



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018



CITY OF SEBASTOPOL

7120 BODEGA AVE
SEBASTOPOL, CA 95472



City of
Sebastopol
Sebastopol, California

Comprehensive Annual Financial Report

For the year ended June 30, 2018

Prepared by:
Finance Department

City of Sebastopol
Comprehensive Annual Financial Report
For the year ended June 30, 2018

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City Council

Mayor Neysa Hinton
Vice Mayor Patrick Slayter
Michael Carnacchi
Una Glass
Sarah Glade Gurney

**City Manager**

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

City of Sebastopol

January 29, 2019

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

City staff is pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Sebastopol for the fiscal year ended June 30, 2018. This report was prepared by the Finance Department, which is responsible for both the accuracy of the presented data and the completeness and fairness of the personation, including all disclosures.

The CAFR includes a complete set of audited financial statements and notes, together with supplemental and statistical information. The City issues the CAFR within approximately six months after the close of each fiscal year to fully disclose its financial information in a timely and transparent manner and to maintain compliance with all state and federal regulations and bond covenants.

City management assumes full responsibility for the completeness and reliability of all of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's independent auditor, Badawi & Associates, has issued an unmodified ("clean") opinion on the City of Sebastopol financial statements for the fiscal year ended June 30, 2018. The independent auditor's report is presented at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements and should be read in conjunction with this letter and the financial statements and notes.

Profile of the City of Sebastopol

The City is located in the hub of West Sonoma County, Sebastopol is a leader in local efforts to address climate change. The City itself, and the community as a whole are leaders in energy and water conservation efforts as well as policy initiatives to address the critical issue. Sebastopol's special qualities and unique geographical setting attract visitors and residents alike, as well as new commercial and industrial businesses, some with global reach. The Community continues to work together towards creation of sustainable local economy. With a population of approximately 7,800, we are a community that cares about its citizens and businesses. We also welcome our many visitors who come from the Bay Area, and around the world, to enjoy the numerous activities and events in the area, dine at our local restaurants and stay at lodging establishments the City has to offer.

The City of Sebastopol was incorporated 1902, and operates under a council-manager form of government. Policymaking and legislative authority are vested in the City Council consisting of the Mayor and four other elected Council members. The Council is responsible for, among other matters, approving and modifying ordinances, adopting the City budget, appointing committee and commission members, and hiring the City Manager and City Attorney. The City Manager is responsible for assuring compliance with the ordinances, implementing the policies and direction of the City Council, appointing department heads and hiring employees, and managing daily operations of the City.

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 elected to serve a one-year term.

The City provides a full range of municipal services including 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.

In terms of business-type activities, the City provides water and wastewater services through operation of its utility enterprises.

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

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

Local Economy

The City is located in a beautiful Sonoma County approximately sixty miles north of San Francisco. The area that attracts many visitors each year as an attractive international destination and outdoor recreational venues, with wine related products, specialty foods, and other local attractions and the many wineries and restaurants in the area.

A tight housing market has become and continue to be a desperate one as local workers who lost their homes fight to find a place to live while they rebuilt in the wake of the recent catastrophic fire in Sonoma County and the "Camp Fire" disaster struck the Northern California community of Paradise, within the County of Butte; and caused an immediate emergency response from almost every public safety agency in Northern California.

Even with this devastating disaster, Sonoma County is thriving. The labor market is buoyant with unemployment rate reached its lowest point, sales tax revenues are up, hotel occupancy has increased, and the City of Sebastopol is a destination for tourists seeking a welcoming small town charm while visiting the Sonoma County.

Long-Term Financial Planning

The City annually updates a five-year financial forecast, incorporating both projected revenues and expenditures for the City chief operating fund. City Council adopted a balanced budget (before transfers) for fiscal year 2017/18. The City has a practice of using moderately conservative revenue projections and reviewing and adjusting, as needed, at mid-year. The goals and priorities of the City of Sebastopol are summarized of the most financially-significant items that impacted the budget development as follows:

- I. Maintain core services to the public as a top priority:
 - a. This budget provides for “baseline” funding in core areas, including police, fire, roadways, recreation and development services; and funds administrative efforts to make public communications and decision-making transparent and responsive.
 - b. Funding requests that are above a baseline budget (prior years’ minimum operating requirements, contractual obligation plus an inflation factor), are incorporated in departmental operating budgets in relation to anticipated service delivery benefits.
 - c. Seek outside revenues, such as operating and capital grants, when available.
 - d. Create and charge fair prices for services that are provided on an “as requested” basis, such as planning and development services which are regulated through the user fee schedule.

- II. Create and maintain appropriate operating budgetary surpluses:
 - a. Anticipated revenues plus beginning fund balances (financing sources) should be higher than appropriations for expenditures equal ending fund balances (financing uses).
 - b. The City’s goal of creating and maintaining fund balances while providing for core services is intended to provide a cushion against uncontrollable spikes in costs or unanticipated short-term drops in revenue.
 - c. Planned fund balance uses, besides providing stability when expenses spike or revenues drop, should be limited to taking care of deferred City infrastructure and equipment needs, funding one-time costs to create efficiencies in City programs, and providing pre-funding of longer-term liabilities that will save money in future years.
 - d. This adopted budget seeks to maintain and not use fund balances in the general fund.

- III. Debt financing is limited to achieving operating efficiencies:
 - a. Consistent with the City Council’s goal to provide stability for ongoing core service programs, limit debt financing to fund operating and/or program budgets.
 - b. This budget provides for no additional debt financing.
 - c. Core programs that require significant infrastructure, like Water and Wastewater may use debt financing for significant capital costs due to the long-term nature of the assets and financing plans.

Impact of the State Budget

All indications are that the state is experiencing an economic recovery. The City developed the 2017/18 budget assuming there would be no state takeaways or new mandates, but staff will continue to review updated economic forecasts and monitor state budget conditions.

Staff Contributions

The preparation of this report would not have been possible without the teamwork and dedication of the City staff. The Mayor and Council Members deserve recognition for their continued support and leadership in maintaining high standards of professionalism in managing the City's finances.

Respectfully Submitted,

A handwritten signature in blue ink, consisting of a stylized 'A' followed by a series of loops and a long horizontal stroke.

Ana Kwong - Finance Director

CITY OFFICIALS

City Council:

Patrick Slayter, Mayor
Neysa Hinton, Vice-Mayor
Michael Carnacchi
Sarah Glade Gurney
Una Glass

City Staff:

City Manager / City AttorneyLawrence McLaughlin
Assistant City Manager / City ClerkMary Gourley
Building Official Glenn Schainblatt
Engineering Manager.....Henry Mikus
Finance Director Ana Kwong
Fire Chief William Braga
Planning Director Kenyon Webster
Police ChiefJames Conner
Public Works Superintendent Dante Del Prete

Advisory Commissions or Committees:

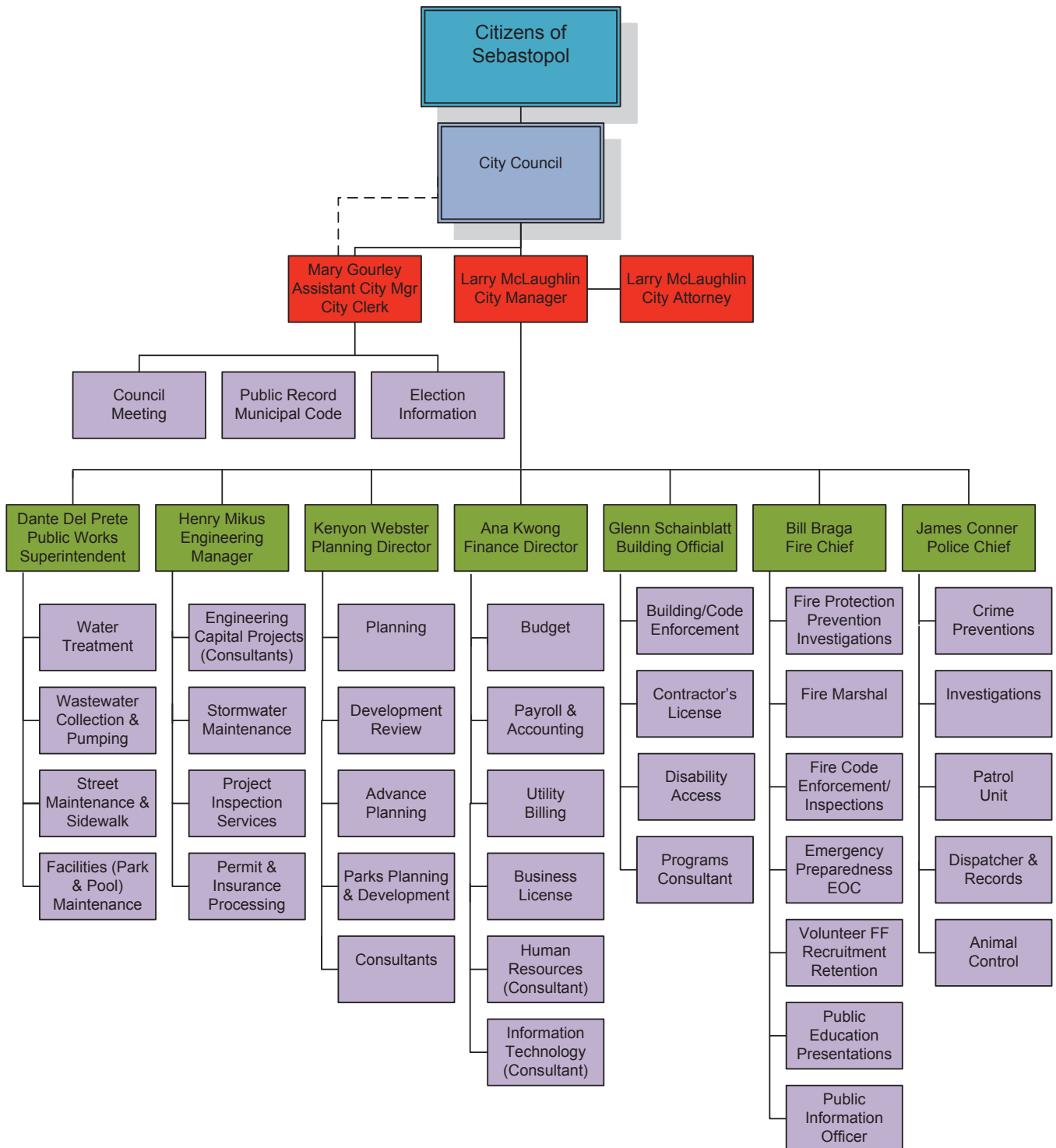
Planning Commission
Design Review Board
Public Arts Committee
Complete Streets Advisory Committee

Note - The City Officials listed on this page are as of the date of this report.



City Organization

City Wide Organization Chart by Function





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sebastopol
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sebastopol, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5-19 and 87-91, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 94 to 123 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and budgetary comparison schedules on pages 94 to 123 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the budgetary comparison schedules on pages 94 to 123 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

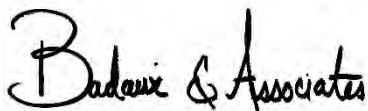
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019, 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.



Badawi & Associates
Certified Public Accountants
Oakland, California
January 30, 2019

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CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(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, 2017 and ended June 30, 2018 (FY17-18). 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 \$17,035,000 (net position) at June 30, 2018: Governmental activities' net position was \$7,648,000; and business-type activities' net position was \$9,387,000.
 - Total net position is categorized as follows:
 - \$15,198,000 is the net investment in capital assets;
 - \$ 1,661,000 is restricted for specific purposes (restricted net position); and,
 - \$ 176,000 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 increased by \$293,000, while business-type net position increased by \$313,000; accounting for a government-wide increase in net position of \$606,000.
 - At June 30, 2018, the city's governmental funds reported a combined ending fund balance of \$9,340,000; an increase of \$335,000 from the June 30, 2017 fund balance.
 - The general fund reports fund balance of \$7,449,000 at June 30, 2018; and it is distributed in these categories:
 - 1) \$46,000 is categorized as non-spendable, representing prepaid items.
 - 2) \$185,000 is committed fund balance, and represents the amounts that can only be used for specific purposes as determined by the City Council. Individual commitments are displayed on the governmental funds' balance sheet.
 - 3) \$3,335,000 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, \$685,000;
 - Equipment, vehicle and technology replacement, \$1,100,000; and,
 - Pension and other post-employment liabilities rate stabilization, \$1,550,000.
 - 4) \$3,883,000 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, in which the city reports two enterprise funds, water and wastewater, reported a combined net position of \$9,387,000 at June 30, 2018; with \$4,141,000 reported as net position of the water fund; and \$5,246,000 reported in the wastewater fund. The city also

CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(Rounded to the nearest \$1,000)

reports an internal service fund for insurance benefits and benefits, and that fund has a balance of one thousand dollars.

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

Proprietary fund 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 a section of 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 single columns in the basic financial statements.

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

**CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(Rounded to the nearest \$1,000)**

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

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

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(Rounded to the nearest \$1,000)

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.

Both of these 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 and the General Capital Projects Fund, both of which are considered to be major funds. Data for the remaining governmental funds are combined into a single, aggregated presentation entitled "other governmental funds". The individual and combining fund data for each of these non-major governmental funds is provided as supplementary information in this report.

CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(Rounded to the nearest \$1,000)

Proprietary funds are services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the government's own programs. The City uses one fiduciary fund to account for activities related to its former Redevelopment Agency.

CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(Rounded to the nearest \$1,000)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 10,619,000	\$ 10,177,000	\$ 5,784,000	\$ 6,029,000	\$ 16,403,000	\$ 16,206,000
Capital assets	11,233,000	10,697,000	8,171,000	7,220,000	19,404,000	17,917,000
Total assets	21,852,000	20,874,000	13,955,000	13,249,000	35,807,000	34,123,000
Deferred outflows of Resources						
Deferred Outflows Pension and OPEB	2,857,000	2,543,000	658,000	395,000	3,515,000	2,938,000
Total deferred outflows of resources	2,857,000	2,543,000	658,000	395,000	3,515,000	2,938,000
Current Liabilities	1,370,000	1,159,000	845,000	286,000	2,215,000	1,445,000
Long-term Liabilities	15,493,000	12,004,000	4,230,000	4,251,000	19,723,000	16,255,000
Total liabilities	16,863,000	13,163,000	5,075,000	4,537,000	21,938,000	17,700,000
Deferred inflows of Resources						
Deferred inflows - Pension and OPEB	198,000	360,000	151,000	33,000	349,000	393,000
Total deferred inflows of resources	198,000	360,000	151,000	33,000	349,000	393,000
Net Position						
Invested in capital assets	9,242,000	8,462,000	5,956,000	4,705,000	15,198,000	13,167,000
Restricted	1,661,000	2,274,000	-	-	1,661,000	2,274,000
Unrestricted	(3,255,000)	(842,000)	3,431,000	4,369,000	176,000	3,527,000
Total net position (Restated)	\$ 7,648,000	\$ 9,894,000	\$ 9,387,000	\$ 9,074,000	\$ 17,035,000	\$ 18,968,000

Total net position, (assets and deferred outflows, less liabilities and deferred inflows), was \$17,035,000 at June 30, 2018. Governmental activities net position was \$7,648,000; and business-type activities' net position was \$9,387,000.

By far, the largest component of the City's net position, \$15,198,000 and 89% of the total, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to

CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 \$1,661,000 reported as restricted at June 30, 2018.

At June 30, 2018 the City reported negative unrestricted net position for its governmental activities of \$(3,255,000) and a positive net position for business-type activities of \$3,431,000. Government-wide total unrestricted net position is \$176,000. The negative unrestricted net position reported for governmental activities is due in large part to noncurrent liabilities related to retirement and retiree medical benefits (OPEB).

Detailed information for the liabilities is provided in more detail in the notes section of this report: Note 11, "Pension Plans;" and Note 12, "Other Post Employment Healthcare Liabilities."

The governmental activity's previously reported June 30, 2017 net position was restated to show a reduction of \$2,540,000 caused by implementation of new accounting rules related to reporting liabilities for the City's other post-employment healthcare benefits. The previously reported net position of governmental activities was \$9,895,000; and is now stated as \$7,355,000. Details regarding this restatement are provided in note 14 to the financial statements.

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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, 2018 and 2017.

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

	Governmental Activities		Business Type Activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017/2018
Revenues							
Program revenues:							
Charges for services	\$ 748,000	\$ 977,000	\$ 5,298,000	\$ 5,783,000	\$ 6,046,000	\$ 6,760,000	-10.56%
Grants and contributions	348,000	209,000			348,000	209,000	66.51%
Capital grants and contributions	473,000	525,000			473,000	525,000	-9.90%
General revenues:							
Property taxes	2,619,000	2,479,000			2,619,000	2,479,000	5.65%
Sales Tax	3,715,000	3,924,000			3,715,000	3,924,000	-5.33%
Transient Occupancy Taxes	530,000	514,000			530,000	514,000	3.11%
Franchise and Utility Use Tax	1,156,000	1,134,000			1,156,000	1,134,000	1.94%
Other income	524,000	329,000	32,000	32,000	556,000	361,000	54.02%
Total revenues	10,113,000	10,091,000	5,330,000	5,815,000	15,443,000	15,906,000	-2.91%
Expenses							
General government	2,278,000	2,055,000			2,278,000	2,055,000	10.85%
Public safety	5,398,000	5,261,000			5,398,000	5,261,000	2.60%
Parks and recreation	801,000	749,000			801,000	749,000	6.94%
Public works	1,302,000	938,000			1,302,000	938,000	38.81%
Interest	73,000	81,000			73,000	81,000	-9.88%
Water			1,894,000	1,716,000	1,894,000	1,716,000	10.37%
Wastewater			3,091,000	2,890,000	3,091,000	2,890,000	6.96%
Total expenses	9,852,000	9,084,000	4,985,000	4,606,000	14,837,000	13,690,000	8.38%
Increase in net position before transfers and special item	261,000	1,007,000	345,000	1,209,000	606,000	2,216,000	-72.65%
Transfers	32,000	31,000	(32,000)	(31,000)	-	-	
Increase (decrease) in net position	293,000	1,038,000	313,000	1,178,000	606,000	2,216,000	-72.65%
Net position beginning as restated	7,355,000	8,857,000	9,074,000	7,896,000	16,429,000	16,753,000	-1.93%
Net position, Ending	\$ 7,648,000	\$ 9,895,000	\$ 9,387,000	\$ 9,074,000	\$ 17,035,000	\$ 18,969,000	-10.20%

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

Governmental Activities:

Table A-3 presents the cost of each of the City's largest governmental programs as well as the increase or decrease from the prior year:

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

	<u>Total Cost of Services</u>		<u>Percentage Change</u>
	<u>2018</u>	<u>2017</u>	<u>2017/2018</u>
General Government	2,278,000	2,055,000	10.85%
Public Safety	5,398,000	5,261,000	2.60%
Parks and recreation	801,000	938,000	-14.61%
Public Works	1,302,000	749,000	73.83%
Interest on Long term Debt	<u>73,000</u>	<u>81,000</u>	<u>-9.88%</u>
Total	<u>9,852,000</u>	<u>9,084,000</u>	<u>8.45%</u>

The shifts between categories reflect changes in service delivery and budget priorities between departments; as well as changes in fee-driven activity that is financed by related charges for services revenue.

The costs of governmental activities' services were financed as follows:

- Those who directly benefitted from the programs paid charges for service of \$748,000;
- Other governments and organizations that subsidized certain programs with operating grants of \$348,000 and capital grants of \$473,000; and,
- General revenues, mostly taxpayer support in the form of property, sales and transient occupancy taxes absorbed the remaining costs of governmental activities of \$8,283,000.

The residual amount of governmental activities' revenues less expenses is \$261,000 for fiscal year 2017-18; and when combined with a transfer in from business-type activities of \$32,000, the net position attributed to governmental activities increased by \$293,000.

Total fiscal year 17-18 governmental activities revenues of \$10,113,000 reflect a \$22,000 increase over the prior year's amount, indicating that revenue growth was challenging for Fiscal Year 2017-18. General revenues, primarily taxes, grew at a less-than 2% rate, with \$8,543,000 collected in the current year reported, compared with \$8,380,000 in general revenues collected in the prior year; and increase of \$163,000.

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The relatively flat collections in general revenues is attributed, in large part, to a local economy that is impacted by the devastating Sonoma County wildfires of October 2017. Sales taxes declined by \$209,000; from \$3,924,000 collected in FY 16-17 to \$3,715,000 collected for FY 17-18. Transient Occupancy Tax (TOT) growth was very limited, with a \$16,000 or 3%, year-over-year increase, from \$514,000 collected in FY 16-17 to \$530,000 collected for FY 17-18. Property taxes grew by \$140,000, or 6%, and provided stability for the general revenues' category as it was challenged by the natural disaster's impact on tourism and commerce.

Operating grants and capital grants of \$821,000 for FY 18 are \$87,000 more than reported for FY 17, and reflect relatively modest, but stable, state funding for specific programs that support public works and public safety programs.

Governmental Activities' expenses grew by \$768,000, from \$9,084,000 reported for FY 16-17 to \$9,852,000 reported for FY 17-18. This growth is due to significant changes in liabilities reported for pensions and other poste-employment healthcare benefits (OPEB). The impact on net position from changes in OPEB accruals (deferred outflows, less net OPEB liability, less related deferred inflows) was \$(462,000); and the impact on net position from changes in pension accruals (deferred outflows, less net pension liability, less deferred inflows) was \$(590,000). Detailed information on pension and OPEB accruals is provided in the notes to the financial statements.

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

Business-Type Activities:

The business-type activity is comprised of the water and wastewater enterprise funds.

For FY 18 net position increased by \$314,000; with a \$360,000 increase in the water fund and a \$46,000 decrease in the wastewater fund. The change in net position represents 3.4% of the combined funds' beginning net position.

The net position increase in the water fund was built into the rates, and planned; as the City anticipates using accumulated fund net position to partially finance future capital replacement needs.

The decreased net position in the sewer fund was due, in large part, to cost increases for the operation of the sub-regional wastewater treatment plant that are passed on to the City. The sub-regional plant's costs were \$1,595,000 for FY 17-18; and represent 52% of total operating expenses of \$3,066,000.

Net position of the water enterprise fund was \$4,142,000 and the net position of the wastewater fund was \$5,245,000, for a combined net position of \$9,387,000 for all business-type activity at June 30, 2018.

Investment in capital assets is the largest category of the business-type activities' new position, with \$5,956,000 and 63% of total net position. The unrestricted net position, total net position less the aforementioned categories, is \$3,431,000 and 37% of the total.

CITY OF SEBASTOPOL
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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 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, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

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

At June 30, 2018, the City's governmental funds reported total fund balances of \$9,340,000, an increase of \$335,000 in comparison with the prior year. The total fund balance is reported within these categories:

- \$46,000 is "non-spendable" because the financial resources have been used to fund a prepaid item and therefore are no longer "spendable."
- \$1,661,000 is "restricted," and is only available to spend in accordance with the external restrictions placed by the funding sources themselves.
- \$464,000 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.
- \$3,335,000 is "assigned" for a particular future use.
- \$3,834,000 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 is the chief operating fund of the City. During FY 17-18, the general fund balance increased by \$799,000; and is \$7,449,000 as of June 30, 2018. Fund balance is distributed in the following categories:

- \$46,000 is "non-spendable" because the financial resources have been used to fund a prepaid item and therefore are no longer "spendable."
- \$185,000 is "committed," and is considered available only for particular purposes already approved by the City Council. \$160,000 is assigned for city buildings, the fire station and community center; and \$25,000 is assigned for signage.
- \$3,335,000 is "assigned" for these stated uses: \$685,000 for buildings and infrastructure; \$1,100,000 for equipment, technology and vehicle replacement; and \$1,550,000 for pension and post-employment medical benefits.
 - The assignment for pension and OPEB was \$1,000,000 at the end of the prior fiscal year; and was increased by \$550,000 during the year to stabilize future funding needs, consistent with the strategic objectives established by the City Council.

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- \$3,883,000 is “unassigned,” and as such is considered available to finance future years’ budgetary needs at the discretion of the City Council.

As a measure of the general fund’s liquidity, it may be useful to calculate fund balance as a percentage of annual expenditures: Unassigned general fund balance at June 30, 2018 represents approximately 48% of FY 17-18 general fund expenditures of \$8,129,000.

The general fund balance increased by \$799,000 during the fiscal year, caused primarily by general revenues in excess of ongoing expenditures in operating departments, as contemplated in the City’s operating budget. For FY 17-18 revenues in excess of expenditures were \$1,013,000. Other financing sources and uses, net, were \$(214,000). Sources and uses included transfers in and out of other funds; the details of which are included in the notes to the financial statements.

Total general fund revenues increased by \$124,000; from \$9,017,000 for FY 16-17 to \$9,141,000 for FY 17-18. The modest revenue increase is attributed to flat sales tax and transient occupancy tax collections that were challenged by the wildfire disaster of October 2017 and a stabilizing tax base.

General fund expenditures increased by \$261,000; from \$7,868,000 reported for FY 16-17 to \$8,129,000 reported for FY 17-18. Modest expenditure growth is indicative of conservative budgetary practices in response to limited financing and rising public pension contribution requirements. Details of public pension liabilities and related funding are provided in the notes to the financial statements.

General Fund Budgetary Highlights

The general fund’s original budget was conservative, with a built-in increase in balance of \$52,000. The final adjusted budget approved by the City Council anticipated a lower increase of fund balance of \$20,000; with the changes made by the city council reflecting a recognized need for providing enhanced program support.

Compared to the final budget adopted by the City Council, the change in fund balance for the fiscal year was favorable by \$779,000:

- Revenues were higher than budgeted by \$464,000;
- Expenditures were lower than budgeted by \$410,000; and,
- Other financing sources and uses category consumed more financial resources than budgeted by (\$95,000).

Favorable revenue results reflect a maturing sales tax base, a stabilizing property tax base, and normal inflationary adjustments for franchise fees. Expenditures that are less than budgeted are indicative of conservative original budget estimates, as well as departments’ continued commitment to use appropriations only when necessary. A detailed budgetary comparison schedule is for the general fund in provided in the required supplementary information section of this report.

The General Capital Projects Fund:

The general capital projects fund is the only other major fund reported by the City. The fund is considered major, due to its’ significant expenditures in relation to those of the city’s other funds. The general capital projects fund takes in monies from other funds, and spends them on capital projects that will benefit the paying funds. Capital outlay expenditures for FY 17-18 were \$1,250,000; with financial resources

**CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
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provided by transfers in of \$1,100,000 and new revenue of \$174,000. The capital projects fund transferred out \$18,000 to other funds upon completion of projects for which financial resources provided exceeded the resources used. The ending balance in the general capital projects fund is \$(29,000) due to the timing of reimbursement revenues.

Non-major Governmental Funds:

Other non-major governmental funds, in the aggregate reported June 30, 2018 fund balance of \$1,920,000. Aggregated information of the funds is displayed in the financial statements that also include the major governmental funds. The individual fund information for non-major governmental funds is reported in the combining statements that are found in the supplemental information section of this report.

Overall, non-major funds' fund balance decreased by \$469,000; and the decrease is indicative of the city appropriately applying fund balances accumulated in prior years towards meeting their respective restricted uses. The supplementary information includes a description of each fund, and its financial information.

In the aggregate, non-major funds reported a negative un-assigned fund balance of (\$20,000) at June 30, 2018. The deficit is the result of negative balances in three funds, as detailed in note 9 - A, "deficit balances." Deficit balances are caused primarily by reimbursement revenues and transfers that trail a governmental fund's expenditures by more than 60 days after year-end. The reimbursement revenues, in general, aren't recorded until they are considered "currently available." See note 1, C. "measurement focus and basis of accounting" for a discussion of how the City measures revenues in governmental funds.

Proprietary Funds – Water and Sewer Enterprise Funds:

Proprietary fund-type activity is comprised of the water and wastewater enterprise funds. The combined net position at June 30, 2018 is \$9,387,000; with \$5,956,000 representing investment in capital assets net of related debt and \$3,431,000 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 of \$1,000 at June 30, 2018 is unchanged for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018 the City had invested \$19,403,000, (net of accumulated depreciation), in a broad range of capital assets, including equipment, vehicles, streets, buildings, park facilities, and water and wastewater systems. This amount represents a net increase of \$1,485,000 over last year. Additions to assets were financed in large part by net position or fund balance (dependent on fund type) accumulated in prior years to the respective activity types (business-type or governmental).

**CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table A-4 provides a recap of capital asset activity, and detail is provided in the notes to the financial statements (Note 6 – A).

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017/2018
Land and CIP	2.60	2.15	1.09	1.60	3.69	3.75	-2%
Buildings & structures	7.02	6.60			7.02	6.60	6%
Machinery and equipment	2.50	2.40			2.50	2.40	4%
Reservoirs		-	3.94	2.42	3.94	2.42	63%
Pipelines & water system		-	4.03	3.69	4.03	3.69	9%
Pipelines & wastewater system		-	7.27	7.33	7.27	7.33	-1%
Vehicles	2.52	2.34	0.84	0.67	3.36	3.01	12%
Infrastructure	7.90	7.60			7.90	7.60	4%
Accumulated depreciation	(11.31)	(10.40)	(9.00)	(8.49)	(20.31)	(18.89)	8%
Total	11.23	10.69	8.17	7.22	19.40	17.91	8%

Changes in Long-term Liabilities – Debt:

No new debt was issued during the fiscal year. Detailed information about the City's long-term obligations can be found in the “Notes to the Basic Financial Statements” under section 7 – A.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES:

The City is continuing to experience a healthy economy as evidenced by the increase in property tax receipts and overall other use taxes. The City continues to operate within its means, with upturns in revenues over the past few years. We have always taken a conservative approach in its spending in order to maintain a balanced budget – for and on behalf of the community and in alignment with the City Council goals and priorities – and will continue to be financially prudent during our annual budgeting process.

The City regularly reviews its revenues and expenditures to keep a pulse on its current fiscal health and to ensure the adequate protection of the City's financial resources.

The City of Sebastopol received approval from voters to increase the transient occupancy tax (TOT) rate from 10% to 12% with the passage of “Measure R.” This is expected to raise TOT collections by 16.7% and generate approximately \$112,000 in new revenues.

For the 2019 fiscal year, (starts July 1, 2018 and ends June 30, 2019) the following budgetary highlights included in the adopted budget follow:

**CITY OF SEBASTOPOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- Projected general fund revenue and transfers in of \$8,799,000 exceed appropriations for expenditures and transfers out of \$8,724,000 creating a general fund budgetary surplus of \$75,000.
- The water and wastewater funds also anticipate revenues over expenses, and plan to generate positive changes in net position of \$188,000 for the City's business-type activities.
- Special revenue funds are expected to use fund balances due to capital improvements, as anticipated by the funding sources.

See the City of Sebastopol website, Finance Department, for a complete copy of the FY 17-18 adopted budget: <http://ci.sebastopol.ca.us/City-Government/Departments-Services/Finance>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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**BASIC
FINANCIAL STATEMENTS**

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Sebastopol
Statement of Net Position
June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 8,898,693	\$ 4,724,599	\$ 13,623,292
Receivables:			
Accounts receivable	451,753	1,012,081	1,463,834
Taxes receivable	778,497	-	778,497
Interest receivable	36,831	18,937	55,768
Assessment receivable	140,000	-	140,000
Prepaid items	46,391	459	46,850
Total current assets	<u>10,352,165</u>	<u>5,756,076</u>	<u>16,108,241</u>
Noncurrent assets:			
Restricted cash and investments with fiscal agents	37,567	25,502	63,069
Notes receivable	230,413	2,473	232,886
Capital assets:			
Non-depreciable	2,598,675	1,095,488	3,694,163
Depreciable, net	8,634,097	7,075,190	15,709,287
Total capital assets	<u>11,232,772</u>	<u>8,170,678</u>	<u>19,403,450</u>
Total noncurrent assets	<u>11,500,752</u>	<u>8,198,653</u>	<u>19,699,405</u>
Total assets	<u>21,852,917</u>	<u>13,954,729</u>	<u>35,807,646</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	2,769,952	657,965	3,427,917
Deferred outflows of resources - OPEB	87,182	-	87,182
Total deferred outflows of resources	<u>2,857,134</u>	<u>657,965</u>	<u>3,515,099</u>
LIABILITIES			
Current liabilities:			
Accounts payable	447,548	588,799	1,036,347
Accrued interest payable	9,145	5,444	14,589
Accrued liabilities	186,407	-	186,407
Deposits payable	194,672	30,297	224,969
Unearned revenues	27,460	-	27,460
Compensated absences - due within one year	300,000	4,000	304,000
Long term debt - due within one year	204,782	216,016	420,798
Total current liabilities	<u>1,370,014</u>	<u>844,556</u>	<u>2,214,570</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	504,071	38,320	542,391
Long term debt - due in more than one year	1,785,747	1,998,404	3,784,151
Net OPEB liability	2,936,402	-	2,936,402
Net pension liability	10,267,176	2,192,940	12,460,116
Total noncurrent liabilities	<u>15,493,396</u>	<u>4,229,664</u>	<u>19,723,060</u>
Total liabilities	<u>16,863,410</u>	<u>5,074,220</u>	<u>21,937,630</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	46,894	151,252	198,146
Deferred inflows of resources - OPEB	151,555	-	151,555
Total deferred inflows of resources	<u>198,449</u>	<u>151,252</u>	<u>349,701</u>
NET POSITION			
Net investment in capital assets	<u>9,242,243</u>	<u>5,956,258</u>	<u>15,198,501</u>
Restricted for:			
Equipment and infrastructure	165,646	-	165,646
Housing	333,608	-	333,608
Debt service	84,730	-	84,730
Streets	893,284	-	893,284
Other purposes	183,400	-	183,400
Total restricted	<u>1,660,668</u>	<u>-</u>	<u>1,660,668</u>
Unrestricted	<u>(3,254,719)</u>	<u>3,430,964</u>	<u>176,245</u>
Total net position	<u>\$ 7,648,192</u>	<u>\$ 9,387,222</u>	<u>\$ 17,035,414</u>

See accompanying Notes to Basic Financial Statements.

City of Sebastopol
Statement of Activities
For the year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 2,278,030	\$ 208,574	\$ 153,937	\$ -	\$ 362,511
Public safety	5,397,701	171,292	194,145	-	365,437
Public works	1,301,865	324,193	-	473,052	797,245
Parks and recreation	801,006	44,247	-	-	44,247
Interest on long-term debt	72,765	-	-	-	-
Total governmental activities	9,851,367	748,306	348,082	473,052	1,569,440
Business-type activities:					
Water Services	1,893,951	2,270,224	-	-	2,270,224
Wastewater Services	3,090,686	3,028,330	-	-	3,028,330
Total business-type activities	4,984,637	5,298,554	-	-	5,298,554
Total primary government	\$ 14,836,004	\$ 6,046,860	\$ 348,082	\$ 473,052	\$ 6,867,994

General Revenues:

Taxes:
Property taxes
Sales taxes
Transient occupancy taxes
Other taxes
Total taxes
Investment earnings
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning of year, as restated
Net position - end of year

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,915,519)	\$ -	\$ (1,915,519)
(5,032,264)	-	(5,032,264)
(504,620)	-	(504,620)
(756,759)	-	(756,759)
(72,765)	-	(72,765)
<u>(8,281,927)</u>	<u>-</u>	<u>(8,281,927)</u>
-	376,273	376,273
-	(62,356)	(62,356)
-	313,917	313,917
<u>(8,281,927)</u>	<u>313,917</u>	<u>(7,968,010)</u>
2,618,913	-	2,618,913
3,714,794	-	3,714,794
529,810	-	529,810
1,097,589	-	1,097,589
7,961,106	-	7,961,106
57,812	31,889	89,701
523,614	-	523,614
32,259	(32,259)	-
<u>8,574,791</u>	<u>(370)</u>	<u>8,574,421</u>
292,864	313,547	606,411
7,355,328	9,073,675	16,429,003
<u>\$ 7,648,192</u>	<u>\$ 9,387,222</u>	<u>\$ 17,035,414</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

City of Sebastopol
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds			
	General		Non-Major	Total
	General Fund	Capital Project Fund	Governmental Funds	Governmental Funds
ASSETS				
Cash and investments	\$ 6,847,772	50,407	\$ 1,903,982	\$ 8,802,161
Restricted cash and investments	-	-	37,567	37,567
Accounts receivable	88,582	71,580	291,592	451,754
Taxes receivable	771,282	-	7,215	778,497
Accrued interest receivable	29,029	-	6,962	35,991
Assessment receivable	-	-	140,000	140,000
Notes receivable	-	-	231,252	231,252
Due from other funds	251,854	-	-	251,854
Prepaid items	46,392	-	-	46,392
Total assets	\$ 8,034,911	\$ 121,987	\$ 2,618,570	\$ 10,775,468
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 182,778	\$ 151,124	\$ 18,168	\$ 352,070
Accrued liabilities	186,407	-	-	186,407
Due to other funds	-	-	251,854	251,854
Unearned revenues	21,924	-	5,536	27,460
Deposits	194,668	-	-	194,668
Total liabilities	585,777	151,124	275,558	1,012,459
Deferred inflows of resources:				
Unavailable revenues	-	-	422,797	422,797
Fund Balances:				
Nonspendable	46,392	-	-	46,392
Restricted:				
Equipment and infrastructure	-	-	165,646	165,646
Highways and streets	-	-	893,284	893,284
Public safety	-	-	47,933	47,933
Community promotion	-	-	9,041	9,041
Debt service	-	-	84,730	84,730
Affordable housing	-	-	333,608	333,608
Parks and recreation	-	-	126,426	126,426
Total restricted	-	-	1,660,668	1,660,668
Committed:				
City buildings	125,000	-	-	125,000
Street projects	-	-	279,229	279,229
Fire station bay	25,000	-	-	25,000
Wayfinding signs	25,000	-	-	25,000
Community center	10,000	-	-	10,000
Total committed	185,000	-	279,229	464,229
Assigned:				
Buildings, facilities, and infrastructure	685,000	-	-	685,000
Equipment, technology, and vehicle replacement	1,100,000	-	-	1,100,000
Pension and OPEB	1,550,000	-	-	1,550,000
Total assigned	3,335,000	-	-	3,335,000
Unassigned	3,882,742	(29,137)	(19,682)	3,833,923
Total fund balances	7,449,134	(29,137)	1,920,215	9,340,212
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,034,911	\$ 121,987	\$ 2,618,570	\$ 10,775,468

See accompanying Notes to Basic Financial Statements.

City of Sebastopol
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Total Fund Balances - Total Governmental Funds	\$ 9,340,212
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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. Except for the internal service funds reported below, the capital assets were adjusted as follows:

Non-depreciable	\$ 2,598,675
Depreciable, net	8,634,097
	11,232,772

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements.	422,797
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Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	(9,145)
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Internal service funds were used by management to charge the costs of certain activities, such as employee benefits, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.	1,049
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In the Government-Wide Financial Statements, employer contributions made for pension and OPEB subsequent to the measurement date, certain differences between actuarial amounts and actual results for pension are deferred and are applied to the net pension and OPEB liabilities or amortized in future periods, however these items do not impact the Governmental Funds Balance Sheet:

Deferred outflows of resources - pension	2,769,952
Deferred outflows of resources - OPEB	87,182
Deferred inflows of resources - pension	(46,894)
Deferred inflows of resources - OPEB	(151,555)

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

Compensated absences - due within one year	(300,000)
Long term debt - due within one year	(204,782)
Compensated absences - due in more than one year	(504,071)
Long term debt - due in more than one year	(1,785,747)
Net OPEB liability	(2,936,402)
Net pension liability	(10,267,176)
	(15,998,178)

Net Position of Governmental Activities	\$ 7,648,192
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See accompanying Notes to Basic Financial Statements.

City of Sebastopol
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	Major Funds			Total Governmental Funds
	General Fund	General Capital Project Fund	Non-Major Governmental Funds	
REVENUES:				
Property taxes	\$ 2,472,790	\$ -	\$ 146,124	\$ 2,618,914
Sales and use taxes	4,630,960	-	55,791	4,686,751
Transient occupancy tax	529,810	-	-	529,810
Franchise fees	323,496	-	-	323,496
Licenses and permits	295,319	-	8,949	304,268
Fines and forfeitures	82,605	-	-	82,605
Intergovernmental	154,166	-	611,406	765,572
Interest and rents	91,474	-	14,883	106,357
Charges for services	212,270	-	107,949	320,219
Miscellaneous	348,333	173,838	1,052	523,223
Total revenues	9,141,223	173,838	946,154	10,261,215
EXPENDITURES:				
Current:				
General government	1,851,706	-	27,449	1,879,155
Public safety	4,605,287	-	175,688	4,780,975
Parks and recreation	639,930	-	-	639,930
Public works	606,000	-	262,491	868,491
Capital outlay	221,166	1,250,432	-	1,471,598
Debt service:				
Principal	153,112	-	92,016	245,128
Interest	51,560	-	21,206	72,766
Total expenditures	8,128,761	1,250,432	578,850	9,958,043
REVENUES OVER (UNDER) EXPENDITURES	1,012,462	(1,076,594)	367,304	303,172
OTHER FINANCING SOURCES (USES):				
Transfers in	16,182	1,099,944	280,088	1,396,214
Transfers out	(229,704)	(18,125)	(1,116,126)	(1,363,955)
Total other financing sources (uses)	(213,522)	1,081,819	(836,038)	32,259
Net change in fund balances	798,940	5,225	(468,734)	335,431
FUND BALANCES:				
Beginning of year	6,650,194	(34,362)	2,388,949	9,004,781
End of year	\$ 7,449,134	\$ (29,137)	\$ 1,920,215	\$ 9,340,212

See accompanying Notes to Basic Financial Statements.

City of Sebastopol

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 335,431
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	1,457,710
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(887,197)
In the Government-Wide Statement of Activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds, proceeds from sales increases financial resources. This amount represents the difference between proceeds and the loss on disposal of capital assets.	(35,283)
Employer contributions for pension and OPEB paid after the measurement date were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.	1,070,414
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(123,338)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position.	
- Principal repayments on long-term liabilities	245,128
Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net Position.	(47,436)
Revenues that are not considered to be available are reported as unavailable revenues in the governmental funds, however, these amounts are recognized in the Government-Wide Statement of Activities. This amount represents the change in unavailable revenues.	(149,243)
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense does not required the use of current financial resources, and is not recognized in the governmental funds.	(1,573,322)
Change in Net Position of Governmental Activities	<u>\$ 292,864</u>

See accompanying Notes to Basic Financial Statements.

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PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

City of Sebastopol
Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Funds			Insurance and Benefits Internal Service Fund
	Water	Wastewater	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 2,366,392	\$ 2,358,207	\$ 4,724,599	\$ 96,530
Accounts receivable	427,519	584,562	1,012,081	-
Interest receivable	9,049	9,888	18,937	-
Prepays	378	81	459	-
Total current assets	2,803,338	2,952,738	5,756,076	96,530
Noncurrent assets:				
Restricted cash and investments	25,502	-	25,502	-
Notes receivable	1,326	1,147	2,473	-
Capital assets:				
Non-depreciable	143,320	952,168	1,095,488	-
Depreciable, net	4,035,011	3,040,179	7,075,190	-
Total capital assets	4,178,331	3,992,347	8,170,678	-
Total noncurrent assets	4,205,159	3,993,494	8,198,653	-
Total assets	7,008,497	6,946,232	13,954,729	96,530
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	337,418	320,547	657,965	-
Total deferred outflows of resources	337,418	320,547	657,965	-
LIABILITIES				
Current liabilities:				
Accounts payable	246,078	342,721	588,799	95,481
Accrued interest payable	2,879	2,565	5,444	-
Deposits payable	30,297	-	30,297	-
Compensated absences, due within one year	2,000	2,000	4,000	-
Long term debt, due within one year	153,738	62,278	216,016	-
Total current liabilities	434,992	409,564	844,556	95,481
Noncurrent liabilities:				
Compensated absences, due in more than one year	14,928	23,392	38,320	-
Long term debt, due in more than one year	1,552,271	446,133	1,998,404	-
Net pension liability	1,124,585	1,068,355	2,192,940	-
Total noncurrent liabilities	2,691,784	1,537,880	4,229,664	-
Total liabilities	3,126,776	1,947,444	5,074,220	95,481
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	77,565	73,687	151,252	-
Total deferred inflows of resources	77,565	73,687	151,252	-
NET POSITION				
Net investment in capital assets	2,472,322	3,483,936	5,956,258	-
Unrestricted	1,669,252	1,761,712	3,430,964	1,049
Total net position	\$ 4,141,574	\$ 5,245,648	\$ 9,387,222	\$ 1,049

See accompanying Notes to Basic Financial Statements.

City of Sebastopol
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2018

	Enterprise Funds			Insurance and Benefits Internal Service Fund
	Water	Wastewater	Total	
OPERATING REVENUES:				
Charges for services	\$ 2,268,091	\$ 3,028,330	\$ 5,296,421	\$ 1,881,549
Other revenues	2,133	-	2,133	-
Total operating revenues	2,270,224	3,028,330	5,298,554	1,881,549
OPERATING EXPENSES:				
Personnel services	379,506	283,978	663,484	974,444
Interfund charges for services	838,117	680,710	1,518,827	-
Contractual and other services	212,098	26,223	238,321	-
Intergovernmental treatment costs	-	1,594,680	1,594,680	-
Utilities	149,193	44,516	193,709	-
Supplies	115,437	34,021	149,458	-
Insurance, claims, and expenses	24,276	15,438	39,714	907,105
Depreciation	130,107	386,590	516,697	-
Total operating expenses	1,848,734	3,066,156	4,914,890	1,881,549
OPERATING INCOME	421,490	(37,826)	383,664	-
NONOPERATING REVENUES (EXPENSES):				
Interest expense	(45,217)	(24,530)	(69,747)	-
Interest and investment revenue	14,540	17,349	31,889	-
Total nonoperating revenues (expenses)	(30,677)	(7,181)	(37,858)	-
INCOME (LOSS) BEFORE CONTRIBUTION AND TRANSFERS	390,813	(45,007)	345,806	-
Transfers out	(31,024)	(1,235)	(32,259)	-
Total transfers	(31,024)	(1,235)	(32,259)	-
Change in net position	359,789	(46,242)	313,547	-
NET POSITION				
Beginning of year	3,781,785	5,291,890	9,073,675	1,049
End of year	\$ 4,141,574	\$ 5,245,648	\$ 9,387,222	\$ 1,049

See accompanying Notes to Basic Financial Statements.

City of Sebastopol
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

	Enterprise Funds			Insurance and Benefit Internal Service Fund
	Water	Wastewater	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,275,324	\$ 3,019,942	\$ 5,295,266	\$ -
Cash payments from other funds	-	-	-	1,881,549
Cash received from others	2,133	-	2,133	-
Cash payments to suppliers for goods and services	(265,878)	(1,399,443)	(1,665,321)	(1,840,839)
Cash payments to other funds for services	(838,117)	(680,710)	(1,518,827)	-
Cash paid to employees	(311,705)	(219,020)	(530,725)	-
Net cash provided by operating activities	861,757	720,769	1,582,526	40,710
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	(31,024)	(1,235)	(32,259)	-
Net cash provided by noncapital financing activities	(31,024)	(1,235)	(32,259)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(492,904)	(974,019)	(1,466,923)	-
Long-term debt repayment	(234,406)	(66,572)	(300,978)	-
Interest paid and fiscal charges	(45,217)	(24,530)	(69,747)	-
Net cash (used in) capital and related financing activities	(772,527)	(1,065,121)	(1,837,648)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	11,015	14,127	25,142	-
Net cash provided by investing activities	11,015	14,127	25,142	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	69,221	(331,460)	(262,239)	40,710
CASH AND CASH EQUIVALENTS - Beginning of year	2,322,673	2,689,667	5,012,340	55,820
CASH AND CASH EQUIVALENTS - End of year	\$ 2,391,894	\$ 2,358,207	\$ 4,750,101	\$ 96,530
FINANCIAL STATEMENT PRESENTATION:				
Cash and investments	\$ 2,366,392	\$ 2,358,207	4,724,599	\$ 96,530
Restricted cash and investments	25,502	-	25,502	-
Total	\$ 2,391,894	\$ 2,358,207	\$ 4,750,101	\$ 96,530
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 421,490	\$ (37,826)	\$ 383,664	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	130,107	386,590	516,697	-
Changes in assets and liabilities:				
Accounts receivable	(6,633)	(11,830)	(18,463)	-
Prepays	(34)	346	312	-
Notes receivable	3,977	3,442	7,419	-
Deferred outflows - pension	(134,692)	(127,958)	(262,650)	-
Accounts payable	235,160	315,089	550,249	40,710
Deposits payable	9,889	-	9,889	-
Compensated absences	999	1,498	2,497	-
Net pension liability	141,025	133,973	274,998	-
Deferred inflows - pension	60,469	57,445	117,914	-
Total adjustments	440,267	758,595	1,198,862	40,710
Net cash provided by operating activities	\$ 861,757	\$ 720,769	\$ 1,582,526	\$ 40,710

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Private Purpose Trust Fund

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

City of Sebastopol
Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Fund
June 30, 2018

	Successor Agency Trust Fund
ASSETS	
Cash and investments	\$ 414,818
Interest receivable	1,756
Total assets	<u>416,574</u>
LIABILITIES	
Interest payable	6,823
Bonds payable, due within one year	380,000
Bonds payable, due in more than one year	783,052
Total liabilities	<u>1,169,875</u>
NET POSITION	
Held in trust for successor agency	<u>(753,301)</u>
Total net position	<u><u>\$ (753,301)</u></u>

See accompanying Notes to Basic Financial Statements.

City of Sebastopol
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Fund
For the year ended June 30, 2018

	Successor Agency Trust Fund
	<u> </u>
ADDITIONS:	
Property tax	\$ 827,985
Interest	3,031
Total additions	<u>831,016</u>
DEDUCTIONS:	
Bond interest	66,555
County housing costs	151,975
Administrative costs	250,000
Total Deductions	<u>468,530</u>
Change in net position	362,486
NET POSITION:	
Beginning of year	<u>(1,115,787)</u>
End of year	<u>\$ (753,301)</u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Sebastopol, California, (City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Sebastopol is a municipal corporation governed by an elected five member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The City of Sebastopol has no component units.

B. Basis of Accounting and Measurement Focus

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

Government-Wide Fund Financial Statements

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

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

A fiduciary fund is used to account for the non-housing successor agency activities of the former redevelopment agency.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

Property taxes, sales taxes, other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the government. The City reports the following major governmental funds:

The City reports the following major governmental funds:

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

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

The City reports the following proprietary funds as major:

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

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

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

D. Cash, Cash Equivalents, and Investments

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

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

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

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Receivables and Payables

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

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

F. Interfund Balances/Internal Balances

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

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

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

G. Inventories and Prepaid Items

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

H. Capital Assets

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

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets, Continued

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

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

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

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

I. Deferred Outflows/Inflows of Resources

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

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

J. Compensated Absences

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

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Unearned Revenue

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

L. Long-Term Liabilities

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

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

M. Net Position and Fund Equity

Government-Wide Financial Statements

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

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

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

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

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Net Position and Fund Equity, Continued

Fund Financial Statements

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

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

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

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

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

Unassigned fund balance - This is the residual classification that includes amounts not contained in the other classifications.

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

N. Net Position and Fund Equity Flow Assumptions

Government-Wide Financial Statements

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

Fund Financial Statements

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

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Use of Estimates

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

P. Pension

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

Q. Othe Post Employment Health Care Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

R. New Accounting Pronouncements

In 2018, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - The objective of this statement is to address reporting by governments that provide other postemployment benefits (OPEB) to their employees and for governments that finance OPEB for employees of other governments. The City restated its beginning net position as part of implementation of this statement.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* - The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement did not apply to the City for the current fiscal year.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. New Accounting Pronouncements, Continued

- GASB Statement No. 85, *Omnibus 2017* – The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). There was no effect on net position as a result of implementation of this statement.

- GASB Statement No. 86, *Certain Debt Extinguishment Issues* – The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement did not apply to the City for the current fiscal year.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS

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

	Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 8,898,693	\$ 4,724,599	\$ 414,818	\$ 14,038,110
Restricted cash and investments	37,567	25,502	-	63,069
Total cash and investments	\$ 8,936,260	\$ 4,750,101	\$ 414,818	\$ 14,101,179

A. Summary of Cash and Investments

Cash and investments as of June 30, 2018 consist of the following:

Deposits:	
Cash on hand	\$ 1,075
Deposits with financial institution	751,867
Total cash on hand and deposits	752,942
Investments	
County of sonoma Investment Pool	9,249,688
Investments	4,035,480
Total investments	13,285,168
Total City Treasury	14,038,110
Restricted cash and investments:	
Cash with fiscal agent	63,069
Total Restricted cash and investments	63,069
Total cash and investments	\$ 14,101,179

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

B. Cash Deposits

At June 30, 2018, the carrying amount of the City's cash and cash equivalents were comprised of the general checking account which had a book balance of \$751,867 and petty cash of \$1,075. The bank balance in the City's general checking was \$1,193,528, fully insured and collateralized with securities held by the pledging financial institutions in the City's name as discussed below. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City's cash deposit was fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

C. Investments

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

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

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures

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

Cash and investments, including cash with fiscal agents, held in the City by maturity date at June 30, 2018 are shown below:

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1 year	More than 1 year less than 5 years
Investments:			
Money Market	\$ 45,480	\$ 45,480	\$ -
Certificates of deposits	2,958,000	495,000	2,463,000
Government Bonds	1,032,000	-	1,032,000
Total	\$ 4,035,480	\$ 540,480	\$ 3,495,000

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

Presented below is the June 30, 2018 rating which meets the minimum rating required by (where applicable) the California Government Code, the City's Investment Policy, or debt agreements:

Investment Type	Fair Value	Moody Ratings as Fiscal Year End		
		AAA	AA	Not Rated
Investments:				
Government Bonds	\$ 1,032,000	\$ 500,000		\$ 532,000
Total Investment subject to ratings	1,032,000	\$ 500,000	\$ -	\$ 1,032,000
Assets not subject to fair value ratings:				
County of sonoma - investment pool	9,249,688			
Money market	45,480			
Certificates of deposits	2,958,000			
Total investments	\$ 13,285,168			

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, Continued

Concentration of Credit Risk: The investment policy of the City of Sebastopol contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2018 the City did not have investments (other than in external investment pools) that represented 5% or more of the City's total investments.

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

E. Fair Value of Investments

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

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

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

2. CASH AND INVESTMENTS, Continued

E. Fair Value of Investments

Investment fair value measurements at June 30, 2018 are described below:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Certificates of deposits	\$ 2,958,000	\$ -	\$2,958,000	\$ -
Government Bonds	1,032,000	-	1,032,000	-
Total investments subject to levelling	3,990,000	\$ -	\$3,990,000	\$ -
Assets not subject to fair value leveling:				
Money Market	45,480			
County of sonoma - investment pool	9,249,688			
Total investments	\$ 13,285,168			

E. Cash and Investments with Fiscal Agents

Funds deposited with fiscal agents can be held in cash or invested in various securities. The fiscal agents can invest in securities as outlined in trust agreements, provided the investments are within the limits imposed by state statutes. These investments include federal securities, investment agreements, interest-bearing demand or time deposits, commercial paper rated "AA-" or better by Moody's, and money market mutual funds which are rated in the highest category by Moody's. At June 30, 2018, cash and investments with fiscal agents totaled \$63,069.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

3. LOANS AND NOTES RECEIVABLE

At June 30, 2018, the City had the following loans and notes receivable:

<u>Party to Loan</u>	<u>Purpose of Loan</u>	<u>Amount</u>
Governmental Activities:		
Sebastopol Industrial Park, LLC	Development agreement	\$ 706
Individual home buyers	Solar power equipment installation loans	<u>229,707</u>
	Subtotal governmental activities	230,413
Business-Type Activities:		
Sebastopol Industrial Park, LLC	Development agreement	<u>2,473</u>
	Total	<u><u>\$ 232,886</u></u>

The \$229,707 solar equipment installation loans are repayable in equal bi-monthly installments over a period of about 33 years by the homeowners, and repayments are made through the City's enterprise utility billing and collection system.

4. INTERFUND TRANSACTIONS

A. Fund Financial Statements

Due To and Due From

At June 30, 2018, the City had the following short-term interfund receivables and payables:

<u>Due to General Fund</u>	<u>Due From Other Funds</u>
Non-major Funds:	
Police Grants fund	\$ 8,757
Gas Tax fund	134
Street Lighting Assessment	11,698
Community Development Block Grant	215,768
SB1 Road and Maintenance	6,737
Westwood Assessment District	8,760
Total Non-major Funds	<u><u>\$ 251,854</u></u>

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

4. INTERFUND TRANSACTIONS, Continued

A. Fund Financial Statements, Continued

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

Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2018 is as follows:

Transfer Out	Total	Transfer In			Total
		General	General Capital Projects	Non-Major Govt Funds	
General Fund	\$ (229,704)	\$ -	\$ -	\$ 229,704	\$ 229,704
General Capital Project Fund	(18,125)	-	-	18,125	18,125
Non-major govtl Funds	(1,116,126)	16,182	1,099,944	-	1,116,126
Total Governmental	(1,363,955)	16,182	1,099,944	247,829	1,363,955
Water	(31,024)	-	-	31,024	31,024
Wastewater	(1,235)	-	-	1,235	1,235
Total Enterprise	(32,259)	-	-	32,259	32,259
Total Transfers out	\$ (1,396,214)	\$ 16,182	\$ 1,099,944	\$ 280,088	\$ 1,396,214

Transfers represent funding of various City operations, funding for capital projects, lease payments or debt service, and intrafund transfers of specific departmental operations.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

6. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2018, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land and improvements	\$ 2,151,948	\$ 86,440	\$ 2,238,388
Construction in progress	446,727	1,009,048	1,455,775
	<u>2,598,675</u>	<u>1,095,488</u>	<u>3,694,163</u>
Total non-depreciable assets			
Depreciable assets:			
Buildings and structures	7,020,688	-	7,020,688
Machinery and equipment	2,503,584		2,503,584
Reservoirs	-	3,936,358	3,936,358
Pipelines and water distribution system	-	4,032,717	4,032,717
Pipelines and water collection system	-	7,273,483	7,273,483
Vehicles	2,518,009	841,290	3,359,299
Infrastructure	7,903,203	-	7,903,203
	<u>19,945,484</u>	<u>16,083,848</u>	<u>36,029,332</u>
Total depreciable assets			
Total accumulated Depreciation	<u>(11,311,387)</u>	<u>(9,008,658)</u>	<u>(20,320,045)</u>
Total depreciable assets, net	<u>8,634,097</u>	<u>7,075,190</u>	<u>15,709,287</u>
Total	<u>\$ 11,232,772</u>	<u>\$ 8,170,678</u>	<u>\$ 19,403,450</u>

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

6. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in governmental activity capital assets for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Adjustment/ Reclassification	Balance June 30, 2018
Non-depreciable assets:					
Land and improvements	\$ 2,151,948	\$ -	\$ -	\$ -	\$ 2,151,948
Construction in progress	-	446,727	-	-	446,727
Total non-depreciable assets	2,151,948	446,727	-	-	2,598,675
Depreciable assets:					
Buildings and structures	6,591,362	429,326	-	-	7,020,688
Machinery and equipment	2,443,666	88,495	(28,577)	-	2,503,584
Vehicles	2,341,445	177,463	(899)	-	2,518,009
Infrastructure	7,587,504	315,699	-	-	7,903,203
Total depreciable assets	18,963,977	1,010,983	(29,476)	-	19,945,484
Less accumulated depreciation:					
Buildings and structures	(4,974,272)	(172,621)	-	7,595	(5,139,298)
Machinery and equipment	(1,765,977)	(275,851)	-	34,803	(2,007,025)
Vehicles	(1,453,753)	(138,053)	28,577	74,641	(1,488,588)
Infrastructure	(2,224,381)	(300,672)	899	(152,322)	(2,676,476)
Total Accumulated depreciation	(10,418,383)	(887,197)	29,476	(35,283)	(11,311,387)
Total Depreciable assets, net	8,545,594	123,786	-	(35,283)	8,634,097
Total governmental activities, net	\$ 10,697,542	\$ 570,513	\$ -	\$ (35,283)	\$ 11,232,772

Governmental activities depreciation expense for capital assets for the year ended June 30, 2018 was as follows:

General government	\$ 223,186
Public safety	142,748
Public works	308,964
Parks and recreation	212,299
Total depreciation expense	\$ 887,197

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

6. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in business-type activity capital assets for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Retirements	Adjustment/ Reclassification	Balance June 30, 2018
Non-depreciable assets:					
Land	\$ 86,440				\$ 86,440
Construction in progress	1,518,892	1,009,048	-	(1,518,892)	1,009,048
Total non-depreciable assets	<u>1,605,332</u>	<u>1,009,048</u>	<u>-</u>	<u>(1,518,892)</u>	<u>1,095,488</u>
Depreciable assets:					
Reservoirs	2,417,466	-	-	1,518,892	3,936,358
Pipelines and water distribution system	3,691,616	431,651	-	(90,550)	4,032,717
Pipelines and water collection system	7,328,757	26,224	-	(81,498)	7,273,483
Vehicles	671,060	-	-	170,230	841,290
Total depreciable assets	<u>14,108,899</u>	<u>457,875</u>	<u>-</u>	<u>1,517,074</u>	<u>16,083,848</u>
Less accumulated depreciation:					
Reservoirs	(940,435)	(61,202)	-	-	(1,001,637)
Pipelines and water distribution system	(3,102,766)	(59,231)	-	6,570	(3,155,427)
Pipelines and water collection system	(4,136,926)	(375,871)	-	31,495	(4,481,302)
Vehicles	(313,652)	(20,393)	-	(36,247)	(370,292)
Total accumulated depreciation	<u>(8,493,779)</u>	<u>(516,697)</u>	<u>-</u>	<u>1,818</u>	<u>(9,008,658)</u>
Total depreciable assets, net	<u>5,615,120</u>	<u>(58,822)</u>	<u>-</u>	<u>1,518,892</u>	<u>7,075,190</u>
Total capital assets	<u><u>\$ 7,220,452</u></u>	<u><u>\$ 950,226</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,170,678</u></u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2018 was as follows:

Water	\$ 130,107
Wastewater	386,590
Total depreciation expense	<u><u>\$ 516,697</u></u>

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. LONG-TERM DEBT

A. Government-Wide Financial Statements

Governmental Activities

The following is a summary of governmental activity long-term debt transactions during the year ended June 30, 2018:

	Balance			Balance	Due Within	Due in
	July 1, 2017	Additions	Retirements	June 30, 2018	One Year	More than One Year
Special assessment bonds	\$ 160,000	\$ -	\$ (20,000)	\$ 140,000	\$ 25,000	\$ 115,000
Capital lease-capital projects	669,967	-	(61,037)	608,930	64,033	544,897
Capital lease-renewable energy	780,714	-	(97,589)	683,125	46,267	636,858
Capital lease-mobile home park	514,161	-	(37,467)	476,694	39,325	437,369
Capital lease 911 system	51,206	-	(16,438)	34,768	17,061	17,707
Capital lease-vector truck	59,609	-	(12,597)	47,012	13,096	33,916
Total	\$2,235,657		\$ (245,128)	\$ 1,990,529	\$ 204,782	\$ 1,785,747

Special Assessment Bonds

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

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

Year Ending	Principal	Interest	Total
June 30,			
2019	\$25,000	\$8,390	\$33,390
2020	25,000	6,956	31,956
2021	25,000	5,338	30,338
2022	30,000	3,721	33,721
2023	35,000	1,941	36,941
Total	\$140,000	\$26,346	\$166,346

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

Capital Lease Obligation - Capital Projects

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

The annual debt service requirements for the capital lease obligation are as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities	Total
2019	\$ 92,825	\$ 133,744	\$ 226,569
2020	92,825	133,744	226,569
2021	92,825	133,744	226,569
2022	92,825	133,744	226,569
2023	92,825	133,744	226,569
2024-2026	278,680	401,027	679,707
Total minimum lease payments	742,805	1,069,747	1,812,552
Less amounts representing interest	(133,875)	(221,116)	(324,952)
Present value of net minimum lease payments	\$ 608,930	\$ 848,631	\$ 1,487,600

Other Capital Lease Obligations

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

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

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

Other Capital Lease Obligations, Continued

911 System - The City entered into a lease purchase arrangement with the Government Capital Corporation for the purpose of financing the acquisition of a public safety radio system. The system was capitalized as a capital asset and the original lease amount was \$91,894. The lease is payable in annual payments of \$18,379 through 2020, bears interest at 3.5 percent and is secured by the system equipment.

Vector Truck - The City entered into a capital lease arrangement with Holman Capital Corporation for the purpose of financing the acquisition of a sewer cleaning truck in the original lease amount of \$265,000. The lease is payable in annual payments \$14,084 through 2027 and bears interest at 2.25 percent.

Year Ending June 30,	Renewable Energy Lease	Mobile Home Park Lease	911 System Lease	Vector Truck Lease	Total
2019	\$ 97,589	\$ 64,584	\$ 18,379	\$ 14,084	\$ 194,636
2020	97,589	64,584	18,379	14,084	194,636
2021	97,589	64,584	-	14,084	176,257
2022	97,589	64,584	-	7,042	169,215
2023	97,589	64,584	-	-	162,173
2024-2028	195,180	290,632	-	-	485,812
Total minimum lease payments	683,125	613,552	36,758	49,294	1,382,729
Less amounts representing interest	-	(136,858)	(1,990)	(2,282)	(135,610)
Present value of net minimum lease payments	\$ 683,125	\$ 476,694	\$ 34,768	\$ 47,012	\$1,247,119

As of June 30, 2018, future minimum lease payments under these capital leases are as follows:

Business-Type Activities

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year	Due in More than One Year
Installment agreement	\$ 1,118,601	\$ -	\$ (43,219)	\$ 1,075,382	\$ 44,991	\$ 1,030,391
Capital lease-capital projects	967,597	-	(118,966)	848,631	82,825	765,806
Capital lease-vector truck	179,861	-	(37,782)	142,079	39,289	102,790
State Drinking Water loan	249,339	-	(101,011)	148,328	48,911	99,417
Total	\$ 2,515,398	\$ -	\$ (300,978)	\$ 2,214,420	\$ 216,016	\$ 1,998,404

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

Installment Sale Agreement

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

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 44,991	\$ 44,091	\$ 89,082
2020	46,836	42,246	89,082
2021	48,755	40,327	89,082
2022	50,755	38,327	89,082
2023	52,836	36,246	89,082
2024-2025	831,209	236,073	1,067,282
Total	\$ 1,075,382	\$ 437,310	\$ 1,512,692

Capital Lease Obligations

Capital Projects - In the 2006 fiscal year, the city entered into a financing arrangement to obtain \$2,880,000 in funds for future capital projects. The general fund will be responsible for paying debt service on the governmental activities portion of the lease obligation, which is about 41 percent of the total obligation. The water and wastewater enterprises are responsible for paying the other 59 percent of the obligation. The obligation is repayable from any source of legally available funds. Future minimum lease payment requirements are on page 66.

Vector Truck - The City entered into a capital lease arrangement with Holman Capital Corporation for the purpose of financing the acquisition of a sewer cleaning truck in the original lease amount of \$265,000. The lease is payable in annual payments \$14,084 through 2027 and bears interest at 2.25 percent.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

7. LONG-TERM DEBT, Continued

A. Government-Wide Financial Statements, Continued

As of June 30, 2018, future minimum lease payments under these capital leases are as follows:

Year Ending June 30,	Vactor Truck Lease
2019	\$ 42,252
2020	42,252
2021	42,252
2022	21,126
Total minimum lease payments	147,882
Less amounts representing interest	(5,803)
Present value of net minimum lease payments	<u>\$ 142,079</u>

State Revolving Fund Loan

The City in fiscal 2015 entered into a \$411,000 loan agreement for a Safe Drinking Water State Revolving Fund Loan. The loan bears interest at 2.085 percent and matures in five years. As of June 30, 2018, the city had drawn down only \$249,339 of the \$411,000 loan commitment.

The annual debt service requirements for the Safe Drinking Water Revolving Fund Loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 48,911	\$ 3,956	\$ 52,867
2020	49,937	2,931	52,868
2021	49,480	1,885	51,365
Total	<u>\$ 148,328</u>	<u>\$ 8,772</u>	<u>\$ 157,100</u>

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

8. COMPENSATED ABSENCES

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

A summary of changes in compensated absences for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year	Due in More than One Year
Governmental activities	\$ 756,635	\$ 347,436	\$ (300,000)	\$ 804,071	\$ 300,000	\$ 504,071
Business-type activities	39,823	6,497	(4,000)	42,320	4,000	38,320
Total	\$ 796,458	\$ 353,933	\$ (304,000)	\$ 846,391	\$ 304,000	\$ 542,391

9. OTHER FUND DISCLOSURES

A. Deficit Balances

At June 30, 2018, the funds below had the following deficit fund balance or net position:

Major governmental Funds:	
General Capital Project Fund	\$ (29,137)
Non-major governmental Funds:	
Gas Tax Fund	\$ (242)
Street Lighting Assessment Fund	\$ (12,146)
SB1 Road and Maintenance Fund	\$ (45)

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

10. RISK MANAGEMENT

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

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

There have been no significant changes in insurance coverages in fiscal 2018. Settlements have not exceeded coverage for each of the past three fiscal years. The City has no significant uninsured claim liabilities at June 30, 2018.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

11. PENSION PLANS

A. *Plan Description*

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

B. *Benefits Provided*

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

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

11. PENSION PLANS, Continued

B. Benefits Provided, Continued

The rate plan provisions and benefits in effect at June 30, 2018 are summarized as follows:

	Miscellaneous		
	Miscellaneous	PEPRA Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013	
Hire date			
Benefit formula	2.0% @ 55	2.0% @ 62	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50 - 55	50 - 55	
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	2.0% to 2.5%	
Required employee contribution rates	6.886%	6.250%	
Required employer contribution rates	8.880%	6.555%	
Required unfunded liability payment	\$ 284,298	\$	-
	Safety		
	Safety Fire	Safety Police	PEPRA Safety
	Prior to January 1 2013	Prior to January 1 2013	On or after January 1, 2013
Hire date - Fire			
Benefit formula	3% @ 50	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0% to 2.7%
Required employee contribution rates	8.987%	8.987%	N/A
Required employer contribution rates	18.428%	18.428%	N/A
Required unfunded liability payment	\$ 39,629	\$ 334,145	\$ -

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

The City’s contributions to the Plan for the measurement period ended June 30, 2017 were \$1,099,458.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

11. PENSION PLANS, Continued

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

As of June 30, 2018, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$12,460,116.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportionate share of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for each Plan as of measurement dates June 30, 2016 and 2017 were as follows:

Proportion - June 30, 2016	0.127760%
Proportion - June 30, 2017	0.125641%
Change - Increase (Decrease)	-0.002119%

For the year ended June 30, 2018, the City recognized pension expense of \$1,907,886. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,187,535	\$ -
Changes of assumptions	1,804,347	(138,014)
Differences between expected and actual experience	-	(49,252)
Changes in employer's proportion	2,828	(7,917)
Differences between the employer's contribution and the employer's proportionate share of contributions	32,549	(2,963)
Net differences between projected and actual earnings on plan investments	400,658	-
Total	<u>\$ 3,427,917</u>	<u>\$ (198,146)</u>

\$1,187,535 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

11. PENSION PLANS, Continued

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

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:	
2019	497,080
2020	1,105,044
2021	676,283
2022	(236,170)

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	(1) 7.15%
Mortality	Derived by CalPERS membership data for all funds

(1) Net of pension plan investment expenses.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website www.calpers.ca.gov.

Discount Rate - The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

11. PENSION PLANS, Continued

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	80.00%	2.27%
Inflation Sensitive	6.00%	60.00%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

11. PENSION PLANS, Continued

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –
The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$18,414,419
Current Discount Rate	7.15%
Net Pension Liability	\$12,460,116
1% Increase	8.15%
Net Pension Liability	\$ 7,561,119

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2018, the City reported no payable for outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS

A. Plan Description

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

B. Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Retiree Health Plan:

Active employees	22
Inactive employees or beneficiaries currently receiving benefits	<u>28</u>
Total	50

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS, Continued

C. Contribution

The contribution requirements of plan members and the City are established and may be amended by the City. The required contribution is based on a projected pay-as-you-go financing requirements, with additional amounts to prefund benefits determined annually by the City Council. For the fiscal year ended June 30, 2018, the City contributed \$87,182 of current year premiums (100% of total premiums) and zero to prefund benefits. Plan members receiving benefits contributed no amounts to the total premiums. The General Fund has typically been used to liquidate OPEB liabilities for governmental funds.

D. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	3.13%
Inflation	2.75%
Salary Increases	3.00%
Mortality ⁽¹⁾	Derived by CalPERS membership data for all funds
Healthcare cost trend rates:	5.00% to 8.00%

⁽¹⁾ Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.13%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as of the valuation date.

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS, Continued

F. Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance at June 30, 2016	<u>\$3,035,987</u>
Changes in the year:	
Service cost	58,870
Interest on the total pension liability	81,308
Differences between actual and expected experience	-
Changes in assumptions	(168,395)
Benefits paid to retirees	<u>(71,368)</u>
Net changes	<u>(99,585)</u>
Balance at June 30, 2017	<u><u>\$2,936,402</u></u>

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

1% Decrease - 2.13%	
Total OPEB liability	\$ 3,361,731
Current Discount Rate - 3.13%	
Total OPEB liability	\$ 2,936,402
1% Increase - 4.13%	
Total OPEB liability	\$ 2,586,039

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS, Continued

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

1% Decrease - 4.00% to 7.00%	
Total OPEB liability	\$ 2,819,133
Current Discount Rate - 5.00% to 8.00%	
Total OPEB liability	\$ 2,936,402
1% Increase -6.00% to 9.00%	
Total OPEB liability	\$ 3,074,161

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$123,338. For the fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 87,182	\$ -
Changes of assumptions	-	151,555
Total	<u>\$ 87,182</u>	<u>\$ 151,555</u>

The \$87,182 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the Total OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS, Continued

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

Fiscal Year Ending June 30:	
2019	\$ (16,840)
2020	(16,840)
2021	(16,840)
2022	(16,840)
2023	(16,840)
Thereafter	\$ (67,355)

13. JOINTLY GOVERNED ORGANIZATIONS AND OPERATING AGREEMENTS

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

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

14. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY

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

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

14. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY, CONTINUED,

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

In future years, successor agencies will only be allocated revenues in the amount that is necessary to pay annual estimated installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the former agency have been paid in full and all assets have been liquidated. The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between the redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the encumbrance or expenditure of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Prior to that date, the final seven months of the financial activity of the redevelopment agency continued to be reported in the governmental fund types of the City of Sebastopol. After the date of dissolution, the assets and financial activities of the dissolved redevelopment agency (except for those of the former agency's housing activities that were transferred to the County) are reported in a fiduciary fund (the private-purpose trust fund) in the financial statements of the City of Sebastopol. The assets and liabilities of the private purpose trust are excluded from the government wide statement of net position of the City and the Statement of Activities of the City because fiduciary fund assets are not available in any fashion for use by the City of Sebastopol.

A. Long-Term Obligations

Changes in the bonds during the year ended June 30, 2018 were as follows:

	Balance			Balance	Due Within	Due in
	July 1, 2017	Additions	Retirements	June 30, 2018	One Year	More than One Year
Tax allocation refunding bonds	\$ 1,555,000	\$ -	\$ (365,000)	\$ 1,190,000	\$ 380,000	\$ 810,000
Original issue discount	(35,931)		8,983	(26,948)	-	(26,948)
Total	\$ 1,519,069	\$ -	\$ (356,017)	\$ 1,163,052	\$ 380,000	\$ 783,052

City of Sebastopol
Notes to Basic Financial Statements
For the year ended June 30, 2018

14. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY, CONTINUED,

A. Long-Term Obligations, Continued

Tax Allocation Refunding Bonds 2007 Series – Original Issue

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

The annual debt service requirements for the Tax Allocation Refunding Bonds 2007 Series are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 380,000	\$ 43,610	\$ 423,610
2020	395,000	28,500	423,500
2021	415,000	12,500	427,500
Total	\$ 1,190,000	\$ 84,610	\$ 1,274,610

15. RESTATEMENT

The City recorded a prior period adjustment to recognize deferred outflows of resources and net OPEB liability as of June 30, 2017.

	Net Position, as Previously Reported at June 30, 2017	Prior Period Adjustments			Net Position, as Restated at June 30, 2017
		Deferred Employer OPEB Contributions	Net OPEB Obligation	Net OPEB Liability	
Government-Wide Statements					
Governmental Activities	\$ 9,894,504	\$ 71,368	\$ 425,443	\$ (3,035,987)	\$ 7,355,328

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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City of Sebastopol
Required Supplementary Information
For the year ended June 30, 2017

1. BUDGETS AND BUDGETARY ACCOUNTING

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

The following are the budget comparison schedule for the General Fund

City of Sebastopol
Required Supplementary Information
For the year ended June 30, 2018

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Budgetary Comparison Schedule - General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property	\$ 2,282,000	\$ 2,245,000	\$ 2,433,418	\$ 188,418
Real property transfer	40,000	40,000	39,372	(628)
Transient occupancy tax	480,000	510,000	529,810	19,810
Sales and use	4,201,000	4,483,300	4,630,960	147,660
Franchises	324,000	349,200	323,496	(25,704)
Subtotal	7,327,000	7,627,500	7,957,056	329,556
Licenses, permits and fees:				
Business licenses	127,400	127,400	141,864	14,464
Animal licenses	2,000	2,000	1,581	(419)
Building permits	150,000	150,000	151,874	1,874
Subtotal	279,400	279,400	295,319	15,919
Fines, forfeitures and penalties:				
Vehicle code	62,000	50,000	48,734	(1,266)
Parking fines	25,000	25,000	11,600	(13,400)
Other fines	-	5,000	22,271	17,271
Subtotal	87,000	80,000	82,605	2,605
Interest and rentals:				
Investment earnings	15,000	25,000	42,931	17,931
Rent - Cell Tower	42,000	42,000	42,221	221
Rent - other	4,700	4,300	6,322	2,022
Subtotal	61,700	71,300	91,474	20,174
Intergovernmental:				
State motor vehicle in-lieu tax	-	-	3,990	3,990
Reimbursements	6,000	6,000	15,119	9,119
Other	22,100	118,421	135,057	16,636
Subtotal	28,100	124,421	154,166	29,745
Charges for current services:				
Sales of publications	1,000	1,000	1,266	266
Planning fees	40,000	40,000	74,439	34,439
Encroachment Permits	20,000	20,000	27,401	7,401
Engineering fees	25,000	25,000	-	(25,000)
Public Works Services	15,000	15,000	5,911	(9,089)
Public Safety Services	46,500	46,500	54,200	7,700
Fire Inspection Fees	32,000	32,000	27,116	(4,884)
Other charges	14,220	14,220	21,937	7,717
Subtotal	194,220	193,720	212,270	18,550
Donations and miscellaneous:				
Miscellaneous	43,300	50,700	91,534	40,834
Redevelopment administration	250,000	250,000	250,000	-
Sale of Land/Building	1,500	500	6,799	6,299
Subtotal	294,800	301,200	348,333	47,133
Total revenues	8,272,220	8,677,541	9,141,223	463,682

City of Sebastopol
Required Supplementary Information
For the year ended June 30, 2018

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Budgetary Comparison Schedule - General Fund, Continued

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
General Government:				
City Council	200,459	211,559	206,494	5,065
City Manager	214,665	214,665	183,577	31,088
City Attorney	127,006	127,006	125,149	1,857
City Clerk	246,066	246,066	230,894	15,172
Finance and accounting	195,560	219,760	192,381	27,379
Planning	508,358	508,358	489,475	18,883
Building inspection	181,581	181,581	178,049	3,532
General government non-departmental	225,256	243,456	245,687	(2,231)
Subtotal	1,898,951	1,952,451	1,851,706	100,745
Public safety:				
Police protection	3,700,450	3,754,950	3,622,993	131,957
Animal control	8,100	8,100	21,898	(13,798)
Fire protection	931,694	1,028,015	956,531	71,484
Fire emergency procedures	4,000	4,000	3,865	135
Subtotal	4,644,244	4,795,065	4,605,287	189,778
Public works:				
Corporation Yard	72,826	73,081	76,036	(2,955)
Streets Maintenance	277,300	350,300	303,591	46,709
Parking Lots Maintenance	53,500	55,000	58,449	(3,449)
Engineering	174,137	192,537	167,924	24,613
Subtotal	577,763	670,918	606,000	64,918
Parks and recreation:				
Parks & Landscaping Maintenance	286,901	301,901	341,400	(39,499)
Ives Pool	101,000	101,000	86,262	14,738
Recreation administration and programs	207,550	207,550	212,268	(4,718)
Subtotal	595,451	610,451	639,930	(29,479)
Capital outlay	323,200	323,200	221,166	102,034
Debt service:				
Principal	138,742	138,742	153,112	(14,370)
Interest	47,548	47,548	51,560	(4,012)
Subtotal	186,290	186,290	204,672	(18,382)
Total expenditures	8,225,899	8,538,375	8,128,761	409,614
REVENUES OVER (UNDER)				
EXPENDITURES	46,321	139,166	1,012,462	873,296
OTHER FINANCING SOURCES (USES):				
Transfers in	10,000	10,000	16,182	6,182
Transfers out	(4,655)	(129,655)	(229,704)	(100,049)
Total other financing sources (uses)	5,345	(119,655)	(213,522)	(93,867)
Net change in fund balances	\$ 51,666	\$ 19,511	798,940	\$ 779,429
FUND BALANCES:				
Beginning of year			6,650,194	
End of year			<u>\$ 7,449,134</u>	

City of Sebastopol
Required Supplementary Information
For the year ended June 30, 2018

2. DEFINED BENEFIT PENSION PLAN

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

Fiscal year:	2018	2017	2016	2015
Measurement date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	\$ 12,460,116	\$ 11,055,177	\$ 8,978,404	\$ 8,365,442
Proportionate share of the net pension liability	0.125641%	0.127760%	0.130805%	0.134439%
Covered payroll	\$ 3,959,602	\$ 3,816,625	\$ 3,636,221	\$ 3,289,261
Proportionate share of the net pension liability as a percentage of covered payroll	314.68%	289.66%	246.92%	254.33%
Plan's share of fiduciary net position as a percentage of total pension liability	73.31%	74.06%	78.40%	79.82%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

B. Schedule of Contributions - Last 10 Years*

	Fiscal Year 2017-18	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
Contractually required contribution(actuarially determined)	\$ 1,187,535	\$ 1,099,458	\$ 920,324	\$ 796,771
Contribution in relation to the actuarially determined contributions	(1,187,535)	(1,099,458)	(920,324)	(796,771)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,075,272	\$ 3,959,602	\$ 3,816,628	\$ 3,636,221
Contributions as a percentage of covered payroll	29.14%	27.77%	24.11%	21.91%

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

City of Sebastopol
Required Supplementary Information
For the year ended June 30, 2018

3. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS

A. Schedule of Changes in the City's Net OPEB Liability and Related Ratios

Total OPEB Liability	2017
Changes in the year:	
Service cost	58,870
Interest on the total pension liability	81,308
Differences between actual and expected experience	-
Changes in assumptions	(168,395)
Benefits paid to retirees	(71,368)
Net changes	<u>(99,585)</u>
Total OPEB Liability beginning of the year	<u>\$ 3,035,987</u>
Total OPEB Liability end of the year	<u><u>\$ 2,936,402</u></u>
Covered employee Payroll	3,982,276
City's total OPEB liability as a percentage of covered employee payroll	73.74%

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SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS, CONTINUED

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

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

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

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

CAPITAL PROJECTS FUNDS

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

DEBT SERVICE FUNDS

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

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

City of Sebastopol
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Special Revenue				
	Police Grants	Gas Tax	Park in Lieu	Traffic Impact	Street Lighting Assessment
ASSETS					
Cash and investments	\$ 28,343	\$ -	\$ 175,208	\$ 492,895	\$ -
Restricted cash and investments	-	-	-	-	-
Accounts receivable	16,331	134	-	50,000	6,594
Taxes receivable	-	-	-	-	624
Accrued interest receivable	21	-	746	1,894	57
Assessment receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Total assets	\$ 44,695	\$ 134	\$ 175,954	\$ 544,789	\$ 7,275
LIABILITIES, DEFERRED INFLOWS OF RESOURCE AND FUND BALANCES					
Liabilities:					
Accounts payable	8,434	242	-	-	7,723
Due to other funds	8,757	134	-	-	11,698
Unearned revenues	-	-	-	-	-
Total liabilities	17,191	376	-	-	19,421
Deferred inflows of resources:					
Unavailable revenue	-	-	-	50,000	-
Fund Balances:					
Restricted for :					
Equipment and infrastructure	-	-	165,646	-	-
Highways and streets	-	-	-	518,387	-
Public safety	34,753	-	-	-	-
Community promotion	-	-	-	-	-
Debt service	-	-	-	-	-
Affordable housing	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Committed for street projects	-	-	-	-	-
Unassigned	(7,249)	(242)	10,308	(23,598)	(12,146)
Total fund balances	27,504	(242)	175,954	494,789	(12,146)
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,695	\$ 134	\$ 175,954	\$ 544,789	\$ 7,275

Special Revenue				Special Revenue		
Asset Forfeiture	Downtown Association	Art in Lieu	Measure M	Housing General Plan	Street Reserve	Vehicle Abatement
\$ 7,071	\$ 9,024	\$ 127,501	\$ 155,108	\$ 68,672	\$ 256,658	\$ 2,752
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
38	17	470	898	247	485	8
-	-	-	-	-	-	-
-	-	1,545	-	-	-	-
<u>\$ 7,109</u>	<u>\$ 9,041</u>	<u>\$ 129,516</u>	<u>\$ 156,006</u>	<u>\$ 68,919</u>	<u>\$ 257,143</u>	<u>\$ 2,760</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,536	-	-	-	-	-	-
<u>5,536</u>	-	-	-	-	-	-
-	-	3,090	-	-	-	-
-	-	-	-	-	-	-
-	-	-	142,725	-	-	-
1,573	-	-	-	-	-	2,760
-	9,041	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	68,919	-	-
-	-	126,426	-	-	-	-
-	-	-	-	-	257,143	-
-	-	-	13,281	-	-	-
<u>1,573</u>	<u>9,041</u>	<u>126,426</u>	<u>156,006</u>	<u>68,919</u>	<u>257,143</u>	<u>2,760</u>
<u>\$ 7,109</u>	<u>\$ 9,041</u>	<u>\$ 129,516</u>	<u>\$ 156,006</u>	<u>\$ 68,919</u>	<u>\$ 257,143</u>	<u>\$ 2,760</u>

City of Sebastopol
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

			Special Revenue	Capital Project	Special Revenue
	Inclusionary and Linkage Housing	Building Permit Incremental Fund	Community Development Block Grant	BSCC 1:4:1 Youth	SB1 Road and Maintenance
ASSETS					
Cash and investments	\$ 263,703	\$ 22,007	\$ 9	\$ 10,548	\$ -
Restricted cash and investments	-	-	-	-	-
Accounts receivable	-	6	215,768	-	-
Taxes receivable	-	-	-	-	6,591
Accrued interest receivable	986	79	-	62	101
Assessment receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Total assets	\$ 264,689	\$ 22,092	\$ 215,777	\$ 10,610	\$ 6,692
LIABILITIES, DEFERRED INFLOWS OF RESOURCE AND FUND BALANCES					
Liabilities:					
Accounts payable	-	6	-	1,763	-
Due to other funds	-	-	215,768	-	6,737
Unearned revenues	-	-	-	-	-
Total liabilities	-	6	215,768	1,763	6,737
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Fund Balances:					
Restricted for :					
Equipment and infrastructure	-	-	-	-	-
Highways and streets	-	-	-	-	-
Public safety	-	-	-	8,847	-
Community promotion	-	-	-	-	-
Debt service	-	-	-	-	-
Affordable housing	264,689	-	-	-	-
Parks and recreation	-	-	-	-	-
Committed for street projects	-	22,086	-	-	-
Unassigned	-	-	9	-	(45)
Total fund balances	264,689	22,086	9	8,847	(45)
Total liabilities, deferred inflows of resources, and fund balances	\$ 264,689	\$ 22,092	\$ 215,777	\$ 10,610	\$ 6,692

Capital Project	Debt Service		Total
Undergrounding	Woodstone Assessment District	Clean Renewable Energy Bonds	Non-Major Governmental Funds
\$ 231,319	\$ -	\$ 53,164	\$ 1,903,982
-	37,567	-	37,567
-	-	2,759	291,592
-	-	-	7,215
853	-	-	6,962
-	140,000	-	140,000
-	-	229,707	231,252
<u>\$ 232,172</u>	<u>\$ 177,567</u>	<u>\$ 285,630</u>	<u>\$ 2,618,570</u>
-	-	-	\$ 18,168
-	8,760	-	251,854
-	-	-	5,536
<u>-</u>	<u>8,760</u>	<u>-</u>	<u>275,558</u>
-	140,000	229,707	422,797
-	-	-	165,646
232,172	-	-	893,284
-	-	-	47,933
-	-	-	9,041
-	28,807	55,923	84,730
-	-	-	333,608
-	-	-	126,426
-	-	-	279,229
-	-	-	(19,682)
<u>232,172</u>	<u>28,807</u>	<u>55,923</u>	<u>1,920,215</u>
<u>\$ 232,172</u>	<u>\$ 177,567</u>	<u>\$ 285,630</u>	<u>\$ 2,618,570</u>

City of Sebastopol
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2018

	Special Revenue				
	Police Grants	Gas Tax	Park in Lieu	Traffic Impact	Street Lighting Assessment
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 113,780
Sales and use taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	166,877	157,941	-	-	-
Interest and rents	45	-	1,696	5,764	100
Charges for services	-	-	35,910	36,556	-
Miscellaneous	952	-	-	-	-
Total revenues	167,874	157,941	37,606	42,320	113,880
EXPENDITURES:					
Current:					
General Government	-	-	-	-	10,179
Public safety	157,275	-	-	-	-
Public works	-	152,540	-	-	109,951
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	20,693	-	-
Interest	-	-	10,777	-	-
Total expenditures	157,275	152,540	31,470	-	120,130
REVENUES OVER (UNDER) EXPENDITURES	10,599	5,401	6,136	42,320	(6,250)
OTHER FINANCING SOURCES (USES):					
Transfers in	21,607	33,772	-	1,235	-
Transfers out	(6,182)	-	(94,683)	(450,901)	-
Total other financing sources (uses)	15,425	33,772	(94,683)	(449,666)	-
Net change in fund balances	26,024	39,173	(88,547)	(407,346)	(6,250)
FUND BALANCES:					
Beginning of the year	1,480	(39,415)	264,501	902,135	(5,896)
End of year	\$ 27,504	\$ (242)	\$ 175,954	\$ 494,789	\$ (12,146)

Special Revenue				Special Revenue			
Asset Forfeiture	Downtown Association	Art in Lieu	Measure M	Housing General Plan	Street Reserve	Vehicle Abatement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	55,791	-	-	-	-
-	8,949	-	-	-	-	-	-
-	-	-	-	-	-	-	-
88	(2)	740	1,292	367	788	57	57
-	-	4,635	-	8,465	-	2,082	2,082
100	-	-	-	-	-	-	-
188	8,947	5,375	57,083	8,832	788	2,139	2,139
-	7,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	7,000	-	-	-	-	-	-
188	1,947	5,375	57,083	8,832	788	2,139	2,139
-	-	-	-	-	125,000	-	-
-	-	-	(128,065)	-	-	(10,000)	(10,000)
-	-	-	(128,065)	-	125,000	(10,000)	(10,000)
188	1,947	5,375	(70,982)	8,832	125,788	(7,861)	(7,861)
1,385	7,094	121,051	226,988	60,087	131,355	10,621	10,621
\$ 1,573	\$ 9,041	\$ 126,426	\$ 156,006	\$ 68,919	\$ 257,143	\$ 2,760	\$ 2,760

City of Sebastopol
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2018

			Special Revenue		Capital Project
	Inclusionary and Linkage Housing	Building Permit Incremental Fund	Community Development Block Grant	BSCC 1:4:1 Youth	SB1 Road and Maintenance
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	215,767	27,268	43,553
Interest and rents	2,200	124	111	(8)	(45)
Charges for services	5,008	6,773	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	7,208	6,897	215,878	27,260	43,508
EXPENDITURES:					
Current:					
General Government	-	7,807	-	-	-
Public safety	-	-	-	18,413	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	7,807	-	18,413	-
REVENUES OVER (UNDER) EXPENDITURES	7,208	(910)	215,878	8,847	43,508
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	67,450	-	-
Transfers out	(98,145)	-	(284,597)	-	(43,553)
Total other financing sources (uses)	(98,145)	-	(217,147)	-	(43,553)
Net change in fund balances	(90,937)	(910)	(1,269)	8,847	(45)
FUND BALANCES:					
Beginning of the year, as restated	355,626	22,996	1,278	-	-
End of year	\$ 264,689	\$ 22,086	\$ 9	\$ 8,847	\$ (45)

Capital Project	Debt Service		Total Non-Major Governmental Funds
	Woodstone Assessment District	Clean Renewable Energy Bonds	
Undergrounding			
\$ -	\$ 32,344	\$ -	\$ 146,124
-	-	-	55,791
-	-	-	8,949
-	-	-	611,406
1,354	212	-	14,883
-	-	8,520	107,949
-	-	-	1,052
<u>1,354</u>	<u>32,556</u>	<u>8,520</u>	<u>946,154</u>
-	2,463	-	27,449
-	-	-	175,688
-	-	-	262,491
-	-	-	-
-	20,000	51,323	92,016
-	10,429	-	21,206
<u>-</u>	<u>32,892</u>	<u>51,323</u>	<u>578,850</u>
<u>1,354</u>	<u>(336)</u>	<u>(42,803)</u>	<u>367,304</u>
-	-	31,024	280,088
-	-	-	(1,116,126)
-	-	31,024	(836,038)
<u>1,354</u>	<u>(336)</u>	<u>(11,779)</u>	<u>(468,734)</u>
<u>230,818</u>	<u>29,143</u>	<u>67,702</u>	<u>2,388,949</u>
<u>\$ 232,172</u>	<u>\$ 28,807</u>	<u>\$ 55,923</u>	<u>\$ 1,920,215</u>

City of Sebastopol

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Police Grants For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 149,000	\$ 149,000	\$ 166,877	\$ 17,877
Interest and rents	100	100	45	(55)
Charges for services	800	800	-	(800)
Miscellaneous	-	-	952	952
Total revenues	149,900	149,900	167,874	17,974
EXPENDITURES:				
Current:				
Public safety	181,050	181,050	157,275	23,775
Total expenditures	181,050	181,050	157,275	23,775
REVENUES OVER (UNDER) EXPENDITURES	(31,150)	(31,150)	10,599	41,749
OTHER FINANCING SOURCES (USES):				
Transfers in	34,550	34,550	21,607	(12,943)
Transfers out	-	-	(6,182)	(6,182)
Total other financing sources (uses)	34,550	34,550	15,425	(19,125)
Net change in fund balances	\$ 3,400	\$ 3,400	26,024	\$ 22,624
FUND BALANCES:				
Beginning of the year			1,480	
End of year			\$ 27,504	

City of Sebastopol

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

Gas Tax

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 215,600	\$ 215,600	\$ 157,941	\$ (57,659)
Total revenues	<u>215,600</u>	<u>215,600</u>	<u>157,941</u>	<u>(57,659)</u>
EXPENDITURES:				
Current:				
Public works	201,250	201,250	152,540	48,710
Total expenditures	<u>201,250</u>	<u>201,250</u>	<u>152,540</u>	<u>48,710</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>14,350</u>	<u>14,350</u>	<u>5,401</u>	<u>(8,949)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	33,772	33,772
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>33,772</u>	<u>33,772</u>
Net change in fund balances	<u>\$ 14,350</u>	<u>\$ 14,350</u>	<u>39,173</u>	<u>\$ 24,823</u>
FUND BALANCES:				
Beginning of the year			(39,415)	
End of year			<u>\$ (242)</u>	

City of Sebastopol

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

Park in Lieu

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rents	-	\$ -	\$ 1,696	\$ 1,696
Charges for services	35,000	35,000	35,910	910
Total revenues	35,000	35,000	37,606	2,606
EXPENDITURES:				
Debt service:				
Principal	20,693	20,693	20,693	-
Interest	10,777	10,777	10,777	-
Total expenditures	31,470	31,470	31,470	-
REVENUES OVER (UNDER) EXPENDITURES	3,530	3,530	6,136	2,606
OTHER FINANCING SOURCES (USES):				
Transfers out	(234,900)	(234,900)	(94,683)	140,217
Total other financing sources (uses)	(234,900)	(234,900)	(94,683)	140,217
Net change in fund balances	\$ (231,370)	\$ (231,370)	(88,547)	\$ 142,823
FUND BALANCES:				
Beginning of the year			264,501	
End of year			<u>\$ 175,954</u>	

City of Sebastopol

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

Traffic Impact

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 58,842	\$ 58,842	\$ -	\$ (58,842)
Interest and rents	35,000	35,000	5,764	(29,236)
Charges for services	40,000	40,000	36,556	(3,444)
Total revenues	133,842	133,842	42,320	(91,522)
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	133,842	133,842	42,320	(91,522)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,235	1,235
Transfers out	(904,075)	(904,075)	(450,901)	453,174
Total other financing sources (uses)	(904,075)	(904,075)	(449,666)	454,409
Net change in fund balances	\$ (770,233)	\$ (770,233)	(407,346)	\$ 362,887
FUND BALANCES:				
Beginning of the year			902,135	
End of year			\$ 494,789	

City of Sebastopol

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

Street Lighting Assessment

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 114,350	\$ 114,350	\$ 113,780	\$ (570)
Interest and rents	-	-	100	100
Total revenues	114,350	114,350	113,880	(470)
EXPENDITURES:				
Current:				
General Government	10,600	10,600	10,179	421
Public works	-	103,500	109,951	(6,451)
Total expenditures	10,600	114,100	120,130	(6,030)
REVENUES OVER (UNDER) EXPENDITURES	103,750	250	(6,250)	(6,500)
Net change in fund balances	\$ 103,750	\$ 250	(6,250)	\$ (6,500)
FUND BALANCES:				
Beginning of the year			(5,896)	
End of year			<u>\$ (12,146)</u>	

City of Sebastopol

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

Asset Forfeiture

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	\$ -	\$ 100	\$ 100
Total revenues	<u>-</u>	<u>-</u>	<u>188</u>	<u>188</u>
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>188</u>	<u>188</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>188</u>	<u>\$ 188</u>
FUND BALANCES:				
Beginning of the year			<u>1,385</u>	
End of year			<u>\$ 1,573</u>	

City of Sebastopol

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

Downtown Association

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 7,500	\$ 7,500	\$ 8,949	\$ 1,449
Interest and rents	-	-	(2)	(2)
Total revenues	7,500	7,500	8,947	1,447
EXPENDITURES:				
Current:				
General Government	10,000	10,000	7,000	3,000
Total expenditures	10,000	10,000	7,000	3,000
REVENUES OVER (UNDER) EXPENDITURES	(2,500)	(2,500)	1,947	4,447
Net change in fund balances	\$ (2,500)	\$ (2,500)	1,947	\$ 4,447
FUND BALANCES:				
Beginning of the year			7,094	
End of year			\$ 9,041	

City of Sebastopol

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

Art in Lieu

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rents	\$ -	\$ -	\$ 740	\$ 740
Charges for services	18,000	18,000	4,635	(13,365)
Total revenues	18,000	18,000	5,375	(12,625)
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	18,000	18,000	5,375	(12,625)
Net change in fund balances	\$ 18,000	\$ 18,000	5,375	\$ (12,625)
FUND BALANCES:				
Beginning of the year			121,051	
End of year			\$ 126,426	

City of Sebastopol

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

Measure M

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales and use taxes	\$ 50,000	\$ 50,000	\$ 55,791	\$ 5,791
Interest and rents	1,500	1,500	1,293	(207)
Total revenues	51,500	51,500	57,084	5,584
EXPENDITURES:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	51,500	51,500	57,084	5,584
OTHER FINANCING SOURCES (USES):				
Transfers out	(43,536)	(43,536)	(128,065)	(84,529)
Total other financing sources (uses)	(43,536)	(43,536)	(128,065)	(84,529)
Net change in fund balances	\$ 7,964	\$ 7,964	(70,981)	\$ (78,945)
FUND BALANCES:				
Beginning of the year			226,988	
End of year			<u>\$ 156,007</u>	

City of Sebastopol
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Housing General Plan
For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rents	\$ 200	\$ 200	\$ 367	\$ 167
Charges for services	10,000	10,000	8,465	(1,535)
Total revenues	10,200	10,200	8,832	(1,368)
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	10,200	10,200	8,832	(1,368)
OTHER FINANCING SOURCES (USES):				
Net change in fund balances	\$ 10,200	\$ 10,200	8,832	\$ (1,368)
FUND BALANCES:				
Beginning of the year			60,087	
End of year			\$ 68,919	

City of Sebastopol

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

Street Reserve

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and rents	1,500	1,500	788	(712)
Total revenues	1,500	1,500	788	(712)
EXPENDITURES:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	1,500	1,500	788	(712)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	125,000	125,000	-
Transfers out	(130,607)	(130,607)	-	130,607
Total other financing sources (uses)	(130,607)	(5,607)	125,000	130,607
Net change in fund balances	\$ (129,107)	\$ (4,107)	125,788	\$ 129,895
FUND BALANCES:				
Beginning of the year			131,355	
End of year			\$ 257,143	

City of Sebastopol

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

Vehicle Abatement

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 2,000	\$ 2,000	\$ 2,080	\$ 80
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>2,139</u>	<u>139</u>
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,000</u>	<u>2,000</u>	<u>2,139</u>	<u>139</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(10,000)	(10,000)	(10,000)	-
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (8,000)</u>	<u>\$ (8,000)</u>	<u>(7,861)</u>	<u>\$ 139</u>
FUND BALANCES:				
Beginning of the year			<u>10,621</u>	
End of year			<u>\$ 2,760</u>	

City of Sebastopol

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

Inclusionary and Linkage Housing

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rents	\$ 1,800	\$ 1,800	\$ 2,200	\$ 400
Charges for services	13,000	13,000	5,008	(7,992)
Total revenues	14,800	14,800	7,208	(7,592)
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	14,800	14,800	7,208	(7,592)
OTHER FINANCING SOURCES (USES):				
Transfers out	(241,519)	(241,519)	(98,145)	143,374
Total other financing sources (uses)	(241,519)	(241,519)	(98,145)	143,374
Net change in fund balances	\$ (226,719)	\$ (226,719)	(90,937)	\$ 135,782
FUND BALANCES:				
Beginning of the year			355,626	
End of year			\$ 264,689	

City of Sebastopol

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

Building Permit Incremental Fund

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rents	\$ -	\$ -	\$ 124	\$ 124
Charges for services	6,000	6,000	6,773	773
Total revenues	6,000	6,000	6,897	897
EXPENDITURES:				
Current:				
General Government	7,000	7,000	7,807	(807)
Total expenditures	7,000	7,000	7,807	(807)
REVENUES OVER (UNDER) EXPENDITURES	(1,000)	(1,000)	(910)	90
Net change in fund balances	\$ (1,000)	\$ (1,000)	(910)	\$ 90
FUND BALANCES:				
Beginning of the year, as restated			22,996	
End of year			\$ 22,086	

City of Sebastopol

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

Community Development Block Grant

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 215,767	\$ 215,767
Total revenues	-	-	215,877	215,877
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	215,877	215,877
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	67,450	67,450
Transfers out	-	-	(284,596)	(284,596)
Total other financing sources (uses)	-	-	(217,146)	(217,146)
Net change in fund balances	\$ -	\$ -	(1,269)	\$ (1,269)
FUND BALANCES:				
Beginning of the year			1,278	
End of year			<u>\$ 9</u>	

City of Sebastopol

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

BSCC 1:4:1 Youth

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 27,268	\$ 27,268
Interest and rents	-	-	(8)	(8)
Total revenues	-	-	27,260	27,260
EXPENDITURES:				
Current:				
Public safety	-	-	18,413	18,413
Total expenditures	-	-	18,413	18,413
REVENUES OVER (UNDER) EXPENDITURES	-	-	8,847	8,847
Net change in fund balances	\$ -	\$ -	8,847	\$ 8,847
FUND BALANCES:				
Beginning of the year			-	
End of year			\$ 8,847	

City of Sebastopol

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

SB1 Road and Maintenance

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 43,553	\$ 43,553
Interest and rents	-	-	(45)	(45)
Total revenues	-	-	43,508	43,508
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	43,508	43,508
Net change in fund balances	\$ -	\$ -	(45)	\$ (45)
FUND BALANCES:				
Beginning of the year			-	
End of year			\$ (45)	

City of Sebastopol

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

Undergrounding

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rents	\$ 1,000	\$ 1,000	\$ 1,354	\$ 354
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,354</u>	<u>354</u>
EXPENDITURES:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,000</u>	<u>1,000</u>	<u>1,354</u>	<u>354</u>
OTHER FINANCING SOURCES (USES):				
Net change in fund balances	<u>\$ 1,000</u>	<u>\$ 1,000</u>	1,354	<u>\$ 354</u>
FUND BALANCES:				
Beginning of the year			<u>230,818</u>	
End of year			<u>\$ 232,172</u>	

City of Sebastopol

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

Woodstone Assessment District

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 31,000	\$ 31,000	\$ 32,344	\$ 1,344
Interest and rents	-	-	212	212
Total revenues	31,000	31,000	32,556	1,556
EXPENDITURES:				
Current:				
General Government	5,000	5,000	2,463	2,537
Debt service:				
Principal	20,000	20,000	20,000	-
Interest	10,655	10,655	10,429	226
Total expenditures	35,655	35,655	32,892	2,763
REVENUES OVER (UNDER) EXPENDITURES	(4,655)	(4,655)	(336)	4,319
OTHER FINANCING SOURCES (USES):				
Transfers in	4,655	4,655	-	(4,655)
Total other financing sources (uses)	4,655	4,655	-	(4,655)
Net change in fund balances	\$ -	\$ -	(336)	\$ (336)
FUND BALANCES:				
Beginning of the year			29,143	
End of year			<u>\$ 28,807</u>	

City of Sebastopol

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

Clean Renewable Energy Bonds

For the year ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	-	-	8,520	8,520
Total revenues	-	-	8,520	8,520
EXPENDITURES:				
Debt service:				
Principal	\$ 20,299	20,299	51,323	(31,024)
Total expenditures	20,299	20,299	51,323	(31,024)
REVENUES OVER (UNDER) EXPENDITURES	(20,299)	(20,299)	(42,803)	(22,504)
OTHER FINANCING SOURCES (USES):				
Transfers in	\$ -	-	31,024	31,024
Total other financing sources (uses)	-	-	31,024	31,024
Net change in fund balances	\$ (20,299)	\$ (20,299)	(11,779)	\$ 8,520
FUND BALANCES:				
Beginning of the year			67,702	
End of year			\$ 55,923	

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STATISTICAL SECTION

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

Index

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	Fiscal Year			
	2009	2010	2011	2012
Governmental Activities				
Net Investment In Capital Assets	\$ 1,187,807	\$ 1,911,250	\$ 3,598,601	\$ 7,555,847
Restricted	11,200,943	11,476,901	10,715,129	6,152,199
Unrestricted	634,006	(419,478)	(146,947)	1,002,469
Total Governmental Activities Net Position	\$ 13,022,756	\$ 12,968,673	\$ 14,166,783	\$ 14,710,515
Business-Type Activities				
Net Investment In Capital Assets	\$ 4,564,120	\$ 6,016,753	\$ 5,668,887	\$ 5,620,805
Restricted	-	-	435,861	298,317
Unrestricted	2,599,400	1,175,594	1,027,213	1,306,809
Total Business-Type Activities Net Position	\$ 7,163,520	\$ 7,192,347	\$ 7,131,961	\$ 7,225,931
Primary Government				
Net Investment In Capital Assets	\$ 5,751,927	\$ 7,928,003	\$ 9,267,488	\$ 13,176,652
Restricted	11,200,943	11,476,901	11,150,990	6,450,516
Unrestricted	3,233,406	756,116	880,266	2,309,278
Total Primary Government Net Position	\$ 20,186,276	\$ 20,161,020	\$ 21,298,744	\$ 21,936,446

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

Source: Basic Financial Statements- City of Sebastopol, California

Fiscal Year

2013	2014	2015	2016	2017	2018
\$ 7,351,269	\$ 7,657,875	\$ 8,085,194	\$ 8,017,313	\$ 8,461,885	\$ 9,242,243
7,314,525	7,398,898	4,128,962	4,314,008	2,279,908	1,660,668
1,512,494	1,926,598	(4,937,921)	(3,524,869)	(847,289)	(3,254,719)
<u>\$ 16,178,288</u>	<u>\$ 16,983,371</u>	<u>\$ 7,276,235</u>	<u>\$ 8,806,452</u>	<u>\$ 9,894,504</u>	<u>\$ 7,648,192</u>
\$ 5,237,342	\$ 5,232,877	\$ 4,566,315	\$ 4,799,099	\$ 4,705,054	\$ 5,956,258
576,831	523,783	1,544,038	1,404,798	1,468,204	-
1,786,572	2,413,672	1,051,968	1,691,465	2,900,417	3,430,964
<u>\$ 7,600,745</u>	<u>\$ 8,170,332</u>	<u>\$ 7,162,321</u>	<u>\$ 7,895,362</u>	<u>\$ 9,073,675</u>	<u>\$ 9,387,222</u>
\$ 12,588,611	\$ 12,890,752	\$ 12,651,509	\$ 12,816,412	\$ 13,166,939	\$ 15,198,501
7,891,356	7,922,681	5,673,000	5,718,806	3,748,112	1,660,668
3,299,066	4,340,270	(3,885,953)	(1,833,404)	2,053,128	176,245
<u>\$ 23,779,033</u>	<u>\$ 25,153,703</u>	<u>\$ 14,438,556</u>	<u>\$ 16,701,814</u>	<u>\$ 18,968,179</u>	<u>\$ 17,035,414</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental Activities				
General government	\$ 1,417,079	\$ 1,273,827	\$ 693,583	\$ 620,298
Public safety	3,907,469	3,851,387	4,077,632	4,076,568
Community development	366,161	333,939	933,449	640,286
Education SERAF	-	797,975	164,289	-
Public works	1,695,482	1,731,633	1,343,813	1,059,870
Parks and recreation	409,120	428,619	475,111	485,332
Interest on long-term debt	356,054	334,818	397,315	201,026
Total Governmental Activities Expenses	8,151,365	8,752,198	8,085,192	7,083,380
Business-Type Activities				
Water	1,264,947	1,197,005	1,181,086	1,166,923
Wastewater	2,061,162	2,223,224	2,538,474	2,195,805
Total Business-Type Activities Expenses	3,326,109	3,420,229	3,719,560	3,362,728
Total Primary Government Net Expenses	\$ 11,477,474	\$ 12,172,427	\$ 11,804,752	\$ 10,446,108
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 325,942	\$ 380,883	\$ 415,118	\$ 430,935
Public safety	194,390	172,217	347,576	327,309
Community development	-	-	154,344	313,521
Public works	720,893	367,857	561,378	220,180
Parks and recreation	104,698	55,168	52,032	36,958
Operating Contributions and Grants	1,064,815	819,196	696,077	598,351
Capital Contributions and Grants	675,868	1,279,603	361,150	1,623,332
Total Governmental Activities Program Revenues	3,086,606	3,074,924	2,587,675	3,550,586
Business-Type Activities				
Charges for services				
Water	1,136,933	1,103,451	1,108,006	1,128,182
Wastewater	2,182,325	2,111,142	2,075,731	2,099,751
Capital Contributions and Grants	141,922	285,497	475,435	259,789
Total Business-Type Activities Program Revenues	3,461,180	3,500,090	3,659,172	3,487,722
Total Primary Government Program Revenues	\$ 6,547,786	\$ 6,575,014	\$ 6,246,847	\$ 7,038,308

Source: Basic Financial Statements- City of Sebastopol, California

Fiscal Year

	2013	2014	2015	2016	2017	2018
\$	907,290	\$ 1,327,123	\$ 1,451,524	\$ 1,761,437	\$ 2,055,024	\$ 2,278,030
	4,002,741	4,154,787	4,397,921	4,193,457	5,260,822	5,397,701
	89,926	141,771	34,936	9,155	-	-
	-	-	-	-	-	-
	962,578	1,207,688	1,331,944	1,376,165	938,036	1,301,865
	684,115	771,708	644,813	1,066,267	749,005	801,006
	113,226	103,767	91,304	83,446	80,566	72,765
	6,759,876	7,706,844	7,952,442	8,489,927	9,083,453	9,851,367
	1,320,990	1,298,601	1,368,427	1,669,223	1,716,237	1,893,951
	2,335,916	2,605,752	2,795,925	2,887,638	2,889,787	3,090,686
	3,656,906	3,904,353	4,164,352	4,556,861	4,606,024	4,984,637
\$	10,416,782	\$ 11,611,197	\$ 12,116,794	\$ 13,046,788	\$ 13,689,477	\$ 14,836,004
\$	476,923	\$ 435,632	\$ 342,911	\$ 915,735	\$ 180,139	\$ 208,574
	274,025	248,479	278,638	240,886	190,018	171,292
	41,325	19,942	14,390	162,652	-	-
	107,687	193,334	182,878	305,614	539,617	324,193
	114,637	130,691	89,971	100,630	66,739	44,247
	813,943	553,751	579,188	484,480	209,472	348,082
	7,331	288,575	742,670	446,248	525,005	473,052
	1,835,871	1,870,404	2,230,646	2,656,245	1,710,990	1,569,440
	1,427,249	1,709,463	1,933,720	2,061,253	2,457,698	2,270,224
	2,374,980	2,688,194	2,959,002	3,116,767	3,324,934	3,028,330
	260,514	107,307	30,356	142,905	-	-
	4,062,743	4,504,964	4,923,078	5,320,925	5,782,632	5,298,554
\$	5,898,614	\$ 6,375,368	\$ 7,153,724	\$ 7,977,170	\$ 7,493,622	\$ 6,867,994

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

	Fiscal Year		
	2009	2010	2011
Net (Expense)/Revenue			
Governmental Activities	\$ (5,064,759)	\$ (5,677,274)	\$ (5,497,517)
Business-Type Activities	135,071	79,861	(60,388)
Total Primary Government Net Expense	(4,929,688)	(5,597,413)	(5,557,905)
General Revenues and Other Changes in Net Position			
Governmental Activities			
Taxes			
Property taxes	1,112,187	1,033,478	1,001,252
Sales and use taxes	1,571,378	1,385,478	1,379,949
Motor vehicle in lieu taxes	594,954	595,275	596,548
Transient lodging taxes	248,252	238,657	269,984
Other taxes	1,053,693	1,370,538	1,393,950
Incremental property taxes	1,586,215	1,925,970	1,889,318
Investment Earnings	-	-	-
Unrestricted interest and rents	103,019	39,501	157,632
Miscellaneous	197,793	112,925	6,994
Transfers	(2,889)	51,034	-
Special item: Forgiveness of indebtedness	-	(1,004,665)	-
Special item: Dissolution of redevelopment agency	-	-	-
Special item: Contribution of long-term loans to Sonoma County	-	-	-
Total Governmental Activities	6,464,602	5,748,191	6,695,627
Business-Type Activities			
Investment Earnings	-	-	-
Transfers	2,889	(51,034)	-
Total Business-Type Activities	2,889	(51,034)	-
Total Primary Government	6,467,491	5,697,157	6,695,627
Change in Net Position			
Governmental Activities	1,399,843	70,917	1,198,110
Business-Type Activities	137,960	28,827	(60,388)
Total Primary Government	\$ 1,537,803	\$ 99,744	\$ 1,137,722

Source: Basic Financial Statements- City of Sebastopol, California

Fiscal Year

	2012	2013	2014	2015	2016	2017	2018
\$	(3,532,794)	\$ (4,924,005)	\$ (5,836,440)	\$ (5,721,796)	\$ (5,833,682)	\$ (7,372,463)	\$ (8,281,927)
	124,994	405,837	600,611	758,726	764,064	1,176,608	313,917
	(3,407,800)	(4,518,168)	(5,235,829)	(4,963,070)	(5,069,618)	(6,195,855)	(7,968,010)
	1,292,711	1,602,494	1,392,443	1,393,021	2,459,296	2,478,979	2,618,913
	1,392,916	1,673,360	1,713,697	1,748,368	2,069,199	3,923,850	3,714,794
	565,094	566,513	591,353	621,440	-	-	-
	300,937	329,577	359,892	482,164	483,738	514,225	529,810
	1,358,326	1,924,257	2,273,971	2,761,809	2,246,817	1,134,089	1,097,589
	922,557	-	-	-	-	-	-
	-	-	-	-	-	67,458	57,812
	81,145	(5,330)	22,017	10,492	73,826	-	-
	20,555	269,884	257,126	327,178	-	260,341	523,614
	31,024	31,023	31,024	31,024	31,023	31,023	32,259
	-	-	-	-	-	-	-
	(4,909,339)	-	-	-	-	-	-
	-	-	-	(3,602,937)	-	-	-
	1,055,926	6,391,778	6,641,523	3,772,559	7,363,899	8,409,965	8,574,791
	-	-	-	-	-	32,728	31,889
	(31,024)	(31,023)	(31,024)	(31,024)	(31,023)	(31,023)	(32,259)
	(31,024)	(31,023)	(31,024)	(31,024)	(31,023)	1,705	(370)
	1,024,902	6,360,755	6,610,499	3,741,535	7,332,876	8,411,670	8,574,421
	(2,476,868)	1,467,773	805,083	(1,949,237)	1,530,217	1,037,502	292,864
	93,970	374,814	569,587	727,702	733,041	1,178,313	313,547
\$	(2,382,898)	\$ 1,842,587	\$ 1,374,670	\$ (1,221,535)	\$ 2,263,258	\$ 2,215,815	\$ 606,411

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

	Fiscal Year			
	2009	2010	2011*	2012
General Fund				
Unreserved, designated	\$ 650,673	\$ 140,335	\$ -	\$ -
Unreserved, undesignated	-	-	-	-
Nonspendable	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	286,698	789,029
Total General Fund	<u>\$ 650,673</u>	<u>\$ 140,335</u>	<u>\$ 286,698</u>	<u>\$ 789,029</u>
All Other Governmental Funds				
Reserved	\$ 2,106,794	\$ 1,385,085	\$ -	\$ -
Unreserved, designated	1,374,316	-	-	-
Unreserved, undesignated	955,122	2,456,904	-	-
Unreserved, Reported In nonmajor:				
Special Revenue Funds	2,416,412	2,856,424		
Capital Projects Funds	192,194	712,214		
Nonspendable	-	-	783,000	-
Restricted	-	-	6,093,900	2,547,599
Committed	-	-	215,339	213,100
Unassigned	-	-	(547,826)	-
Total All Other Governmental Funds	<u>7,044,838</u>	<u>7,410,627</u>	<u>6,544,413</u>	<u>2,760,699</u>
Total Governmental Funds	<u><u>\$7,695,511</u></u>	<u><u>\$7,550,962</u></u>	<u><u>\$6,831,111</u></u>	<u><u>\$3,549,728</u></u>

* GASB 54 implemented in fiscal year 10/11

Source: Basic Financial Statements- City of Sebastopol, California

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	11,127	46,392	-
1,195,000	458,000	1,015,000	1,015,000	185,000	185,000	-
-	-	-	-	2,785,000	3,335,000	-
697,762	1,113,028	2,077,523	3,265,624	3,669,067	3,882,742	-
\$ 1,892,762	\$ 1,571,028	\$ 3,092,523	\$ 4,280,624	\$ 6,650,194	\$ 7,449,134	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,025,676	3,169,424	3,573,382	3,827,777	2,279,908	1,660,668	-
364,291	471,226	595,718	464,800	154,351	279,229	-
-	-	-	-	(79,673)	(48,819)	-
3,389,967	3,640,650	4,169,100	4,292,577	2,354,586	1,891,078	-
\$5,282,729	\$5,211,678	\$7,261,623	\$8,573,201	\$9,004,780	\$9,340,212	-

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Property taxes	\$ 2,698,402	\$ 2,959,448	\$ 2,890,570	\$ 2,215,268
Sales and use taxes	2,155,536	1,878,944	1,896,802	1,977,528
Other taxes	654,316	1,042,117	1,038,819	966,989
Transient occupancy taxes	-	-	-	-
Franchise fees	-	-	-	-
Licenses and permits	246,748	223,679	370,070	321,351
Fines and forfeits	73,805	88,112	97,597	174,613
Intergovernmental	1,808,922	2,665,525	1,610,033	2,990,419
Interest and rents	220,002	85,003	307,151	92,583
Charges for services	1,042,920	697,305	1,052,554	648,309
Miscellaneous	312,012	628,545	2,424,131	690,618
Total Revenues	9,212,663	10,268,678	11,687,727	10,077,678
Expenditures				
Current				
General Government	1,410,808	1,269,400	763,251	763,950
Public Safety	3,749,030	3,593,002	3,831,707	3,727,294
Community development	366,161	330,137	1,782,172	893,424
Parks and recreation	311,238	286,783	333,275	277,746
Public works	1,499,856	2,164,525	894,648	761,911
Education SERAF	-	797,975	164,289	-
Capital Outlay	1,950,605	644,674	2,054,271	1,610,157
Intergovernmental	-	-	-	329,888
Debt Service:				
Principal	899,981	926,110	3,541,529	1,299,299
Interest	355,845	326,655	523,626	211,532
Cost of debt issuance	-	-	-	-
Total Expenditures	10,543,524	10,339,261	13,888,768	9,875,201
Excess of Revenues Over (Under) Expenditures	(1,330,861)	(70,583)	(2,201,041)	202,477
Other Financing Sources (Uses)				
Capital lease financing	-	-	-	-
Sale of property	-	-	-	-
Loans and capital leases issued	-	-	1,484,190	-
Proceeds of long-term capital lease	45,216	-	-	-
Sales of capital assets	-	-	-	-
Proceeds of long-term debt	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers In	1,549,370	1,589,594	951,526	565,248
Transfers Out	(1,552,259)	(1,538,560)	(951,526)	(534,224)
Total Other Financing Sources (Uses)	42,327	51,034	1,484,190	31,024
Extraordinary/Special Items	-	-	-	(3,514,884)
Net Change In Fund Balances	(\$1,288,534)	(\$19,549)	(\$716,851)	(\$3,281,383)
Debt Service as a percentage				
of non-capital expenditures	14.6%	13.6%	34.4%	19.0%

Source: Basic Financial Statements- City of Sebastopol, California

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	1,602,494	\$	1,392,443	\$	1,393,024	\$	2,459,296	\$	2,681,062	\$	2,618,914
	2,812,420		3,214,480		3,652,138		3,940,169		4,454,450		4,686,751
	1,010,312		1,070,444		1,218,306		-		-		-
	-		-		-		483,738		514,225		529,810
	-		-		-		351,568		359,466		323,496
	364,654		290,026		314,693		488,234		412,678		304,268
	124,941		117,358		158,380		122,235		88,747		82,605
	1,337,164		1,412,805		1,443,193		979,119		676,542		765,572
	12,529		76,670		43,433		92,985		112,795		106,357
	676,416		922,178		843,764		717,270		428,703		320,219
	79,048		54,189		67,948		434,506		294,146		523,223
	8,019,978		8,550,593		9,134,879		10,069,120		10,022,814		10,261,215
	876,686		1,308,096		1,501,999		1,628,362		2,272,637		1,879,155
	3,746,490		3,950,740		4,175,290		4,329,264		4,429,352		4,780,975
	88,735		140,258		35,436		9,600		-		-
	374,110		679,488		544,596		524,035		605,061		639,930
	809,017		1,124,226		1,073,855		1,443,331		930,256		868,491
	-		-		-		-		-		-
	228,939		240,332		80,472		554,243		1,188,516		1,471,598
	-		-		-		-		-		-
	349,214		357,250		358,175		302,357		233,469		245,128
	114,692		105,278		93,135		82,796		80,566		72,766
	-		-		-		-		-		-
	6,587,883		7,905,668		7,862,958		8,873,988		9,739,857		9,958,043
	1,432,095		644,925		1,271,921		1,195,132		282,957		303,172
	-		-		-		85,423		66,250		-
	269,883		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		799		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	265,144		256,529		256,301		417,645		198,741		1,396,214
	(234,121)		(225,505)		(225,277)		(386,622)		(167,718)		(1,363,955)
	300,906		31,024		31,024		116,446		98,072		32,259
	-		-		-		-		-		-
	\$1,733,001		\$675,949		\$1,302,945		\$1,311,578		\$381,029		\$335,431
	7.3%		6.0%		5.8%		4.6%		3.6%		3.7%

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

Fiscal Year	Secured	Unsecured	SBE Nonunitary	Total Taxable Assessed Value ¹	Total Direct Tax Rate
2008	\$ 920,926,108	\$ 38,166,497	\$ 12,500	\$ 959,080,105	1.1294%
2009	949,722,087	39,480,371	12,500	989,189,958	1.1250%
2010	932,154,944	40,354,704	12,500	972,497,148	1.1234%
2011	921,301,455	41,224,537	20,260	962,505,732	1.1234%
2012	925,157,423	40,782,023	20,260	965,919,186	1.1325%
2013	936,099,537	32,978,628	20,260	969,057,905	1.1247%
2014	984,165,141	33,736,420	-	1,017,901,561	1.1247%
2015	1,030,201,370	33,857,950	-	1,064,059,320	1.1157%
2016	1,101,325,085	34,718,413	-	1,136,043,498	1.1152%
2017	1,159,102,311	36,169,711	-	1,195,272,022	1.1247%
2018	1,213,563,175	40,451,873	-	1,254,015,048	1.1322%

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

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

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

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

Agency	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Basic Levy 1	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Palm Drive Health Care District	0.00550	0.00540	0.00540	0.00550	0.00550	0.00550	0.00520	0.00520	0.00520	0.00520
Sebastopol Elementary Bonds	0.03950	0.03950	0.03950	0.03950	0.03810	0.03810	0.03700	0.03500	0.03300	0.03550
Sonoma County Junior College	0.02500	0.02500	0.02500	0.02100	0.02100	0.02100	0.01800	0.01600	0.01500	0.01400
Sonoma County Junior College 2014	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02500	0.02300
Twin Hills Elementary	0.03650	0.03500	0.03500	0.04400	0.03700	0.03700	0.03300	0.03300	0.03200	0.03050
West Sonoma County Unified High	0.01150	0.01150	0.01150	0.01550	0.01610	0.01610	0.01550	0.01900	0.01750	0.01700
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	1.12500	1.12340	1.12340	1.13250	1.12470	1.12470	1.11570	1.11520	1.13470	1.13220
City's Share of 1% Levy Per Prop 13³	0.19685	0.19685	0.19685	0.19685	0.19685	0.19685	0.19685	0.19685	0.19685	0.19685
Voter Approved City Debt Rate										
Redevelopment Rate⁴	1.01250	1.01240	1.01240	1.01250						
Total Direct Rate⁵	0.37328	0.37667	0.37800	0.37692	0.37463	0.14272	0.14272	0.14284	0.14285	1.13220

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.

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

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

⁵ Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

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

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

Taxpayer	Fiscal Year 2018		Fiscal Year 2009	
	Taxable Assessed Value	Percent Of Total Assessed Valuation	Taxable Assessed Value ¹	Percent Of Total Assessed Valuation
Barlow Star LLC	\$ 27,147,870	2.16%	N/A	N/A
O Reilly Properties LLC	15,885,902	1.27%	14,012,229	1.43%
Longs Drug Stores LLC	12,027,453	0.96%	N/A	N/A
Kosta Browne Wines	7,646,590	0.61%	N/A	N/A
Redwood Marketplace	6,809,684	0.54%	6,016,865	0.61%
Lok Sebastopol Hotel Co LLC	5,435,904	0.43%	4,589,424	0.47%
Pendergast Charles R	5,424,656	0.43%	4,952,400	0.51%
Maxwell Myers Co Maxwell A Mye	5,406,000	0.43%	N/A	N/A
Diajeff LLC	4,735,260	0.38%	N/A	N/A
Southpoint Avenue Investors LI	4,446,088	0.35%	3,934,659	0.40%
Sebastopol Hotel LLC	4,214,468	0.34%	N/A	N/A
M J Interest LLC	4,208,564	0.34%	3,718,567	0.38%
Sebastopol Garden Apts LLC	4,109,466	0.33%	3,638,061	0.37%
Cambridge Palm Investments LLC	3,859,693	0.31%	N/A	N/A
Petaluma Palm Partners	3,796,555	0.30%	3,361,162	0.34%
7385 Healdsburg Avenue LLC	3,701,351	0.30%	2,558,437	0.26%
Gravenstation LLC	3,443,765	0.27%	3,042,792	0.31%
Johnsen Josh D Nielson Doris D	3,305,498	0.26%	N/A	N/A
Sbri Redwood Grove LLC	3,242,267	0.26%	2,538,714	0.26%
Kahle Eric J Kahle Stephanie L	3,143,731	0.25%	N/A	N/A
Vailetti Celestina	2,995,133	0.24%	2,646,412	0.27%
Mcphail Land Corp	2,970,783	0.24%	2,624,896	0.27%
Smith Dan D Joan Marler	2,865,041	0.23%	2,531,472	0.26%
Moaveni Shahrokh Kheradmand Me	2,823,878	0.23%	N/A	N/A
Pellascini Richard L Pellascin	2,815,697	0.22%	3,272,275	0.33%
Marigold Llc	N/A	N/A	7,703,208	0.79%
Sebastopol Industrial Park Llc	N/A	N/A	7,407,648	0.76%
Highway Partners Llc	N/A	N/A	5,077,152	0.52%
Innovative Molding Inc.	N/A	N/A	4,599,450	0.47%
Sandelman Susan Tr Et Al	N/A	N/A	4,183,930	0.43%
Bodega Heights Investments Llc	N/A	N/A	2,852,262	0.29%
Pinnacle Development Number 22	N/A	N/A	2,604,889	0.27%
Schluter Sophia Tr Et Al	N/A	N/A	2,555,673	0.26%
Sebastopol Health Professional	N/A	N/A	2,429,709	0.25%
Mukherji Ashok	N/A	N/A	2,423,799	0.25%
Total Top 25 Taxpayers	146,461,297	11.68%	\$ 105,276,085	10.76%
Total Taxable Value	\$ 1,254,015,048	100.00%	\$ 978,554,058	100.00%

Source: Sonoma County Assessor data, Avenu Insights & Analytics

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

Fiscal Year	Taxes Levied for the Fiscal Year			Collections within the Fiscal Year of the Levy	
	City	RDA/Successor Agency	Total 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%

¹ Schedule excludes unitary tax.

² Sebastopol is part of Sonoma County which adopted the Teeter Plan.

* 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
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					Total ²
	Special Assessment Bonds	Capital Lease Obligation	CEC Loan	2007 Tax Allocation Refunding Bond	Residential Development Loan	
2009	295,000	5,377,930	128,311	4,050,000	-	9,851,241
2010	285,000	4,769,888	107,243	3,795,000	-	8,957,131
2011	275,000	4,443,559	85,230	3,505,000	1,747,069	10,055,858
2012	255,000	3,367,736	62,193	-	-	3,684,929
2013	240,000	3,057,583	38,131	-	-	3,335,714
2014	225,000	3,001,169	12,974	-	-	3,239,143
2015	205,000	2,415,429	-	-	-	2,620,429
2016	185,000	2,273,334	-	-	-	2,458,334
2017	160,000	2,075,657	-	-	-	2,235,657
2018	140,000	1,850,529	-	-	-	1,990,529

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

Business-Type Activities

Installment Agreement	Capital Lease Obligation	State Drinking Water Loan	CEC Loan	Total ²	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
130,886	1,657,483	-	61,088	1,849,457	11,700,698	4.41%	1,522
81,173	1,632,523	-	51,073	1,764,769	10,721,900	4.17%	1,384
27,881	1,542,671	-	40,698	1,611,250	11,667,108	5.09%	1,469
-	1,448,181	-	29,651	1,477,832	5,162,761	2.17%	697
-	1,349,964	-	17,689	1,367,653	4,703,367	1.80%	632
-	1,244,969	-	6,193	1,251,162	4,490,305	1.82%	604
1,200,000	1,150,336	142,819	-	2,493,155	5,113,584	1.97%	686
1,160,118	1,130,420	170,415	-	2,460,953	3,761,788	1.42%	500
1,118,601	1,147,458	249,339	-	2,515,398	3,912,195	1.38%	516
1,075,382	990,710	148,328	-	2,214,420	3,353,458	1.10%	435

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
	Total			
2009	-	0.00%	0.00%	-
2010	-	0.00%	0.00%	-
2011	-	0.00%	0.00%	-
2012	-	0.00%	0.00%	-
2013	-	0.00%	0.00%	-
2014	-	0.00%	0.00%	-
2015	-	0.00%	0.00%	-
2016	-	0.00%	0.00%	-
2017	-	0.00%	0.00%	-
2018	-	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, 2018

	Percent Applicable ¹	Debt June 30, 2018
<hr/> <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> <hr/>		
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	N/A	<u>\$ 17,668,556</u>
<hr/> <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> <hr/>		
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT	N/A	<u>\$ 6,123,796</u>
<hr/> <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u> <hr/>		
TOTAL OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	100%	<u>\$ 1,190,000</u>
COMBINED TOTAL DEBT		<u><u>\$ 24,982,352</u></u>
TOTAL DIRECT DEBT		<u>\$ -</u>
TOTAL OVERLAPPING DEBT		<u>24,982,352</u>
COMBINED TOTAL DEBT		<u><u>\$ 24,982,352</u></u>

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

<hr/> <u>RATIOS TO 2017-18 ASSESSED VALUATION:</u> <hr/>		
Total Overlapping Tax and Assessment Debt	1.40%	
Combined Direct Debt	0.00%	
Combined Total Debt	1.98%	
<hr/> <u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$351,381,593)</u> <hr/>		
Total Overlapping Tax Increment Debt	0.34%	

CITY OF SEBASTOPOL
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal year			
	2009	2010	2011	2012
Total assessed value of all real and personal property	\$ 989,214,958	\$ 972,522,148	\$ 962,546,252	\$ 965,959,706
Debt limit percentage	3.75%	3.75%	3.75%	3.75%
Total debt limit	37,095,561	36,469,581	36,095,484	36,223,489
Amount applicable to debt limit	9,851,241	8,957,131	10,055,858	3,684,929
Legal debt margin	<u>\$ 27,244,320</u>	<u>\$ 27,512,450</u>	<u>\$ 26,039,626</u>	<u>\$ 32,538,560</u>
Total net debt applicable to the limit as a percentage of debt limit	26.56%	24.56%	27.86%	10.17%

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

Source: Basic Financial Statements - City of Sebastopol, California

Fiscal year					
2013	2014	2015	2016	2017	2018
\$ 969,098,425	\$ 1,017,901,561	\$ 1,064,059,320	\$ 1,136,043,498	\$ 1,195,272,022	\$ 1,254,015,048
3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
36,341,191	38,171,309	39,902,225	42,601,631	44,822,701	47,025,564
3,335,714	3,239,143	2,620,429	2,458,334	2,235,657	1,990,529
\$ 33,005,477	\$ 34,932,166	\$ 37,281,796	\$ 40,143,297	\$ 42,587,044	\$ 45,035,035
9.18%	8.49%	6.57%	5.77%	4.99%	4.23%

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

Tax Allocation Revenue Bonds

Fiscal Year	Property Tax Increment	Principal	Interest	Coverage
2009	1,586,215	586,600	224,834	1.95
2010	1,925,970	605,300	202,810	2.38
2011	1,889,318	2,907,750	399,907	0.57
2012	922,557	939,495	101,273	0.89
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-

Special Assessment Bonds

Fiscal Year	Special Assessments	Principal	Interest	Coverage
2009	31,384	10,000	24,410	0.91
2010	30,665	10,000	24,674	0.88
2011	32,351	10,000	22,276	1.00
2012	31,479	20,000	22,468	0.74
2013	30,602	15,000	21,302	0.84
2014	32,121	15,000	19,924	0.92
2015	31,082	20,000	17,004	0.84
2016	32,420	20,000	15,312	0.92
2017	31,194	25,000	11,455	0.86
2018	32,344	20,000	10,005	1.08

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

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

Source: Basic Financial Statements - City of Sebastopol, California

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

Installment Sale Agreement and State Drinking Water Loan

Fiscal Year	Operating Revenue	Adjusted Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2009	n/a	n/a	n/a	-	-	n/a
2010	n/a	n/a	n/a	-	-	n/a
2011	n/a	n/a	n/a	-	-	n/a
2012	n/a	n/a	n/a	-	-	n/a
2013	n/a	n/a	n/a	-	-	n/a
2014	n/a	n/a	n/a	-	-	n/a
2015	1,933,720	(1,194,003)	739,717	-	-	n/a
2016	2,061,253	(1,493,267)	567,986	39,881	49,201	6.38
2017	2,467,685	(1,538,204)	929,481	41,517	47,565	10.43
2018	2,284,764	(1,763,844)	520,920	101,011	45,217	3.56

Note: There were no pledges of non-general obligation debt from 2008 to 2014.

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

Source: Basic Financial Statements - City of Sebastopol, California

CITY OF SEBASTOPOL
DEMOGRAPHIC STATISTICS
LAST TEN CALENDAR YEARS

Calendar Year	Population	Personal Income		% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelors Degree	Unemployment Rate	Median Age
		Total (in thousands)	Per Capita				
2009	7,745	257,257	33,216	88.89%	37.50%	6.3%	44.90
2010	7,943	229,187	28,854	90.80%	37.60%	6.8%	46.40
2011	7,405	237,412	32,061	93.10%	38.60%	6.3%	47.20
2012	7,445	260,940	35,049	93.50%	38.90%	4.2%	48.70
2013	7,440	247,209	33,227	92.50%	35.50%	3.3%	48.90
2014	7,454	259,973	34,877	94.90%	39.20%	4.8%	48.70
2015	7,527	264,433	35,131	94.70%	42.90%	3.8%	49.70
2016	7,579	283,772	37,441	93.80%	41.20%	3.4%	51.30
2017	7,709	305,392	39,615	96.10%	48.30%	3.4%	51.30
2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source:

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

2000-2009 Income, Age, and Education Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries

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

n/a: not available

CITY OF SEBASTOPOL
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2018			Fiscal Year 2008		
	Employees	Percent of Total Employment	Rank	Employees	Percent of Total Employment	Rank
O'Reilly Media Inc.	186	12%	N/A	N/A	N/A	N/A
Traditional Medicinals Inc	140	9%	N/A	N/A	N/A	N/A
TLC Child and Family Services	130	8%	N/A	N/A	N/A	N/A
Apple Valley Post Acute Rehab	120	8%	N/A	N/A	N/A	N/A
Zak Zaikine Productions	120	8%	N/A	N/A	N/A	N/A
Manzana Products Company Inc	110	7%	N/A	N/A	N/A	N/A
Safeway Pharmacy	110	7%	N/A	N/A	N/A	N/A
Safeway	95	6%	N/A	N/A	N/A	N/A
Analy High School	90	6%	N/A	N/A	N/A	N/A
Antique Society	85	5%	N/A	N/A	N/A	N/A
CN Utility Consulting	85	5%	N/A	N/A	N/A	N/A
Greenacres Homes & Food	82	5%	N/A	N/A	N/A	N/A
Lucky Supermarkets	80	5%	N/A	N/A	N/A	N/A
Fiesta Market	75	5%	N/A	N/A	N/A	N/A
Apple Blossom School	70	4%	N/A	N/A	N/A	N/A
	1,578	100.00%				

Source: Sonoma County Economic Development Board

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

	Fiscal Year	Fiscal Year
	2017	2018
Governmental Activities		
General Government		
City Council	6.00	6.00
City Manager	0.75	0.75
City Attorney	0.25	0.25
Finance	4.00	4.00
Building Inspection	1.50	1.50
Planning	3.00	3.00
Public Safety		
Police	34.75	34.75
Fire	33.50	33.50
Public Works and facilities		
Administration	2.75	2.75
Water	1.00	1.00
Laborer	4.00	4.00
Engineering	1.75	1.75
Maintenance	4.00	6.00
Total Full-Time Equivalent Employees	98.25	100.25

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

Source: City of Sebastopol Finance Department

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

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
Building						
Residential Building Permits	n/a	n/a	302	432	393	278
Land use entitlement applications	n/a	n/a	54	32	25	25
Police						
Citations issued	n/a	n/a	n/a	n/a	872	1,156
Arrests made	n/a	n/a	823	623	669	581
Requests for services	n/a	n/a	7,801	7,830	7,703	7,845
Fire						
Fire responses	861	1,055	1,071	1,056	1,150	1,190
Fire Inspections	200	200	200	300	350	375
Area served (sq. miles)	1.20	1.20	1.20	1.20	1.20	1.20
Public Works						
Encroachment permits	83	93	117	98	59	65
Capital improvement projects	n/a	n/a	n/a	n/a	n/a	6
Park acres overseen		96.00	96.00	96.00	97.70	97.70
Street maintenance - crack seal (streets)	n/a	n/a	n/a	n/a	n/a	n/a
Street maintenance - traffic marking paint (gal.)	n/a	n/a	n/a	n/a	n/a	271
Street light repairs	n/a	n/a	n/a	n/a	n/a	n/a
Water/Waste Water						
Active Residential Accounts	n/a	n/a	2,550	2,470	2,682	2,503
Active Commerical Accounts	n/a	n/a	477	335	473	381
Average Daily Water Consumption	n/a	n/a	758,904	783,561	838,673	821,096
Ground Storage Capacity (gallons)	n/a	n/a	\$7.5m	\$7.5m	\$7.5m	\$7.5m
Elevated Storage Capacity (gallons)	n/a	n/a	0 - no elevated tanks	0 - no elevated tanks	0 - no elevated tanks	0 - no elevated tanks
Ground Water Production Capacity (gallons per day)	n/a	n/a	3,225,600	3,225,600	3,225,000	3,225,600
Pump Capacity (gallons per minute)	n/a	n/a	2,240	2,240	2,240	2,240
Waste Water Treatment Capacity (gallons per day)	n/a	n/a	840,000	840,000	840,000	840,000

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Source: City of Sebastopol Finance Department

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

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
Police						
Stations	1	1	1	1	1	1
Fire						
Stations	1	1	1	1	1	1
Public Works						
Streets (centerline miles)	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
Traffic signals	2	2	2	2	2	2
Parks and Recreation						
Office buildings	4	4	4	4	4	4
Park acreage	96	96	96	96	97.7	97.7
Playing fields/courts	n/a	n/a	n/a	n/a	n/a	n/a
Swimming pools	1	1	1	1	1	1
Water play features	n/a	n/a	n/a	n/a	n/a	n/a
Water						
Water mains (miles)	37	37	37	37	37	37
Fire hydrants	n/a	n/a	n/a	450	450	450
Storage capacity (million gallons)	7.50	7.50	7.50	7.50	7.50	7.50
Treatment capacity (million gallons)						
Wastewater						
Sewer mains (miles)	29	29	29	29	29	29
Treatment capacity (million gallons)	n/a	n/a	n/a	n/a	n/a	n/a

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Source: City of Sebastopol Finance Department