55,023)	9,943
Changes of assumptions	(168,395)	57,987	75,694	44,769	10,152	(425,755)	74,720	(36,950)
Benefit payments	(71,368)	(87,182)	(99,403)	(97,430)	(102,849)	(95,469)	(91,957)	(87,176)
Implicit subsidy fulfilled	-	-	-	-	-	-	-	(11,538)
Net change in Total OPEB Liability	(99,585)	116,119	(370,158)	48,113	(544,049)	(474,865)	10,747	(29,106)
Total OPEB Liability - beginning	3,035,987	2,936,402	3,052,521	2,682,363	2,730,476	2,186,427	1,711,562	1,722,309
Total OPEB Liability - ending	\$ 2,936,402	\$ 3,052,521	\$ 2,682,363	\$ 2,730,476	\$ 2,186,427	\$ 1,711,562	\$ 1,722,309	\$ 1,693,203
Plan fiduciary net position as a % of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 3,982,276	\$ 3,956,662	\$ 4,137,211	\$ 4,272,937	\$ 4,348,774	\$ 4,299,547	\$ 4,533,006	\$ 4,807,478
TOL as a % of covered employee payroll	73.74%	77.15%	64.84%	63.90%	50.28%	39.81%	37.99%	35.22%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 2024. Discount rates changed from 3.86% in FY2024 to 4.09% in FY2025.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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.

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

Art in Lieu Fund 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.

Inclusionary and Linkage Housing Fund 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.

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

Housing General Plan Fund 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.

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).

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

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

Park in Lieu Fund 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 Fund 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 Fund 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

NONMAJOR GOVERNMENTAL FUNDS

debris, the installation of curbs and gutters, walls, sidewalks or paving or water, irrigation, drainage or electrical facilities.

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

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

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

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

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

Go Sonoma Roads Fund accounts for roads maintenance taxes fees and related expenses.

OTS Police Federal Grants accounts for Office of Traffic Safety federal grants and related expenses.

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

Measure H Fund accounts for funding from sales taxes and related expenses.

Debt Service Funds

Clean Renewable Energy Bonds Fund accounts 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.

Capital Projects Funds

Underground Utilities Fee Fund accounts for in-lieu fees paid by developers whereas the City Engineer has determined physical undergrounding of overhead utilities is not practical. The Fund is used for general City utility undergrounding projects.

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

City of Sebastopol

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	Street Reserve	Vehicle Abatement	Gas Tax	Measure M
ASSETS				
Cash and investments	\$ 332,317	\$ 19,934	\$ 92,639	\$ 500,028
Accounts receivable	-	5,049	-	-
Taxes receivable	-	-	18,415	38,549
Interest receivable	1,888	103	520	2,742
Due from other funds	-	-	-	-
Total assets	\$ 334,205	\$ 25,086	\$ 111,574	\$ 541,319
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances:				
Restricted:				
Highway and streets	-	-	-	541,319
Public safety	-	25,086	111,574	-
Affordable housing	-	-	-	-
Parks and recreation	-	-	-	-
Other	-	-	-	-
Committed				
Street projects	334,205	-	-	-
Unassigned	-	-	-	-
Total fund balances	334,205	25,086	111,574	541,319
Total liabilities and fund balances	\$ 334,205	\$ 25,086	\$ 111,574	\$ 541,319

Continued

City of Sebastopol
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Art In-Lieu	Inclusionary and Linkage Housing	Building Permit Incremental	Downtown Improvement District
ASSETS				
Cash and investments	\$ 24,310	\$ 135,005	\$ 149,573	\$ 7,960
Accounts receivable	-	-	6,000	-
Taxes receivable	-	-	-	-
Interest receivable	208	765	825	44
Due from other funds	-	-	-	-
Total assets	\$ 24,518	\$ 135,770	\$ 156,398	\$ 8,004
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances:				
Restricted:				
Highway and streets	-	-	-	-
Public safety	-	-	-	-
Affordable housing	-	135,770	-	-
Parks and recreation	24,518	-	-	-
Other	-	-	-	8,004
Committed				
Street projects	-	-	156,398	-
Unassigned	-	-	-	-
Total fund balances	24,518	135,770	156,398	8,004
Total liabilities and fund balances	\$ 24,518	\$ 135,770	\$ 156,398	\$ 8,004

Continued

City of Sebastopol
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Housing General Plan	Police Grants	Asset Forfeiture	Transportation Grants
ASSETS				
Cash and investments	\$ 113,347	\$ 89,110	\$ 11,197	\$ -
Accounts receivable	-	235	-	-
Taxes receivable	-	-	-	-
Interest receivable	639	400	63	-
Due from other funds	-	12,282	-	-
Total assets	\$ 113,986	\$ 102,027	\$ 11,260	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 44,449
Unearned revenue	-	-	8,283	-
Due to other funds	-	-	-	103,447
Total liabilities	-	-	8,283	147,896
Fund Balances:				
Restricted:				
Highway and streets	-	-	-	-
Public safety	-	102,027	2,977	-
Affordable housing	113,986	-	-	-
Parks and recreation	-	-	-	-
Other	-	-	-	-
Committed				
Street projects	-	-	-	-
Unassigned	-	-	-	(147,896)
Total fund balances	113,986	102,027	2,977	(147,896)
Total liabilities and fund balances	\$ 113,986	\$ 102,027	\$ 11,260	\$ -

Continued

City of Sebastopol
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Park in Lieu	Traffic Impact Fee	Street Lighting Assessment	Community Development Block Grant
ASSETS				
Cash and investments	\$ 91,789	\$ 70,187	\$ 25,821	\$ 98,442
Accounts receivable	-	-	-	5,840
Taxes receivable	-	-	310	-
Interest receivable	650	1,012	77	563
Due from other funds	-	103,447	-	-
Total assets	\$ 92,439	\$ 174,646	\$ 26,208	\$ 104,845
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 398	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	398	-	-
Fund Balances:				
Restricted:				
Highway and streets	-	174,248	26,208	-
Public safety	-	-	-	-
Affordable housing	-	-	-	-
Parks and recreation	92,439	-	-	-
Other	-	-	-	104,845
Committed				
Street projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	92,439	174,248	26,208	104,845
Total liabilities and fund balances	\$ 92,439	\$ 174,646	\$ 26,208	\$ 104,845

Continued

City of Sebastopol

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	SB1 Road and Maintenance	General Government Facilities Fee	Fire Facilities Fee	Stormwater Facilities Fee
ASSETS				
Cash and investments	\$ 489,039	\$ 7,871	\$ 4,126	\$ 24,772
Accounts receivable	-	-	-	-
Taxes receivable	17,206	-	-	-
Interest receivable	2,662	40	21	137
Due from other funds	-	-	-	-
Total assets	\$ 508,907	\$ 7,911	\$ 4,147	\$ 24,909
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances:				
Restricted:				
Highway and streets	508,907	-	-	-
Public safety	-	-	-	-
Affordable housing	-	-	-	-
Parks and recreation	-	-	-	-
Other	-	7,911	4,147	24,909
Committed				
Street projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	508,907	7,911	4,147	24,909
Total liabilities and fund balances	\$ 508,907	\$ 7,911	\$ 4,147	\$ 24,909

Continued

City of Sebastopol

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	Go Sonoma Roads	OTS Police Federal Grants	Planning Grant (SB2 &L EAP)	Supplemental	Measure H
ASSETS					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 12,442
Accounts receivable	-	-	-	-	-
Taxes receivable	57,905	-	-	-	-
Interest receivable	-	-	-	-	108
Due from other funds	-	-	-	-	-
Total assets	\$ 57,905	\$ -	\$ -	\$ -	\$ 12,550
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 13,413	\$ -	\$ -	\$ 6,518
Unearned revenue	-	-	-	-	-
Due to other funds	-	12,282	-	-	-
Total liabilities	-	25,695	-	-	6,518
Fund Balances:					
Restricted:					
Highway and streets	57,905	-	-	-	-
Public safety	-	-	-	-	6,032
Affordable housing	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Other	-	-	-	-	-
Committed					
Street projects	-	-	-	-	-
Unassigned	-	(25,695)	-	-	-
Total fund balances	57,905	(25,695)	-	-	6,032
Total liabilities and fund balances	\$ 57,905	\$ -	\$ -	\$ -	\$ 12,550

Continued

City of Sebastopol

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	Clean Energy Renewable Bonds	Underground Utilities Fee	General Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ -	\$ 261,272	\$ 13,196	\$ 2,574,377
Accounts receivable	-	-	-	17,124
Taxes receivable	-	-	-	132,385
Interest receivable	-	1,481	-	14,948
Due from other funds	-	-	-	115,729
Total assets	\$ -	\$ 262,753	\$ 13,196	\$ 2,854,563
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 63,948	\$ 128,726
Unearned revenue	-	-	-	8,283
Due to other funds	-	-	-	115,729
Total liabilities	-	-	63,948	252,738
Fund Balances:				
Restricted:				
Highway and streets	-	262,753	-	1,571,340
Public safety	-	-	-	247,696
Affordable housing	-	-	-	249,756
Parks and recreation	-	-	-	116,957
Other	-	-	-	149,816
Committed				
Street projects	-	-	-	490,603
Unassigned	-	-	(50,752)	(224,343)
Total fund balances	-	262,753	(50,752)	2,601,825
Total liabilities and fund balances	\$ -	\$ 262,753	\$ 13,196	\$ 2,854,563

Concluded

City of Sebastopol

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2025

	Street Reserve	Vehicle Abatement	Gas Tax	Measure M
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	182,677
License and permits	-	-	-	-
Intergovernmental	-	-	217,328	-
Interest and rents	16,459	501	3,504	20,754
Charges for services	-	18,074	-	-
Miscellaneous	36,005	-	-	-
Total Revenues	52,464	18,575	220,832	203,431
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	185,773	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	185,773	-
Excess (Deficiency) of Revenues over Expenditures	52,464	18,575	35,059	203,431
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(8,712)	(4,500)	-	(79,911)
Total Other Financing Sources (Uses)	(8,712)	(4,500)	-	(79,911)
Net Change in Fund Balances	43,752	14,075	35,059	123,520
Fund Balances Beginning	290,453	11,011	76,515	417,799
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, as Restated	290,453	11,011	76,515	417,799
Fund Balances Ending	\$ 334,205	\$ 25,086	\$ 111,574	\$ 541,319

Continued

City of Sebastopol
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Art In-Lieu	Inclusionary and Linkage Housing	Bldg Permit Incremental	Downtown Improvement District
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	7,683
Intergovernmental	-	-	-	-
Interest and rents	3,548	6,988	6,917	377
Charges for services	-	-	22,620	-
Miscellaneous	-	-	-	-
Total Revenues	3,548	6,988	29,537	8,060
EXPENDITURES				
Current:				
General government	35,868	-	-	7,300
Public safety	-	-	-	-
Parks and recreation	188	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	36,056	-	-	7,300
Excess (Deficiency) of Revenues over Expenditures	(32,508)	6,988	29,537	760
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(32,508)	6,988	29,537	760
Fund Balances Beginning	57,026	128,782	126,861	7,244
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, as Restated	57,026	128,782	126,861	7,244
Fund Balances Ending	\$ 24,518	\$ 135,770	\$ 156,398	\$ 8,004

Continued

City of Sebastopol
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Housing Plan	General Police Grants	Asset Forfeiture	Transportation Grants
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	29,085	122,698	-	481,539
Interest and rents	4,206	6,934	579	-
Charges for services	1,200	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	34,491	129,632	579	481,539
EXPENDITURES				
Current:				
General government	-	-	-	185,582
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	185,582
Excess (Deficiency) of Revenues over Expenditures	34,491	129,632	579	295,957
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	20,458
Transfers out	-	(120,000)	-	(95,060)
Total Other Financing Sources (Uses)	-	(120,000)	-	(74,602)
Net Change in Fund Balances	34,491	9,632	579	221,355
Fund Balances Beginning	79,495	92,395	2,398	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	(369,251)
Fund Balances Beginning, as Restated	79,495	92,395	2,398	(369,251)
Fund Balances Ending	\$ 113,986	\$ 102,027	\$ 2,977	\$ (147,896)

Continued

City of Sebastopol

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2025

	Park in Lieu	Traffic Impact Fee	Street Lighting Assessment	Community Development Block Grant
REVENUES				
Property taxes	\$ -	\$ -	\$ 127,143	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	-	-	-	149,592
Interest and rents	2,976	7,532	659	1,922
Charges for services	157,104	117,015	-	-
Miscellaneous	-	20,875	-	-
Total Revenues	160,080	145,422	127,802	151,514
EXPENDITURES				
Current:				
General government	-	1,056	14,635	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	114,186	-
Capital outlay	-	-	-	-
Debt service:				
Principal	56,858	-	-	-
Interest	547	-	-	-
Total Expenditures	57,405	1,056	128,821	-
Excess (Deficiency) of Revenues over Expenditures	102,675	144,366	(1,019)	151,514
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(2,673)	(52,982)	-	(69,007)
Total Other Financing Sources (Uses)	(2,673)	(52,982)	-	(69,007)
Net Change in Fund Balances	100,002	91,384	(1,019)	82,507
Fund Balances Beginning	(7,563)	82,864	27,227	22,338
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, as Restated	(7,563)	82,864	27,227	22,338
Fund Balances Ending	\$ 92,439	\$ 174,248	\$ 26,208	\$ 104,845

Continued

City of Sebastopol
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	SB1 Road and Maintenance	General Government Facilities Fee	Fire Facilities Fee	Stormwater Facilities Fee
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	204,496	-	-	-
Interest and rents	17,087	293	151	879
Charges for services	-	1,555	1,000	8,143
Miscellaneous	-	-	-	-
Total Revenues	221,583	1,848	1,151	9,022
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	221,583	1,848	1,151	9,022
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(25,982)	-	-	-
Total Other Financing Sources (Uses)	(25,982)	-	-	-
Net Change in Fund Balances	195,601	1,848	1,151	9,022
Fund Balances Beginning	313,306	6,063	2,996	15,887
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, as Restated	313,306	6,063	2,996	15,887
Fund Balances Ending	\$ 508,907	\$ 7,911	\$ 4,147	\$ 24,909

Continued

City of Sebastopol
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Go Sonoma Roads	OTS Police Federal Grants	Planning Grant (SB2 &L EAP)	Supplemental Measure H
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	57,905	-	-	543,059
License and permits	-	-	-	-
Intergovernmental	-	295	-	-
Interest and rents	-	-	-	117
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	57,905	295	-	543,176
EXPENDITURES				
Current:				
General government	-	-	10,330	-
Public safety	-	25,990	-	67,758
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	638,745
Debt service:				
Principal	-	-	-	638,745
Interest	-	-	-	55,654
Total Expenditures	-	25,990	10,330	1,400,902
Excess (Deficiency) of Revenues over Expenditures	57,905	(25,695)	(10,330)	(857,726)
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	638,745
Sale of capital assets	-	-	-	225,013
Transfers in	-	-	30,153	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	30,153	863,758
Net Change in Fund Balances	57,905	(25,695)	19,823	6,032
Fund Balances Beginning	-	-	(19,823)	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, as Restated	-	-	(19,823)	-
Fund Balances Ending	\$ 57,905	\$ (25,695)	\$ -	\$ 6,032

Continued

City of Sebastopol

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2025

	Clean Energy Renewable Bonds	Underground Utilities Fee	General Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 127,143
Sales and use taxes	-	-	-	783,641
License and permits	-	-	-	7,683
Intergovernmental	-	-	-	1,205,033
Interest and rents	-	13,523	-	115,906
Charges for services	-	-	-	326,711
Miscellaneous	-	-	-	56,880
Total Revenues	-	13,523	-	2,622,997
EXPENDITURES				
Current:				
General government	-	-	-	254,771
Public safety	-	-	-	93,748
Parks and recreation	-	-	-	188
Public works	-	-	-	299,959
Capital outlay	-	-	371,151	1,009,896
Debt service:				
Principal	-	-	-	695,603
Interest	-	-	-	56,201
Total Expenditures	-	-	371,151	2,410,366
Excess (Deficiency) of Revenues over Expenditures	-	13,523	(371,151)	212,631
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	638,745
Sale of capital assets	-	-	-	225,013
Transfers in	29,560	-	371,151	451,322
Transfers out	-	-	-	(458,827)
Total Other Financing Sources (Uses)	29,560	-	371,151	856,253
Net Change in Fund Balances	29,560	13,523	-	1,068,884
Fund Balances Beginning	(29,560)	249,230	-	1,952,944
Restatements and Major/Nonmajor Reclassifications	-	-	(50,752)	(420,003)
Fund Balances Beginning, as Restated	(29,560)	249,230	(50,752)	1,532,941
Fund Balances Ending	\$ -	\$ 262,753	\$ (50,752)	\$ 2,601,825

Concluded

City of Sebastopol
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

Street Reserve

	Budgeted Amounts		Variance with Final Budget	
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	-	-	-	-
Interest and rents	10,000	10,000	16,459	6,459
Charges for services	-	-	-	-
Miscellaneous	-	-	36,005	36,005
Total Revenues	10,000	10,000	52,464	42,464
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	10,000	10,000	52,464	42,464
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(55,000)	(55,000)	(8,712)	46,288
Total Other Financing Sources (Uses)	(55,000)	(55,000)	(8,712)	46,288
Net Change in Fund Balances	(45,000)	(45,000)	43,752	88,752
Fund Balances Beginning	290,453	290,453	290,453	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	290,453	290,453	290,453	-
Fund Balances Ending	\$ 245,453	\$ 245,453	\$ 334,205	\$ 88,752

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Vehicle Abatement

	Vehicle Abatement				Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual Amounts			
	Original	Final				
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	-	
Sales and use taxes	-	-	-	-	-	
License and permits	-	-	-	-	-	
Intergovernmental	-	-	-	-	-	
Interest and rents	100	100	501	401		
Charges for services	4,000	4,000	18,074	14,074		
Miscellaneous	-	-	-	-		
Total Revenues	4,100	4,100	18,575	14,475		
EXPENDITURES						
Current:						
General government	-	-	-	-	-	
Public safety	-	-	-	-	-	
Parks and recreation	-	-	-	-	-	
Public works	-	-	-	-	-	
Capital outlay	-	-	-	-	-	
Debt service:						
Principal	-	-	-	-	-	
Interest and fiscal charges	-	-	-	-	-	
Total Expenditures	-	-	-	-		
Excess (Deficiency) of Revenues over Expenditures	4,100	4,100	18,575	14,475		
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	
Sale of capital assets	-	-	-	-	-	
Transfers in	-	-	-	-	-	
Transfers out	(4,500)	(4,500)	(4,500)	(4,500)	-	
Total Other Financing Sources (Uses)	(4,500)	(4,500)	(4,500)	(4,500)		
Net Change in Fund Balances	(400)	(400)	14,075	14,475		
Fund Balances Beginning	11,011	11,011	11,011	-		
Restatements and Major/Nonmajor Reclassifications	-	-	-	-		
Fund Balances Beginning, Restated	11,011	11,011	11,011	-		
Fund Balances Ending	\$ 10,611	\$ 10,611	\$ 25,086	\$ 14,475		

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Gas Tax

	Gas Tax				Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual Amounts			
	Original	Final				
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	-	
Sales and use taxes	-	-	-	-	-	
License and permits	-	-	-	-	-	
Intergovernmental	219,735	219,735	217,328	(2,407)		
Interest and rents	700	700	3,504	2,804		
Charges for services	-	-	-	-		
Miscellaneous	-	-	-	-		
Total Revenues	220,435	220,435	220,832	397		
EXPENDITURES						
Current:						
General government	-	-	-	-	-	
Public safety	-	-	-	-	-	
Parks and recreation	-	-	-	-	-	
Public works	163,473	168,655	185,773	(17,118)		
Capital outlay	-	-	-	-	-	
Debt service:						
Principal	-	-	-	-	-	
Interest and fiscal charges	-	-	-	-	-	
Total Expenditures	163,473	168,655	185,773	(17,118)		
Excess (Deficiency) of Revenues over Expenditures	56,962	51,780	35,059	(16,721)		
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	
Sale of capital assets	-	-	-	-	-	
Transfers in	-	-	-	-	-	
Transfers out	-	-	-	-	-	
Total Other Financing Sources (Uses)	-	-	-	-		
Net Change in Fund Balances	56,962	51,780	35,059	(16,721)		
Fund Balances Beginning	76,515	76,515	76,515	-		
Restatements and Major/Nonmajor Reclassifications	-	-	-	-		
Fund Balances Beginning, Restated	76,515	76,515	76,515	-		
Fund Balances Ending	\$ 133,477	\$ 128,295	\$ 111,574	\$ (16,721)		

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

				Measure M
	Budgeted Amounts		Variance with Final Budget Positive (Negative)	
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	-
Sales and use taxes	197,545	197,545	182,677	(14,868)
License and permits	-	-	-	-
Intergovernmental	-	-	-	-
Interest and rents	3,000	3,000	20,754	17,754
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	200,545	200,545	203,431	2,886
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	200,545	200,545	203,431	2,886
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	5,000	5,000	-	(5,000)
Transfers out	(90,000)	(90,000)	(79,911)	10,089
Total Other Financing Sources (Uses)	(85,000)	(85,000)	(79,911)	5,089
Net Change in Fund Balances	115,545	115,545	123,520	7,975
Fund Balances Beginning	417,799	417,799	417,799	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	417,799	417,799	417,799	-
Fund Balances Ending	\$ 533,344	\$ 533,344	\$ 541,319	\$ 7,975

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Art In-Lieu

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual Amounts	Positive (Negative)	
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	-
Sales and use taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Interest and rents	500	500	3,548	3,048	
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	500	500	3,548	3,048	
EXPENDITURES					
Current:					
General government	34,500	34,500	35,868	(1,368)	
Public safety	-	-	-	-	-
Parks and recreation	-	-	188	(188)	
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	34,500	34,500	36,056	(1,556)	
Excess (Deficiency) of Revenues over Expenditures	(34,000)	(34,000)	(32,508)	1,492	
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	
Net Change in Fund Balances	(34,000)	(34,000)	(32,508)	1,492	
Fund Balances Beginning	57,026	57,026	57,026	-	
Restatements and Major/Nonmajor Reclassifications	-	-	-	-	-
Fund Balances Beginning, Restated	57,026	57,026	57,026	-	
Fund Balances Ending	\$ 23,026	\$ 23,026	\$ 24,518	\$ 1,492	

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City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Inclusionary and Linkage Housing

	Budgeted Amounts		Actual Amounts	\$	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	-
Sales and use taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Interest and rents	2,000	2,000	6,988	4,988	
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	2,000	2,000	6,988	4,988	
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	-	-	-	
Excess (Deficiency) of Revenues over Expenditures	2,000	2,000	6,988	4,988	
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(22,000)	(22,000)	-	22,000	
Total Other Financing Sources (Uses)	(22,000)	(22,000)	-	22,000	
Net Change in Fund Balances	(20,000)	(20,000)	6,988	26,988	
Fund Balances Beginning	128,782	128,782	128,782	-	
Restatements and Major/Nonmajor Reclassifications	-	-	-	-	
Fund Balances Beginning, Restated	128,782	128,782	128,782	-	
Fund Balances Ending	\$ 108,782	\$ 108,782	\$ 135,770	\$ 26,988	

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City of Sebastopol
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Bldg Permit Incremental			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	-	-	-	-
Interest and rents	500	500	6,917	6,417
Charges for services	10,000	10,000	22,620	12,620
Miscellaneous	-	-	-	-
Total Revenues	10,500	10,500	29,537	19,037
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	10,500	10,500	29,537	19,037
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	10,500	10,500	29,537	19,037
Fund Balances Beginning	126,861	126,861	126,861	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	126,861	126,861	126,861	-
Fund Balances Ending	\$ 137,361	\$ 137,361	\$ 156,398	\$ 19,037

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City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Downtown Improvement District

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	8,700	8,700	7,683	(1,017)
Intergovernmental	-	-	-	-
Interest and rents	-	-	377	377
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	8,700	8,700	8,060	(640)
EXPENDITURES				
Current:				
General government	16,000	16,000	7,300	8,700
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	16,000	16,000	7,300	8,700
Excess (Deficiency) of Revenues over Expenditures	(7,300)	(7,300)	760	8,060
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(7,300)	(7,300)	760	8,060
Fund Balances Beginning	7,244	7,244	7,244	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	7,244	7,244	7,244	-
Fund Balances Ending	\$ (56)	\$ (56)	\$ 8,004	\$ 8,060

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City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Housing General Plan

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	-	-	29,085	29,085
Interest and rents	4,000	4,000	4,206	206
Charges for services	110,000	110,000	1,200	(108,800)
Miscellaneous	-	-	-	-
Total Revenues	114,000	114,000	34,491	(79,509)
EXPENDITURES				
Current:				
General government	30,025	30,025	-	30,025
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	30,025	30,025	-	30,025
Excess (Deficiency) of Revenues over Expenditures	83,975	83,975	34,491	(49,484)
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	83,975	83,975	34,491	(49,484)
Fund Balances Beginning	79,495	79,495	79,495	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	79,495	79,495	79,495	-
Fund Balances Ending	\$ 163,470	\$ 163,470	\$ 113,986	\$ (49,484)

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City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Police Grants

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	120,000	120,000	122,698	2,698
Interest and rents	1,200	1,200	6,934	5,734
Charges for services	800	800	-	(800)
Miscellaneous	-	-	-	-
Total Revenues	122,000	122,000	129,632	7,632
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	122,000	122,000	129,632	7,632
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(120,000)	(120,000)	(120,000)	-
Total Other Financing Sources (Uses)	(120,000)	(120,000)	(120,000)	-
Net Change in Fund Balances	2,000	2,000	9,632	7,632
Fund Balances Beginning	92,395	92,395	92,395	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	92,395	92,395	92,395	-
Fund Balances Ending	\$ 94,395	\$ 94,395	\$ 102,027	\$ 7,632

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City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Asset Forfeiture					
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final		Positive (Negative)	
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	-
Sales and use taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Interest and rents	-	-	579	579	579
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	-	-	579	579	579
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	579	579	579
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	-	579	579	579
Fund Balances Beginning	2,398	2,398	2,398	-	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-	-
Fund Balances Beginning, Restated	2,398	2,398	2,398	-	-
Fund Balances Ending	\$ 2,398	\$ 2,398	\$ 2,977	\$ 579	\$ 579

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City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Transportation Grants

	Budgeted Amounts				Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	Original	
	\$	\$	\$	\$	
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Intergovernmental	781,080	781,080	481,539	(299,541)	
Interest and rents	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	781,080	781,080	481,539	(299,541)	
EXPENDITURES					
Current:					
General government	146,822	146,822	185,582	(38,760)	
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public works	3,178	3,178	-	3,178	
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	150,000	150,000	185,582	(35,582)	
Excess (Deficiency) of Revenues over Expenditures	631,080	631,080	295,957	(335,123)	
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	20,458	20,458	
Transfers out	(631,080)	(631,080)	(95,060)	536,020	
Total Other Financing Sources (Uses)	(631,080)	(631,080)	(74,602)	556,478	
Net Change in Fund Balances	-	-	221,355	221,355	
Fund Balances Beginning	-	-	-	-	-
Restatements and Major/Nonmajor Reclassifications	-	-	(369,251)	-	
Fund Balances Beginning, Restated	-	-	(369,251)	-	
Fund Balances Ending	\$ -	\$ -	\$ (147,896)	\$ 221,355	

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City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Park in Lieu				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	126,943	126,943	-	(126,943)
Interest and rents	-	-	2,976	2,976
Charges for services	563,969	563,969	157,104	(406,865)
Miscellaneous	-	-	-	-
Total Revenues	690,912	690,912	160,080	(530,832)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	26,979	54,279	56,858	(2,579)
Interest and fiscal charges	558	558	547	11
Total Expenditures	27,537	54,837	57,405	(2,568)
Excess (Deficiency) of Revenues over Expenditures	663,375	636,075	102,675	(533,400)
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(339,455)	(339,455)	(2,673)	336,782
Total Other Financing Sources (Uses)	(339,455)	(339,455)	(2,673)	336,782
Net Change in Fund Balances	323,920	296,620	100,002	(196,618)
Fund Balances Beginning	(7,563)	(7,563)	(7,563)	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	(7,563)	(7,563)	(7,563)	-
Fund Balances Ending	\$ 316,357	\$ 289,057	\$ 92,439	\$ (196,618)

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Traffic Impact Fee

	Traffic Impact Fee			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	-	-	-	-
Interest and rents	1,800	1,800	7,532	5,732
Charges for services	389,109	389,109	117,015	(272,094)
Miscellaneous	-	-	20,875	20,875
Total Revenues	390,909	390,909	145,422	(245,487)
EXPENDITURES				
Current:				
General government	27,622	27,622	1,056	26,566
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	27,622	27,622	1,056	26,566
Excess (Deficiency) of Revenues over Expenditures	363,287	363,287	144,366	(218,921)
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(209,830)	(209,830)	(52,982)	156,848
Total Other Financing Sources (Uses)	(209,830)	(209,830)	(52,982)	156,848
Net Change in Fund Balances	153,457	153,457	91,384	(62,073)
Fund Balances Beginning	82,864	82,864	82,864	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	82,864	82,864	82,864	-
Fund Balances Ending	\$ 236,321	\$ 236,321	\$ 174,248	\$ (62,073)

Cont'd

City of Sebastopol
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

Street Lighting Assessment

	Amounts		Variance with Final Budget	
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Property taxes	\$ 128,144	\$ 128,144	\$ 127,143	\$ (1,001)
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	-	-	-	-
Interest and rents	350	350	659	309
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	128,494	128,494	127,802	(692)
EXPENDITURES				
Current:				
General government	16,516	16,516	14,635	1,881
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	124,563	124,941	114,186	10,755
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	141,079	141,457	128,821	12,636
Excess (Deficiency) of Revenues over Expenditures	(12,585)	(12,963)	(1,019)	11,944
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(12,585)	(12,963)	(1,019)	11,944
Fund Balances Beginning	27,227	27,227	27,227	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	27,227	27,227	27,227	-
Fund Balances Ending	\$ 14,642	\$ 14,264	\$ 26,208	\$ 11,944

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Community Development Block Grant

	Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	45,000	45,000	149,592	104,592
Interest and rents	-	-	1,922	1,922
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	45,000	45,000	151,514	106,514
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	45,000	45,000	151,514	106,514
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(45,000)	(45,000)	(69,007)	(24,007)
Total Other Financing Sources (Uses)	(45,000)	(45,000)	(69,007)	(24,007)
Net Change in Fund Balances	-	-	82,507	82,507
Fund Balances Beginning	22,338	22,338	22,338	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	22,338	22,338	22,338	-
Fund Balances Ending	\$ 22,338	\$ 22,338	\$ 104,845	\$ 82,507

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

SB1 Road and Maintenance

	Amounts				Variance with Final Budget Positive (Negative)	
	Original	Final	Actual Amounts			
			\$	\$		
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	-	
Sales and use taxes	-	-	-	-	-	
License and permits	-	-	-	-	-	
Intergovernmental	194,800	194,800	204,496	9,696		
Interest and rents	5,000	5,000	17,087	12,087		
Charges for services	-	-	-	-		
Miscellaneous	-	-	-	-		
Total Revenues	199,800	199,800	221,583	21,783		
EXPENDITURES						
Current:						
General government	-	-	-	-	-	
Public safety	-	-	-	-	-	
Parks and recreation	-	-	-	-	-	
Public works	-	-	-	-	-	
Capital outlay	-	-	-	-	-	
Debt service:						
Principal	-	-	-	-	-	
Interest and fiscal charges	-	-	-	-	-	
Total Expenditures	-	-	-	-		
Excess (Deficiency) of Revenues over Expenditures	199,800	199,800	221,583	21,783		
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	
Sale of capital assets	-	-	-	-	-	
Transfers in	-	-	-	-	-	
Transfers out	(61,700)	(61,700)	(25,982)	35,718		
Total Other Financing Sources (Uses)	(61,700)	(61,700)	(25,982)	35,718		
Net Change in Fund Balances	138,100	138,100	195,601	57,501		
Fund Balances Beginning	313,306	313,306	313,306	-		
Restatements and Major/Nonmajor Reclassifications	-	-	-	-		
Fund Balances Beginning, Restated	313,306	313,306	313,306	-		
Fund Balances Ending	\$ 451,406	\$ 451,406	\$ 508,907	\$ 57,501		

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

General Government Facilities Fee

	Amounts		Variance with Final Budget Positive (Negative)	
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	-	-	-	-
Interest and rents	-	-	293	293
Charges for services	150,850	150,850	1,555	(149,295)
Miscellaneous	-	-	-	-
Total Revenues	150,850	150,850	1,848	(149,002)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	150,850	150,850	1,848	(149,002)
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	150,850	150,850	1,848	(149,002)
Fund Balances Beginning	6,063	6,063	6,063	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	6,063	6,063	6,063	-
Fund Balances Ending	\$ 156,913	\$ 156,913	\$ 7,911	\$ (149,002)

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Fire Facilities Fee				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	- -	- -	- -	- -
License and permits	- -	- -	- -	- -
Intergovernmental	- -	- -	- -	- -
Interest and rents	100	100	151	51
Charges for services	40,000	40,000	1,000	(39,000)
Miscellaneous	- -	- -	- -	- -
Total Revenues	40,100	40,100	1,151	(38,949)
EXPENDITURES				
Current:				
General government	- -	- -	- -	- -
Public safety	- -	- -	- -	- -
Parks and recreation	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Capital outlay	- -	- -	- -	- -
Debt service:				
Principal	- -	- -	- -	- -
Interest and fiscal charges	- -	- -	- -	- -
Total Expenditures	- -	- -	- -	- -
Excess (Deficiency) of Revenues over Expenditures	40,100	40,100	1,151	(38,949)
OTHER FINANCING SOURCES (USES)				
Debt issuance	- -	- -	- -	- -
Sale of capital assets	- -	- -	- -	- -
Transfers in	- -	- -	- -	- -
Transfers out	- -	- -	- -	- -
Total Other Financing Sources (Uses)	- -	- -	- -	- -
Net Change in Fund Balances	40,100	40,100	1,151	(38,949)
Fund Balances Beginning	2,996	2,996	2,996	-
Restatements and Major/Nonmajor Reclassifications	- -	- -	- -	- -
Fund Balances Beginning, Restated	2,996	2,996	2,996	-
Fund Balances Ending	\$ 43,096	\$ 43,096	\$ 4,147	\$ (38,949)

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Stormwater Facilities Fee				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	- -	- -	- -	- -
License and permits	- -	- -	- -	- -
Intergovernmental	- -	- -	- -	- -
Interest and rents	1,000	1,000	879	(121)
Charges for services	144,000	144,000	8,143	(135,857)
Miscellaneous	- -	- -	- -	- -
Total Revenues	145,000	145,000	9,022	(135,978)
EXPENDITURES				
Current:				
General government	- -	- -	- -	- -
Public safety	- -	- -	- -	- -
Parks and recreation	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Capital outlay	- -	- -	- -	- -
Debt service:				
Principal	- -	- -	- -	- -
Interest and fiscal charges	- -	- -	- -	- -
Total Expenditures	- -	- -	- -	- -
Excess (Deficiency) of Revenues over Expenditures	145,000	145,000	9,022	(135,978)
OTHER FINANCING SOURCES (USES)				
Debt issuance	- -	- -	- -	- -
Sale of capital assets	- -	- -	- -	- -
Transfers in	- -	- -	- -	- -
Transfers out	- -	- -	- -	- -
Total Other Financing Sources (Uses)	- -	- -	- -	- -
Net Change in Fund Balances	145,000	145,000	9,022	(135,978)
Fund Balances Beginning	15,887	15,887	15,887	-
Restatements and Major/Nonmajor Reclassifications	- -	- -	- -	- -
Fund Balances Beginning, Restated	15,887	15,887	15,887	-
Fund Balances Ending	\$ 160,887	\$ 160,887	\$ 24,909	\$ (135,978)

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Go Sonoma Roads

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual Amounts	Positive (Negative)	
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	-
Sales and use taxes	-	-	57,905	57,905	
License and permits	-	-	-	-	
Intergovernmental	-	-	-	-	
Interest and rents	-	-	-	-	
Charges for services	-	-	-	-	
Miscellaneous	-	-	-	-	
Total Revenues	-	-	57,905	57,905	
EXPENDITURES					
Current:					
General government	-	-	-	-	
Public safety	-	-	-	-	
Parks and recreation	-	-	-	-	
Public works	-	-	-	-	
Capital outlay	-	-	-	-	
Debt service:					
Principal	-	-	-	-	
Interest and fiscal charges	-	-	-	-	
Total Expenditures	-	-	-	-	
Excess (Deficiency) of Revenues over Expenditures	-	-	57,905	57,905	
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	
Sale of capital assets	-	-	-	-	
Transfers in	-	-	-	-	
Transfers out	-	-	-	-	
Total Other Financing Sources (Uses)	-	-	-	-	
Net Change in Fund Balances	-	-	57,905	57,905	
Fund Balances Beginning	-	-	-	-	
Restatements and Major/Nonmajor Reclassifications	-	-	-	-	
Fund Balances Beginning, Restated	-	-	-	-	
Fund Balances Ending	\$ -	\$ -	\$ 57,905	\$ 57,905	

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

OTS Police Federal Grants

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual Amounts	Positive (Negative)	
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	-
Sales and use taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Intergovernmental	-	-	-	295	295
Interest and rents	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	-	-	-	295	295
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	25,990	(25,990)	
Parks and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	-	-	25,990	(25,990)
Excess (Deficiency) of Revenues over Expenditures	-	-	-	(25,695)	(25,695)
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	-	-	(25,695)	(25,695)
Fund Balances Beginning	-	-	-	-	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-	-
Fund Balances Beginning, Restated	-	-	-	-	-
Fund Balances Ending	\$ -	\$ -	\$ (25,695)	\$ (25,695)	

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Supplemental Planning Grant (SB2 & L EAP)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	250,000	250,000	-	(250,000)
Interest and rents	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	250,000	250,000	-	(250,000)
EXPENDITURES				
Current:				
General government	250,000	250,000	10,330	239,670
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	250,000	250,000	10,330	239,670
Excess (Deficiency) of Revenues over Expenditures	-	-	(10,330)	(10,330)
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	-	-	30,153	30,153
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	30,153	30,153
Net Change in Fund Balances	-	-	19,823	19,823
Fund Balances Beginning	(19,823)	(19,823)	(19,823)	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	(19,823)	(19,823)	(19,823)	-
Fund Balances Ending	\$ (19,823)	\$ (19,823)	\$ -	\$ 19,823

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Measure H

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes		600,000	600,000	543,059 (56,941)
License and permits	-	-	-	-
Intergovernmental	-	-	-	-
Interest and rents	-	-	117	117
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	600,000	600,000	543,176	(56,824)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	187,217	67,758	119,459
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	638,745	(638,745)
Debt service:				
Principal	-	413,732	638,745	(225,013)
Interest and fiscal charges	-	55,655	55,654	1
Total Expenditures	-	656,604	1,400,902	(744,298)
Excess (Deficiency) of Revenues over Expenditures	600,000	(56,604)	(857,726)	(801,122)
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	638,745	638,745
Sale of capital assets	-	-	225,013	225,013
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	863,758	863,758
Net Change in Fund Balances	600,000	(56,604)	6,032	62,636
Fund Balances Beginning	-	-	-	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-
Fund Balances Beginning, Restated	-	-	-	-
Fund Balances Ending	\$ 600,000	\$ (56,604)	\$ 6,032	\$ 62,636

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Clean Energy Renewable Bonds

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual Amounts	Positive (Negative)	
				\$	\$
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	-
Sales and use taxes	-	-	-	-	-
License and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Interest and rents	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	-	-	-	-	-
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	29,560	29,560	
Transfers out	-	-	-	-	
Total Other Financing Sources (Uses)	-	-	29,560	29,560	
Net Change in Fund Balances	-	-	29,560	29,560	
Fund Balances Beginning	(29,560)	(29,560)	(29,560)	(29,560)	-
Restatements and Major/Nonmajor Reclassifications	-	-	-	-	-
Fund Balances Beginning, Restated	(29,560)	(29,560)	(29,560)	(29,560)	-
Fund Balances Ending	\$ (29,560)	\$ (29,560)	\$ (29,560)	\$ (29,560)	\$ 29,560

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

Underground Utilities Fee				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	- -	- -	- -	- -
License and permits	- -	- -	- -	- -
Intergovernmental	- -	- -	- -	- -
Interest and rents	4,500	4,500	13,523	9,023
Charges for services	- -	- -	- -	- -
Miscellaneous	- -	- -	- -	- -
Total Revenues	4,500	4,500	13,523	9,023
EXPENDITURES				
Current:				
General government	- -	- -	- -	- -
Public safety	- -	- -	- -	- -
Parks and recreation	- -	- -	- -	- -
Public works	- -	- -	- -	- -
Capital outlay	- -	- -	- -	- -
Debt service:				
Principal	- -	- -	- -	- -
Interest and fiscal charges	- -	- -	- -	- -
Total Expenditures	- -	- -	- -	- -
Excess (Deficiency) of Revenues over Expenditures	4,500	4,500	13,523	9,023
OTHER FINANCING SOURCES (USES)				
Debt issuance	- -	- -	- -	- -
Sale of capital assets	- -	- -	- -	- -
Transfers in	- -	- -	- -	- -
Transfers out	- -	- -	- -	- -
Total Other Financing Sources (Uses)	- -	- -	- -	- -
Net Change in Fund Balances	4,500	4,500	13,523	9,023
Fund Balances Beginning	249,230	249,230	249,230	-
Restatements and Major/Nonmajor Reclassifications	- -	- -	- -	- -
Fund Balances Beginning, Restated	249,230	249,230	249,230	-
Fund Balances Ending	\$ 253,730	\$ 253,730	\$ 262,753	\$ 9,023

Cont'd

City of Sebastopol

Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (GAAP Basis) Nonmajor Governmental Funds For the Year Ended June 30, 2025

General Capital Projects

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
	\$	\$	\$	
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
License and permits	-	-	-	-
Intergovernmental	-	-	-	-
Interest and rents	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	1,702,065	1,702,065	371,151	1,330,914
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,702,065	1,702,065	371,151	1,330,914
Excess (Deficiency) of Revenues over Expenditures	(1,702,065)	(1,702,065)	(371,151)	1,330,914
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	1,702,065	1,702,065	371,151	(1,330,914)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	1,702,065	1,702,065	371,151	(1,330,914)
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning	-	-	-	-
Restatements and Major/Nonmajor Reclassifications	-	-	(50,752)	-
Fund Balances Beginning, Restated	-	-	(50,752)	-
Fund Balances Ending	\$ -	\$ -	\$ (50,752)	\$ -

Concluded

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STATISTICAL SECTION

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STATISTICAL SECTION

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

Index

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental Activities					
Net Investment In Capital Assets	\$ 8,017,313	\$ 8,461,885	\$ 9,242,243	\$ 9,448,772	\$ 9,494,832
Restricted	4,314,008	2,279,908	1,660,668	1,450,299	2,827,215
Unrestricted	(3,524,869)	(847,289)	(3,254,719)	(2,485,538)	(3,011,697)
Total Governmental Activities Net Position	\$ 8,806,452	\$ 9,894,504	\$ 7,648,192	\$ 8,413,533	\$ 9,310,350
Business-Type Activities					
Net Investment In Capital Assets	\$ 4,799,099	\$ 4,705,054	\$ 5,956,258	\$ 5,966,945	\$ 5,594,545
Restricted	1,404,798	1,468,204	-	-	-
Unrestricted	1,691,465	2,900,417	3,430,964	3,563,944	3,204,183
Total Business-Type Activities Net Position	\$ 7,895,362	\$ 9,073,675	\$ 9,387,222	\$ 9,530,889	\$ 8,798,728
Primary Government					
Net Investment In Capital Assets	\$ 12,816,412	\$ 13,166,939	\$ 15,198,501	\$ 15,415,717	\$ 15,089,377
Restricted	5,718,806	3,748,112	1,660,668	1,450,299	2,827,215
Unrestricted	(1,833,404)	2,053,128	176,245	1,078,406	192,486
Total Primary Government Net Position	\$ 16,701,814	\$ 18,968,179	\$ 17,035,414	\$ 17,944,422	\$ 18,109,078

Continued

Source: Basic Financial Statements- City of Sebastopol, California

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

	Fiscal Year				
	2021	2022	2023	2024	2025
Governmental Activities					
Net Investment In Capital Assets	\$ 9,355,475	\$ 9,702,362	\$ 10,407,888	\$ 13,491,017	\$ 12,734,897
Restricted	3,067,342	3,599,203	2,696,032	2,592,120	4,365,473
Unrestricted	(4,241,598)	(5,490,293)	56,266	(591,864)	(1,793,432)
Total Governmental Activities Net Position	\$ 8,181,219	\$ 7,811,272	\$ 13,160,186	\$ 15,491,273	\$ 15,306,938
Business-Type Activities					
Net Investment In Capital Assets	\$ 5,199,403	\$ 5,259,183	\$ 5,366,755	\$ 5,821,403	\$ 5,955,194
Restricted	-	-	-	-	-
Unrestricted	2,840,979	1,782,914	847,207	(1,467,220)	367,369
Total Business-Type Activities Net Position	\$ 8,040,382	\$ 7,042,097	\$ 6,213,962	\$ 4,354,183	\$ 6,322,563
Primary Government					
Net Investment In Capital Assets	\$ 14,554,878	\$ 14,961,545	\$ 15,774,643	\$ 19,312,420	\$ 18,690,091
Restricted	3,067,342	3,599,203	2,696,032	2,592,120	4,365,473
Unrestricted	(1,400,619)	(3,707,379)	903,473	(2,059,084)	(1,426,063)
Total Primary Government Net Position	\$ 16,221,601	\$ 14,853,369	\$ 19,374,148	\$ 19,845,456	\$ 21,629,501

Concluded

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Expenses					
Governmental Activities					
General government	\$ 1,761,437	\$ 2,055,024	\$ 2,278,030	\$ 2,000,974	\$ 2,609,862
Public safety	4,193,457	5,260,822	5,397,701	5,813,782	6,263,272
Community development	9,155	-	-	-	-
Parks and recreation	1,066,267	749,005	801,006	976,489	1,159,950
Public works	1,376,165	938,036	1,301,865	1,220,155	1,448,514
Interest on long-term debt	83,446	80,566	72,765	72,530	70,118
Total Governmental Activities Expenses	8,489,927	9,083,453	9,851,367	10,083,930	11,551,716
Business-Type Activities					
Water	1,669,223	1,716,237	1,893,951	1,933,059	2,393,602
Wastewater	2,887,638	2,889,787	3,090,686	3,333,798	3,562,838
Total Business-Type Activities Expenses	4,556,861	4,606,024	4,984,637	5,266,857	5,956,440
Total Primary Government Net Expenses	13,046,788	13,689,477	14,836,004	15,350,787	17,508,156
Program Revenues					
Governmental Activities					
Charges for services					
General government	915,735	180,139	208,574	188,613	214,999
Public safety	240,886	190,018	171,292	179,531	152,232
Community development	162,652	-	-	-	-
Parks and recreation	100,630	66,739	44,247	26,588	50,605
Public works	305,614	539,617	324,193	345,425	421,397
Operating Contributions and Grants	484,480	209,472	348,082	239,765	1,856,224
Capital Contributions and Grants	446,248	525,005	473,052	380,700	477,809
Total Governmental Activities Program Revenues	2,656,245	1,710,990	1,569,440	1,360,622	3,173,266
Business-Type Activities					
Charges for services					
Water	2,061,253	2,457,698	2,270,224	2,229,367	2,295,614
Wastewater	3,116,767	3,324,934	3,028,330	3,104,920	2,895,155
Operating Contributions and Grants	-	-	-	-	-
Capital Contributions and Grants	142,905	-	-	-	-
Total Business-Type Activities Program Revenues	5,320,925	5,782,632	5,298,554	5,334,287	5,190,769
Total Primary Government Program Revenues	\$ 7,977,170	\$ 7,493,622	\$ 6,867,994	\$ 6,694,909	\$ 8,364,035

Continued

Source: Basic Financial Statements- City of Sebastopol, California

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

	Fiscal Year				
	2021	2022	2023	2024	2025
Expenses					
Governmental Activities					
General government	\$ 2,657,999	\$ 2,966,273	\$ 2,702,550	\$ 3,215,865	\$ 5,457,746
Public safety	6,760,025	6,741,592	5,108,708	6,374,018	7,213,977
Community development	-	-	-	-	-
Parks and recreation	965,252	1,030,936	1,010,731	1,163,946	1,262,578
Public works	1,633,132	2,102,767	928,845	1,542,964	2,172,239
Interest on long-term debt	37,858	19,063	30,692	33,287	78,845
Total Governmental Activities Expenses	<u>12,054,266</u>	<u>12,860,631</u>	<u>9,781,526</u>	<u>12,330,080</u>	<u>16,185,385</u>
Business-Type Activities					
Water	2,490,214	2,572,104	2,505,812	2,923,488	2,465,031
Wastewater	3,519,884	3,845,631	3,765,130	4,269,156	4,095,674
Total Business-Type Activities Expenses	<u>6,010,098</u>	<u>6,417,735</u>	<u>6,270,942</u>	<u>7,192,644</u>	<u>6,560,705</u>
Total Primary Government Net Expenses	<u>18,064,364</u>	<u>19,278,366</u>	<u>16,052,468</u>	<u>19,522,724</u>	<u>22,746,090</u>
Program Revenues					
Governmental Activities					
Charges for services					
General government	205,711	212,591	218,820	223,487	1,989,338
Public safety	134,888	109,257	134,997	131,130	162,386
Community development	-	-	-	-	-
Parks and recreation	75,314	24,383	6,675	18,871	167,997
Public works	520,283	394,056	817,936	482,328	776,816
Operating Contributions and Grants	799,896	548,966	2,527,480	752,416	467,855
Capital Contributions and Grants	741,050	715,013	574,589	2,265,289	535,356
Total Governmental Activities Program Revenues	<u>2,477,142</u>	<u>2,004,266</u>	<u>4,280,497</u>	<u>3,873,521</u>	<u>4,099,748</u>
Business-Type Activities					
Charges for services					
Water	2,613,289	2,519,592	2,353,715	2,433,539	3,441,843
Wastewater	3,024,497	3,053,622	3,005,604	2,870,624	4,970,764
Operating Contributions and Grants	-	-	-	-	50,000
Capital Contributions and Grants	-	-	-	-	-
Total Business-Type Activities Program Revenues	<u>5,637,786</u>	<u>5,573,214</u>	<u>5,359,319</u>	<u>5,304,163</u>	<u>8,462,607</u>
Total Primary Government Program Revenues	<u>\$ 8,114,928</u>	<u>\$ 7,577,480</u>	<u>\$ 9,639,816</u>	<u>\$ 9,177,684</u>	<u>\$ 12,562,355</u>

Continued

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Net (Expense)/Revenue					
Governmental Activities	\$ (5,833,682)	\$ (7,372,463)	\$ (8,281,927)	\$ (8,723,308)	\$ (8,378,450)
Business-Type Activities	764,064	1,176,608	313,917	67,430	(765,671)
Total Primary Government Net Expense	(5,069,618)	(6,195,855)	(7,968,010)	(8,655,878)	(9,144,121)
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes	1,393,021	2,459,296	2,478,979	2,618,913	2,891,222
Sales and use taxes	1,748,368	2,069,199	3,923,850	3,714,794	3,958,244
Motor vehicle in lieu taxes	621,440	-	-	-	-
Transient lodging taxes	482,164	483,738	514,225	529,810	631,742
Other taxes	2,761,809	2,246,817	1,134,089	1,097,589	1,153,243
Investment earnings	10,492	73,826	67,458	57,812	259,216
Miscellaneous	327,178	-	260,341	523,614	563,958
Transfers	31,024	31,023	31,023	32,259	31,024
Special items	(3,602,937)	-	-	-	-
Extraordinary item: Theft of investment funds	-	-	-	-	-
Total Governmental Activities	3,772,559	7,363,899	8,409,965	8,574,791	9,488,649
Business-Type Activities					
Investment earnings	-	-	32,728	31,889	107,261
Transfers	(31,024)	(31,023)	(31,023)	(32,259)	(31,024)
Extraordinary item: Theft of investment funds	-	-	-	-	-
Total Business-Type Activities	(31,024)	(31,023)	1,705	(370)	76,237
Total Primary Government	3,741,535	7,332,876	8,411,670	8,574,421	9,564,886
Change in Net Position					
Governmental Activities	(2,061,123)	(8,564)	128,038	(148,517)	1,110,199
Business-Type Activities	733,040	1,145,585	315,622	67,060	(689,434)
Total Primary Government	\$ (1,328,083)	\$ 1,137,021	\$ 443,660	\$ (81,457)	\$ 420,765

Continued

Source: Basic Financial Statements- City of Sebastopol, California

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

	Fiscal Year				
	2021	2022	2023	2024	2025
Net (Expense)/Revenue					
Governmental Activities	\$ (9,577,124)	\$ (10,856,365)	\$ (5,501,029)	\$ (8,456,559)	\$ (12,085,637)
Business-Type Activities	(372,312)	(844,521)	(911,623)	(1,888,481)	1,901,902
Total Primary Government Net Expense	(9,949,436)	(11,700,886)	(6,412,652)	(10,345,040)	(10,183,735)
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes	2,981,745	3,004,264	3,469,046	3,608,219	3,831,902
Sales and use taxes	3,697,726	4,362,811	4,608,918	4,521,289	5,799,149
Motor vehicle in lieu taxes	-	-	-	-	-
Transient lodging taxes	518,175	402,255	544,128	519,452	480,263
Other taxes	1,100,380	1,158,279	1,436,605	1,467,561	1,403,961
Investment earnings	343,753	(7,279)	(36,045)	496,694	616,231
Miscellaneous	602,464	315,678	796,267	104,454	484,696
Transfers	31,024	31,024	31,024	69,977	-
Special items	-	-	-	-	(714,900)
Extraordinary item: Theft of investment funds	-	(819,039)	-	-	-
Total Governmental Activities	9,275,267	8,447,993	10,849,943	10,787,646	11,901,302
Business-Type Activities					
Investment earnings	91,655	25,951	114,512	98,679	66,478
Transfers	(31,024)	(31,024)	(31,024)	(69,977)	-
Extraordinary item: Theft of investment funds	-	(380,961)	-	-	-
Total Business-Type Activities	60,631	(386,034)	83,488	28,702	66,478
Total Primary Government	9,335,898	8,061,959	10,933,431	10,816,348	11,967,780
Change in Net Position					
Governmental Activities	(301,857)	(2,408,372)	5,348,914	2,331,087	(184,335)
Business-Type Activities	(311,681)	(1,230,555)	(828,135)	(1,859,779)	1,968,380
Total Primary Government	\$ (613,538)	\$ (3,638,927)	\$ 4,520,779	\$ 471,308	\$ 1,784,045

Concluded

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

	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ -	\$ 11,127	\$ 46,392	\$ 28,818	\$ 76,529
Restricted	-	-	-	-	1,186,330
Committed	1,015,000	185,000	185,000	-	-
Assigned	-	2,785,000	3,335,000	3,579,535	4,610,435
Unassigned	3,265,624	3,669,067	3,882,742	4,993,434	4,269,513
Total General Fund	4,280,624	6,650,194	7,449,134	8,601,787	10,142,807
 All Other Governmental Funds					
Nonspendable	-	-	-	-	2,651
Restricted	3,827,777	2,279,908	1,660,668	1,450,299	1,640,885
Committed	464,800	154,351	279,229	436,477	475,327
Unassigned	-	(79,673)	(48,819)	(113,745)	(10,535)
Total All Other Governmental Funds	4,292,577	2,354,586	1,891,078	1,773,031	2,108,328
Total Governmental Funds	\$ 8,573,201	\$ 9,004,780	\$ 9,340,212	\$ 10,374,818	\$ 12,251,135

Continued

Source: Basic Financial Statements- City of Sebastopol, California

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

	Fiscal Year				
	2021	2022	2023	2024	2025
General Fund					
Nonspendable	\$ 42,386	\$ 180,191	\$ 187,748	\$ 1,305,154	\$ 1,292,561
Restricted	1,161,558	2,013,242	1,234,900	2,861,099	2,029,908
Committed	-	-	-	-	-
Assigned	5,049,534	4,601,816	4,601,125	2,703,713	4,289,623
Unassigned	3,028,639	3,547,112	5,947,365	4,796,525	4,293,933
Total General Fund	<u>9,282,117</u>	<u>10,342,361</u>	<u>11,971,138</u>	<u>11,666,491</u>	<u>11,906,025</u>
All Other Governmental Funds					
Nonspendable	-	555	-	-	-
Restricted	1,905,784	1,585,961	1,656,890	1,592,576	2,335,565
Committed	491,317	492,217	539,118	417,314	490,603
Unassigned	(6,926)	(7,776)	(183,350)	(476,949)	(224,343)
Total All Other Governmental Funds	<u>2,390,175</u>	<u>2,070,957</u>	<u>2,012,658</u>	<u>1,532,941</u>	<u>2,601,825</u>
Total Governmental Funds	<u><u>\$ 11,672,292</u></u>	<u><u>\$ 12,413,318</u></u>	<u><u>\$ 13,983,796</u></u>	<u><u>\$ 13,199,432</u></u>	<u><u>\$ 14,507,850</u></u>

Concluded

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues					
Property taxes	\$ 2,459,296	\$ 2,681,062	\$ 2,618,914	\$ 2,891,222	\$ 2,981,746
Sales and use taxes	3,940,169	4,454,450	4,686,751	4,907,892	4,609,379
Transient occupany taxes	483,738	514,225	529,810	631,742	518,175
Utility users tax	-	-	-	-	-
Franchise fees	351,568	359,466	323,496	358,299	336,738
Licenses and permits	488,234	412,678	304,268	324,928	458,640
Fines and forfeits	122,235	88,747	82,605	55,501	48,171
Intergovernmental	979,119	676,542	765,572	540,760	2,213,385
Interest and rents	92,985	112,795	106,357	309,812	390,766
Charges for services	717,270	428,703	320,219	318,062	293,920
Miscellaneous	434,506	294,146	523,223	563,549	602,471
Total Revenues	10,069,120	10,022,814	10,261,215	10,901,767	12,453,391
Expenditures					
Current					
General Government	1,628,362	2,272,637	1,879,155	1,933,038	2,216,083
Public Safety	4,329,264	4,429,352	4,780,975	4,998,720	5,448,918
Community development	9,600	-	-	-	-
Parks and recreation	524,035	605,061	639,930	826,945	970,013
Public works	1,443,331	930,256	868,491	1,051,102	1,062,194
Capital Outlay	554,243	1,188,516	1,471,598	766,230	590,256
Debt Service:					
Principal	302,357	233,469	245,128	249,619	250,516
Interest	82,796	80,566	72,766	72,531	70,118
Cost of debt issuance	-	-	-	-	-
Total Expenditures	8,873,988	9,739,857	9,958,043	9,898,185	10,608,098
Excess of Revenues Over (Under) Expenditures	1,195,132	282,957	303,172	1,003,582	1,845,293
Other Financing Sources (Uses)					
Lease financing	85,423	66,250	-	-	-
Debt issuance	-	-	-	-	-
Payment to escrow	-	-	-	-	-
Sales of capital assets	-	799	-	-	-
Transfers In	417,645	198,741	1,396,214	2,912,182	632,536
Transfers Out	(386,622)	(167,718)	(1,363,955)	(2,881,158)	(601,512)
Total Other Financing Sources (Uses)	116,446	98,072	32,259	31,024	31,024
Net Change In Fund Balances	\$ 1,311,578	\$ 381,029	\$ 335,431	\$ 1,034,606	\$ 1,876,317
Debt Service as a percentage of non-capital expenditures	5.8%	4.6%	3.6%	3.7%	3.5%

Continued

Source: Basic Financial Statements- City of Sebastopol, California

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

	Fiscal Year				
	2021	2022	2023	2024	2025
Revenues					
Property taxes	\$ 3,004,264	\$ 3,333,748	\$ 3,469,047	\$ 3,608,219	\$ 3,831,902
Sales and use taxes	5,321,931	5,744,161	5,766,785	4,819,171	5,799,149
Transient occupany taxes	402,255	504,292	544,128	519,452	480,263
Utility users tax	-	-	-	863,179	913,843
Franchise fees	363,167	405,507	468,871	489,591	490,118
Licenses and permits	507,434	454,321	736,252	522,373	703,349
Fines and forfeits	30,439	27,452	28,766	34,665	28,921
Intergovernmental	1,401,853	1,071,029	2,749,503	2,604,266	1,429,408
Interest and rents	38,129	(257,367)	10,009	547,888	653,526
Charges for services	361,904	261,074	384,367	257,671	2,313,361
Miscellaneous	315,177	927,480	796,090	102,465	492,910
Total Revenues	11,746,553	12,471,697	14,953,818	14,368,940	17,136,750
Expenditures					
Current					
General Government	2,308,287	2,678,185	3,072,218	2,972,687	5,062,190
Public Safety	6,292,688	6,059,990	6,202,781	5,987,388	6,640,659
Community development	-	-	-	-	-
Parks and recreation	792,038	799,261	928,296	979,416	1,063,074
Public works	1,161,841	1,293,535	1,171,320	1,104,778	1,669,263
Capital Outlay	680,072	1,797,036	1,669,492	3,748,461	1,235,120
Debt Service:					
Principal	275,351	240,932	339,564	397,266	937,475
Interest	37,858	19,063	30,693	33,285	84,309
Cost of debt issuance	12,842	-	-	-	-
Total Expenditures	11,560,977	12,888,002	13,414,364	15,223,281	16,692,090
Excess of Revenues Over (Under) Expenditures	185,576	(416,305)	1,539,454	(854,341)	444,660
Other Financing Sources (Uses)					
Lease financing	-	-	-	-	-
Proceeds from debt	420,626	1,126,307	-	-	638,745
Payment to escrow	(397,030)	-	-	-	-
Sales of capital assets	-	-	-	-	225,013
Transfers In	632,536	1,511,475	1,758,851	3,545,300	524,137
Transfers Out	(601,512)	(1,480,451)	(1,727,827)	(3,475,323)	(524,137)
Total Other Financing Sources (Uses)	54,620	1,157,331	31,024	69,977	863,758
Net Change In Fund Balances	\$ (578,843)	\$ 741,026	\$ 1,570,478	\$ (784,364)	\$ 1,308,418
Debt Service as a percentage of non-capital expenditures	3.2%	3.0%	2.3%	3.3%	7.9%

Concluded

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

Fiscal Year	Secured Property	Unsecured Property	SBE Nonunitary	Total Taxable Assessed Value ¹	Estimated Actual Taxable Value ²	Total Direct Tax Rate ³
2016	\$ 1,101,325,085	\$ 34,718,413	\$ -	\$ 1,136,043,498	\$ -	1.1152%
2017	1,159,102,311	36,169,711	-	1,195,272,022	-	1.1247%
2018	1,213,563,175	40,451,873	-	1,254,015,048	1,506,046,992	1.1322%
2019	1,293,160,893	41,422,754	-	1,334,583,647	-	1.1322%
2020	1,346,424,183	39,548,176	-	1,385,972,359	1,769,357,484	1.1570%
2021	1,396,730,880	40,985,208	-	1,437,716,088	1,787,188,307	1.1560%
2022	1,442,646,754	42,502,411	-	1,485,149,165	1,939,139,162	1.1776%
2023	1,519,838,181	40,116,647	-	1,559,954,828	2,307,922,054	1.1369%
2024	1,594,670,072	46,550,880	-	1,641,220,952	2,135,504,184	1.1630%
2025	1,658,041,079	46,320,561	-	1,704,361,640	2,165,094,905	1.1849%

¹ 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

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

³ Total direct tax rate is represented by TRA 05-001, 05-022.

Source: Sonoma County Assessor data, MuniServices, LLC / Neumo

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

Agency	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Basic Levy¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Palm Drive Health Care District	0.00520	0.00520	0.00520	0.00520	0.00300	0.00300	0.00260	0.00260	0.00250	0.00240
Sebastopol Elementary Bonds	0.03500	0.03300	0.03550	0.03450	0.03350	0.03600	0.06600	0.05700	0.04200	0.05300
Sonoma County Junior College	0.01600	0.01500	0.01400	0.03600	0.01300	0.01300	0.01300	0.01200	0.01150	0.01100
Sonoma County Junior College 2014	0.00000	0.02500	0.02300	0.00000	0.02400	0.02400	0.02400	0.02300	0.02200	0.01950
Twin Hills Elementary	0.03300	0.03200	0.03050	0.03000	0.03000	0.02900	0.02500	0.00000	0.04050	0.05100
West Sonoma County Unified High	0.01900	0.01750	0.01700	0.04850	0.04650	0.04400	0.04000	0.03530	0.03750	0.04100
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
Total Direct & Overlapping Tax Rates²	1.11520	1.13470	1.13220	1.16120	1.15700	1.15600	1.17760	1.13690	1.16300	1.18490

Note:

¹ 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.

² Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

Source: Sonoma County Auditor data, MuniServices, LLC / Neumo

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

Taxpayer	Fiscal Year 2025		Fiscal Year 2016	
	Assessed Value	Percent Of	Assessed Value ¹	Percent Of
		Taxable		Total
Barlow Star LLC	\$ 32,469,471	1.91%	1	
H-1 Real Estate LLC	15,857,866	0.93%		
Longs Drug Stores California LLC	13,454,554	0.79%	6,996,126	0.62%
Redwood Marketplace	7,748,223	0.45%	6,575,890	0.58%
970 Gravenstein Hwy LLC	6,835,000	0.40%		
Kosta Browne Winery	6,706,670	0.39%		
WRI Barlow LLC	6,532,710	0.38%		
Maxwell Myers Co & Maxwell A Myers LLC	6,151,098	0.36%		
Lok Sebastopol Hotel Co LLC	5,933,084	0.35%	5,223,809	0.46%
GSR Sonoma LP	5,575,446	0.33%		
Diajeff LLC	5,387,910	0.32%	4,572,680	0.40%
Southpoint Avenue Investors LLC	5,060,390	0.30%	4,294,455	0.38%
M & J Interest LLC	4,788,613	0.28%	4,064,070	0.36%
Gravenstein Mixed-Use LLC	4,738,443	0.28%		
Sebastopol Garden Apartments LLC	4,701,408	0.28%	3,968,576	0.35%
Valhaus LP	4,601,512	0.27%		
Cambridge Palm Investments LLC	4,391,709	0.26%	3,727,613	0.33%
350 Morris Street LLC	4,374,882	0.26%		
Petaluma Palm Partners	4,318,077	0.25%	3,667,905	0.32%
7385 Healdsburg Avenue LLC	4,211,420	0.25%	3,574,290	0.31%
Concord Meridian Park LLC	3,870,847	0.23%		
Silvestri James M Tr & Silvestri Clotilde Trust	3,863,359	0.23%		
Gitlin Robert S Tr & Frey-Gitlin Karla S Trust	3,762,361	0.22%		
SBRI Redwood Grove LLC	3,688,609	0.22%	3,131,429	0.28%
Pacific Realty Development I LLC	3,667,410	0.22%		
Barlow Sebastopol LLC			21,541,152	1.90%
O'Reilly Properties LLC			15,348,870	1.35%
Highway Partners LLC			6,523,392	0.57%
Bella Commercial Mgmt LLC			6,373,481	0.56%
Pendergast Charles R			5,063,636	0.45%
Gravenstation LLC			3,325,528	0.29%
Pellascini Richard L Pellascin			3,155,154	0.28%
Kahle Eric J & Kahle Stephanie L			3,035,795	0.27%
Vailetti Celestina			2,892,300	0.25%
Mcphail Land Corp			2,868,785	0.25%
Mukherji Ashok			2,843,537	0.25%
Rand Enterprise LP			2,800,000	0.25%
Smith Dan D Joan Marler			2,766,675	0.24%
Moaveni Shahrokh Kheradmand Me			2,726,925	0.24%
 Total Top 10 Taxpayers	172,691,072	10.13%	\$ 131,062,073	11.54%
 Total Taxable Value	\$ 1,704,361,640	100.00%	\$ 1,136,043,498	100.00%

Source: Sonoma County Assessor data, MuniServices, LLC / Neumo

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 ¹	Amount	Percent of Levy
2017	\$ 2,523,397	\$ 825,365	\$ 3,348,762	\$ 3,348,762	100.00%
2018	2,433,418	827,985	3,261,403	3,261,403	100.00%
2019	2,714,491	743,087	3,457,578	3,457,578	100.00%
2020	2,781,985	656,366	3,438,351	3,438,351	100.00%
2021	2,909,941	319,262	3,229,203	3,229,203	100.00%
2022	3,202,351	-	3,202,351	3,202,351	100.00%
2023	3,293,347	-	3,293,347	3,293,347	100.00%
2024	3,443,906	-	3,443,906	3,443,906	100.00%
2025	3,704,759	-	3,704,759	3,704,759	100.00%

¹ Schedule excludes unitary tax.

² 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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Eating and Drinking Places	\$ -	\$ 39,035	\$ 40,730	\$ 43,265	\$ 33,525	\$ 44,326	\$ 39,036	\$ 36,947	\$ 32,746	\$ 31,626
Food Stores	-	31,691	33,067	35,126	32,999	39,915	44,478	41,357	39,236	39,368
Apparel Stores	-	2,399	2,503	2,659	2,840	3,636	3,883	3,784	3,904	3,873
Auto Dealers and Supplies	-	9,932	10,363	11,008	9,243	8,837	8,706	9,284	8,252	8,344
Service Stations	-	17,525	18,286	19,424	16,734	21,926	19,190	16,825	17,131	20,449
Other Retail Stores	-	32,346	33,751	35,851	31,820	34,202	32,551	31,599	28,826	28,248
All Other Outlets	-	27,598	28,796	30,589	27,608	29,984	21,972	21,472	23,529	23,206
Total	\$ -	\$ 160,525	\$ 167,497	\$ 177,922	\$ 154,770	\$ 182,826	\$ 169,816	\$ 161,269	\$ 153,625	\$ 155,114

City of Sebastopol - Measure Y

Category	Calendar Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Eating and Drinking Places	\$ -	\$ 36,868	\$ 38,469	\$ 40,863	\$ 33,537	\$ 42,423	\$ 39,585	\$ 37,757	\$ 33,618	\$ 32,338
Food Stores	-	35,413	36,951	39,251	37,966	36,386	38,962	46,524	44,990	42,992
Apparel Stores	-	5,600	5,843	6,207	5,293	6,201	6,298	6,676	6,093	6,069
Auto Dealers and Supplies	-	38,325	39,990	42,478	33,575	41,451	40,643	44,124	41,412	40,325
Service Stations	-	17,876	18,652	19,813	17,106	22,139	19,419	17,085	17,183	19,886
Other Retail Stores	-	63,732	66,501	70,639	58,284	53,109	52,863	50,032	47,131	43,757
All Other Outlets	-	72,414	75,559	80,262	66,878	68,588	60,692	57,283	56,718	55,486
Total	\$ -	\$ 270,228	\$ 281,964	\$ 299,513	\$ 252,641	\$ 270,297	\$ 258,462	\$ 259,481	\$ 247,145	\$ 240,853

City of Sebastopol - Measure T

Category	Calendar Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Eating and Drinking Places	\$ -	\$ 36,868	\$ 38,469	\$ 40,863	\$ 33,537	\$ 42,423	\$ 39,585	\$ 37,757	\$ 33,618	\$ 32,338
Food Stores	-	35,413	36,951	39,251	37,966	36,386	38,962	46,524	44,990	42,992
Apparel Stores	-	5,600	5,843	6,207	5,293	6,201	6,298	6,676	6,093	6,069
Auto Dealers and Supplies	-	38,325	39,990	42,478	33,575	41,451	40,643	44,124	41,412	40,325
Service Stations	-	17,876	18,652	19,813	17,106	22,139	19,419	17,085	17,183	19,886
Other Retail Stores	-	63,732	66,501	70,639	58,284	53,109	52,863	50,032	47,131	43,757
All Other Outlets	-	72,414	75,559	80,262	66,878	68,588	60,692	57,283	56,718	55,486
Total	\$ -	\$ 270,228	\$ 281,964	\$ 299,513	\$ 252,641	\$ 270,297	\$ 258,462	\$ 259,481	\$ 247,145	\$ 240,853

City of Sebastopol - Total

Category	Calendar Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Eating and Drinking Places	\$ -	\$ 112,770	\$ 117,668	\$ 124,991	\$ 100,600	\$ 129,171	\$ 118,206	\$ 112,461	\$ 99,983	\$ 96,302
Food Stores	-	102,517	106,970	113,628	108,932	112,687	122,402	134,405	129,215	125,352
Apparel Stores	-	13,599	14,189	15,072	13,427	16,039	16,478	17,135	16,091	16,011
Auto Dealers and Supplies	-	86,582	90,342	95,965	76,393	91,739	89,991	97,532	91,075	88,994
Service Stations	-	53,277	55,590	59,050	50,947	66,203	58,029	50,995	51,497	60,221
Other Retail Stores	-	159,810	166,752	177,130	148,389	140,420	138,278	131,664	123,088	115,763
All Other Outlets	-	172,426	179,914	191,112	161,365	167,160	143,356	136,037	136,965	134,178
Total	\$ -	\$ 700,981	\$ 731,425	\$ 776,949	\$ 660,052	\$ 723,420	\$ 686,740	\$ 680,231	\$ 647,915	\$ 636,820

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

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

Fiscal Year	Governmental Activities					Total ²	
	Special Assessment	Finance Purchase	Lease- Leaseback	Agreements	Total ²		
	Bonds	Agreements	Agreements				
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		
2022	35,000	1,126,307		933,133	2,094,440		
2023	-	1,050,637		710,239	1,760,876		
2024	-	985,875		377,735	1,363,610		
2025	-	914,639		150,241	1,064,880		

Fiscal Year	Business-Type Activities						Total ²
	Installment Agreement	Finance Purchase	Lease- Leaseback	Refunding Loan Payable	State Drinking Water Loan	State Drinking Water Loan	
		Agreements	Agreements	Truist			
2016	\$ 1,160,118	\$ 1,130,420	\$ -	\$ -	\$ 170,415	\$ 2,460,953	
2017	1,118,601	1,147,458	-	-	249,339	2,515,398	
2018	1,075,382	990,710	-	-	148,328	2,214,420	
2019	1,030,391	859,552	-	-	98,863	1,988,806	
2020	983,555	737,003	-	-	75,481	1,796,039	
2021	-	627,380	-	1,019,462	-	1,646,842	
2022	-	3,812,582	487,375	955,734	-	5,255,691	
2023	-	3,559,254	365,560	891,079	-	4,815,893	
2024	-	3,330,963	245,041	825,058	-	4,401,062	
2025	-	3,103,956	-	757,643	-	3,861,599	

Fiscal Year	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
2016	\$ 4,919,287	1.42%	649
2017	4,751,055	1.38%	616
2018	4,204,949	1.10%	533
2019	3,729,717	0.97%	477
2020	3,286,434	0.84%	424
2021	2,885,482	1.00%	377
2022	7,350,131	2.83%	981
2023	6,576,769	2.27%	895
2024	5,764,672	1.87%	790
2025	4,926,479	0.96%	669

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

¹ See Demographic and Economic Indicators schedule for personal income and population data.

² Totals do not include other post-employment benefits payable or compensated absences.

n/a: not available

Source: Basic Financial Statements - City of Sebastopol, California

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

Fiscal Year	General Bonded Debt Outstanding	Percentage of Personal Income ¹	Percentage of Total Taxable Assessed Value ²	Per Capita ¹
2016	\$ -	N/A	N/A	N/A
2017	-	N/A	N/A	N/A
2018	-	N/A	N/A	N/A
2019	-	N/A	N/A	N/A
2020	-	N/A	N/A	N/A
2021	-	N/A	N/A	N/A
2022	-	N/A	N/A	N/A
2023	-	N/A	N/A	N/A
2024	-	N/A	N/A	N/A
2025	-	N/A	N/A	N/A

¹ See Demographic and Economic Indicators schedule for personal income and population data.

² 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, 2025

Assessed Valuation	\$ 1,713,620,734	City's Share of	
	Total Debt	Percent Applicable ¹	Debt as of June 30, 2025
<hr/>			
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Sonoma County Joint Community College District	\$ 336,025,000	1.407%	\$ 4,727,872
West Sonoma County Union High School District	98,856,824	13.236%	13,084,689
Sebastopol Union School District	20,427,805	58.495%	11,949,245
Twin Hills Union Shool District	1,794,804	0.677%	12,151
Palm Drive Healthcare District	1,813,045	12.398%	224,781
Palm Drive Healthcare District Parcel Tax Obligations	8,321,758	12.398%	<u>1,031,732</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>31,030,469</u>
<hr/>			
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Sonoma County Certificates of Participation	\$ 29,630,000	1.417%	419,857
Sonoma County Pension Obligation Bonds	159,945,000	1.417%	2,266,421
Sonoma County Office of Education Certificates of Participation	2,332,932	1.417%	33,058
West Sonoma County Union High School District General Fund Obligations	796,058	13.236%	105,366
Sebastopol Union School District Certificates of Participation	135,825	58.495%	79,451
Twin Hills Union School District Certificates of Participation	115,136	0.677%	779
City of Sebastopol Obligations	1,064,880	100.00%	1,064,880
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			<u>3,969,812</u>
COMBINED TOTAL DEBT			<u>\$ 35,000,281</u>
<hr/>			
TOTAL DIRECT DEBT			\$ 1,064,880
TOTAL OVERLAPPING DEBT			<u>33,935,401</u>
COMBINED TOTAL DEBT			<u>\$ 35,000,281</u> ²

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

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

RATIOS TO 2024-25 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	1.81%
Combined Direct Debt	0.06%
Combined Total Debt	2.04%

Source: MuniServices, LLC / Neumo California Municipal Statistics, Inc.

CITY OF SEBASTOPOL
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal year				
	2016	2017	2018	2019	2020
Total assessed value of all real and personal property	\$ 1,136,043,498	\$ 1,195,272,022	\$ 1,254,015,048	\$ 1,293,160,893	\$ 1,346,424,183
Debt limit percentage	3.75%	3.75%	3.75%	3.75%	3.75%
Total debt limit	42,601,631	44,822,701	47,025,564	48,493,533	50,490,907
Amount applicable to debt limit	<u>2,458,334</u>	<u>-</u>	<u>1,990,529</u>	<u>1,740,911</u>	<u>1,490,395</u>
Legal debt margin	<u>\$ 40,143,297</u>	<u>\$ 44,822,701</u>	<u>\$ 45,035,035</u>	<u>\$ 46,752,622</u>	<u>\$ 49,000,512</u>
Total net debt applicable to the limit as a percentage of debt limit	5.77%	0.00%	4.23%	3.59%	2.95%

Continued

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

CITY OF SEBASTOPOL
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal year				
	2021	2022	2023	2024	2025
Total assessed value of all real and personal property	\$ 1,396,730,880	\$ 1,442,646,754	\$ 1,519,838,181	\$ 1,594,670,072	\$ 1,658,041,079
Debt limit percentage	3.75%	3.75%	3.75%	3.75%	3.75%
Total debt limit	52,377,408	54,099,253	56,993,932	59,800,128	62,176,540
Amount applicable to debt limit	<u>1,238,640</u>	<u>2,059,440</u>	<u>1,760,876</u>	<u>1,363,610</u>	<u>1,064,880</u>
Legal debt margin	<u>\$ 51,138,768</u>	<u>\$ 52,039,813</u>	<u>\$ 55,233,056</u>	<u>\$ 58,436,518</u>	<u>\$ 61,111,660</u>
Total net debt applicable to the limit as a percentage of debt limit	2.36%	3.81%	3.09%	2.28%	1.71%

Concluded

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

Special Assessment Bonds						
Fiscal Year	Special Assessments	Principal	Interest	Coverage		
2016	\$ 32,420	\$ 20,000	\$ 15,312	0.92		
2017	31,194	25,000	11,455	0.86		
2018	32,344	20,000	10,005	1.08		
2019	33,315	25,000	9,686	0.96		
2020	31,712	25,000	6,868	1.00		
2021	32,512	25,000	8,371	0.97		
2022	33,131	30,000	6,596	0.91		
2023	-	35,000	2,293	0.00		
2024	-	-	-	N/A		
2025	-	-	-	N/A		

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

Source: Basic Financial Statements - City of Sebastopol, California

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

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

Fiscal Year	Operating Revenue	Adjusted Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2016	\$ 2,061,253	\$ (1,493,267)	\$ 567,986	\$ 39,881	\$ 49,201	6.38
2017	2,467,685	(1,538,204)	929,481	41,517	47,565	10.43
2018	2,284,764	(1,763,844)	520,920	101,011	45,217	3.56
2019	2,280,988	(1,737,823)	543,165	93,902	48,047	3.83
2020	2,343,362	(2,159,899)	183,463	97,338	45,177	1.29
2021	2,613,289	(2,245,148)	368,141	74,943	117,541	1.91
2022	2,519,592	(2,300,500)	219,092	133,663	24,535	1.38
2023	2,353,715	(2,212,048)	141,667	277,668	42,579	0.44
2024	2,433,539	(2,622,128)	(188,589)	261,527	56,599	(0.59)
2025	3,441,843	(2,171,670)	1,270,173	328,963	52,229	3.33

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

Source: Basic Financial Statements - City of Sebastopol, California

CITY OF SEBASTOPOL
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income		% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree	Unemployment Rate	Median Age
		Total (in thousands)	Per Capita				
2016	7,579	283,772	37,441	93.80%	41.20%	3.4%	51.30
2017	7,709	305,392	39,615	96.10%	48.30%	3.4%	51.30
2018	7,885	303,177	38,449	96.10%	48.30%	4.1%	47.90
2019	7,826	314,018	40,125	93.10%	38.60%	2.4%	47.20
2020	7,745	328,140	42,368	95.70%	43.80%	20.7%	47.60
2021	7,657	330,501	43,163	95.50%	44.90%	11.9%	46.80
2022	7,489	351,291	49,578	96.10%	44.60%	2.6%	48.50
2023	7,348	424,918	57,828	95.60%	47.00%	3.6%	49.10
2024	7,295	471,959	64,696	96.70%	48.50%	3.5%	48.80
2025	7,367	513,882	69,755	95.00%	43.90%	3.5%	48.40

Source:

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

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

2016 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey

CITY OF SEBASTOPOL
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2025		Fiscal Year 2018	
	Employees	Percent of Total Employment	Employees	Percent of Total Employment
Sonoma Specialty Hospital	208	5.62%		
West Sonoma County Union High School District	183	4.95%		
Apple Valley Post Acute Rehab	172	4.65%	120	8.00%
Traditional Medicinals Inc	145	3.92%	140	9.00%
Safeway	112	3.03%	95	6.00%
Gravenstein Union District	98	2.65%		
Whole Foods Market	97	2.62%		
City of Sebastopol*	93	2.51%		
TLC Child and Family Services	78	2.11%	130	8.00%
Andy's Produce Markets	71	1.92%		
O'Reilly Media Inc.		2.53%	186	12.00%
Zak Zaikine Productions			120	8.00%
Manzana Products Company Inc.		2.45%	110	7.00%
Safeway Pharmacy			110	7.00%
Analy High School		2.42%	90	6.00%
Antique Society			85	5.00%
Total Top Employers	<u><u>1,257</u></u>	41.37%	<u><u>1,186</u></u>	76.00%
Total Labor Force	3,700			

Source: MuniServices, LLC / Neumo

Source: City of Sebastopol - FY17-18 ACFR Report Publication (FY15-16 - Not Available)

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

	Fiscal Year								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities									
General Government									
City Council	6.00	6.00	6.00	5.00	6.00	6.00	6.00	5.00	5.00
City Manager	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
City Attorney	0.25	0.25	0.25	0.25	0.25	0.25	0.25	-	-
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Building Inspection	1.50	1.50	1.50	0.50	1.50	0.50	0.50	1.50	1.50
Planning	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Public Safety									
Police	34.75	34.75	34.75	24.75	25.75	23.00	25.00	23.00	21.00
Fire	33.50	33.50	35.50	34.50	35.50	35.50	34.50	3.50	5.50
Public Works and facilities									
Administration	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	5.00
Water	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Laborer	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Engineering	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.25	-
Maintenance	4.00	6.00	6.00	7.00	7.00	7.00	7.00	6.00	6.00
Total	98.25	100.25	102.25	89.25	93.25	89.50	90.50	58.00	58.00

* 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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Building										
Residential Building Permits	432	393	278	300	290	323	330	360	415	420
Land use entitlement applications	32	25	25	25	25	25	30	57	33	33
Police										
Citations issued	n/a	872	1,156	906	2,121	1,122	1,224	1,177	1,128	1,011
Arrests made	623	669	581	519	468	329	299	297	362	233
Requests for services	7,830	7,703	7,845	8,276	8,251	6,894	7,743	12,384	12,674	19,003
Fire										
Fire responses	1,056	1,150	1,190	1,275	1,200	1,189	1,250	1,325	1,595	1,701
Fire Inspections	300	350	375	400	380	375	390	280	200	250
Area served (sq. miles)	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.80	2
Public Works										
Encroachment permits	98	59	65	74	86	95	60	61	59	58
Capital improvement projects	n/a	n/a	6	3	3	6	1	2	6	3*
Park acres overseen	96.00	97.70	97.70	97.70	97.70	97.70	97.70	98.70	98.70	99
Street maintenance - crack seal (streets)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Street maintenance - traffic marking paint (gal.)	n/a	n/a	271	325	120	135	275	120	300	375
Street light repairs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water/Waste Water										
Active Residential Accounts	2,470	2,682	2,503	2,451	2,686	2,560	2,506	2,767	2,549	2,537
Active Commerical Accounts	335	473	381	455	343	335	364	379	359	361
Average Daily Water Consumption	783,561	838,673	821,096	782,192	817,534	872,883	732,960	718,416	898,063	790,258
Ground Storage Capacity (gallons)	7.5m	7.5m	7.5m	7.5m	7.5m	7.5m	7.5m	7.5m	7.5m	7.5m
Ground Water Production Capacity (1000 gallons per day)	3,226	3,226	3,226	3,312	3,312	3,312	3,312	3,312	3,312	3,312
Pump Capacity (gallons per minute)	2,240	2,240	2,240	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Waste Water Treatment Capacity (1000 gallons per day)	840	840	840	840	840	840	840	840	840	840

* (1) Sunset Ave/Taft improvements, (2) Youth Annex ADA, (3) SR 116-Bodega Ave Ped Improvements ("Quickstrike")

Source: City of Sebastopol Finance Department

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (centerline miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Street lights	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Traffic signals	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Office buildings	4	4	4	4	4	4	4	4	4	4
Park acreage	96	98	97.7	97.7	97.7	97.7	97.7	97.7	97.7	97.7
Playing fields/courts	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Swimming pools	1	1	1	1	1	1	1	1	1	1
Water play features	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water										
Water mains (miles)	37	37	37	37	37	37	37	37	37	37
Fire hydrants	450	450	450	450	450	450	45	450	450	450
Storage capacity (million gallons)	7.50	7.50	7.50	7.50	7.50	7.5	7.5	7.5	7.5	7.5
Treatment capacity (million gallons)										
Wastewater										
Sewer mains (miles)	29	29	29	29	29	29	29	29	29	29
Treatment capacity (million gallons)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: City of Sebastopol Finance Department