



City of Cotati, California
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

City of Cotati, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017



Prepared by the Administrative Services Department

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INTRODUCTORY SECTION



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City Of Cotati City Council



Susan Harvey
Mayor



Mark Landman
Vice Mayor



John Dell'Osso
Councilmember



Wendy Skillman
Councilmember



John C. Moore
Councilmember

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**City Of Cotati
Management Team**



**Damien O'Bid
City Manager**



**Norm Veloso
Director of Admin
Services**



**Michael Parish
Chief of Police**



**Vicki Parker
Director of Community
Development**



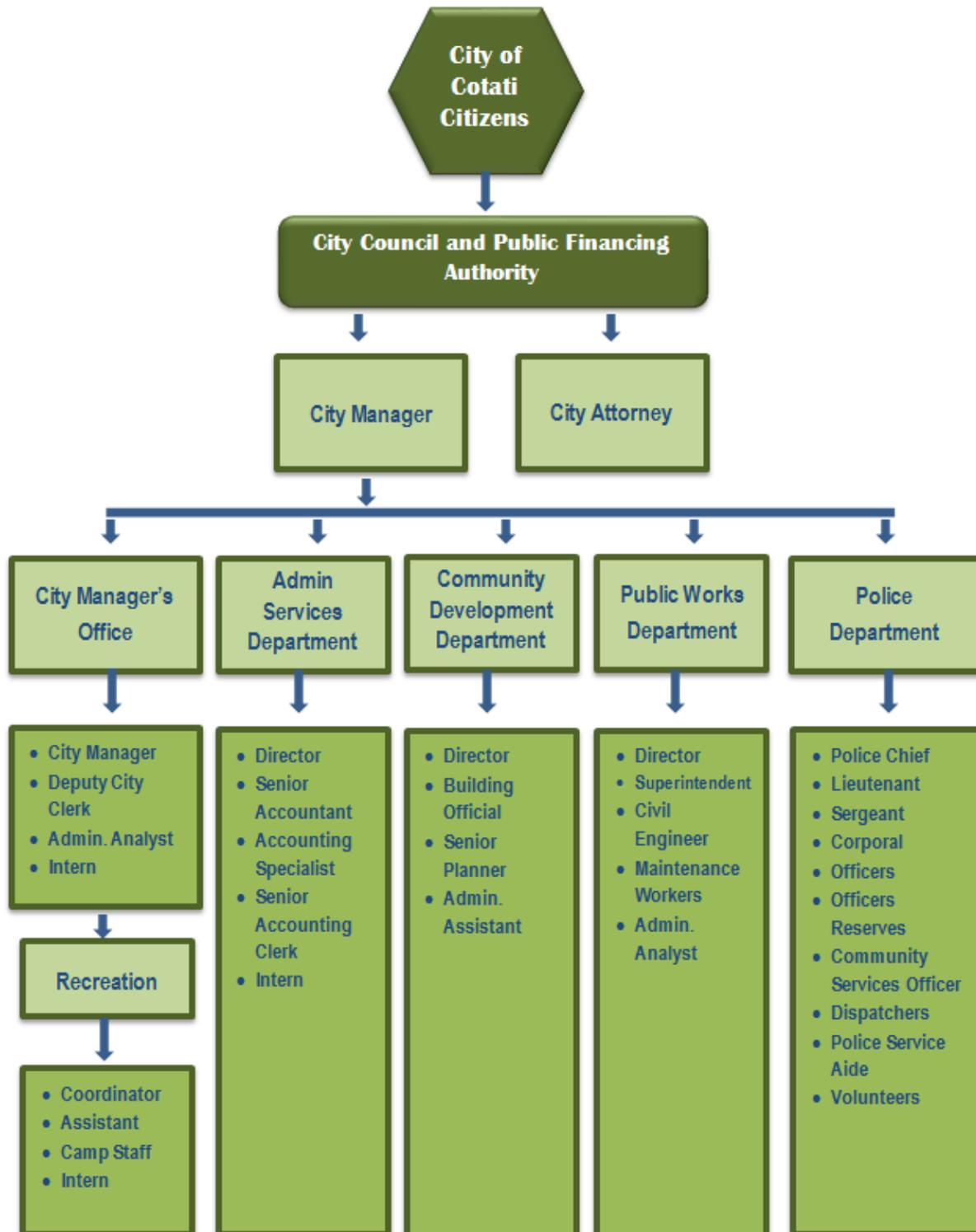
**Craig Scott
Director of Public
Works/City Engineer**

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FISCAL YEAR 2016-2017

CITY ORGANIZATION CHART





Incorporated in 1963

December 12, 2017
The Honorable City Council
Cotati, California

Members of the City Council and Citizens of the City of Cotati:

The City is pleased to present its Comprehensive Annual Financial Report (CAFR) of the City of Cotati (the City) for the fiscal year ended June 30, 2017. The fiscal year covers financial transactions from July 1, 2016 to June 30, 2017 on a modified or full accrual basis, depending on the fund type. The City follows a policy of preparing a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America after the end of each fiscal year. An independent licensed certified public accounting firm audits these financial statements.

City management assumes full responsibility for the completeness and reliability of the information provided in this report. We have established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to provide sufficient reliable information for the City of Cotati's financial statements in conformity with U.S. generally accepted accounting principles. *The cost of internal controls should not outweigh their benefits and the internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.* As management, we assert that, to the best of our knowledge and belief, the financial report is complete and reliable in all material respects.

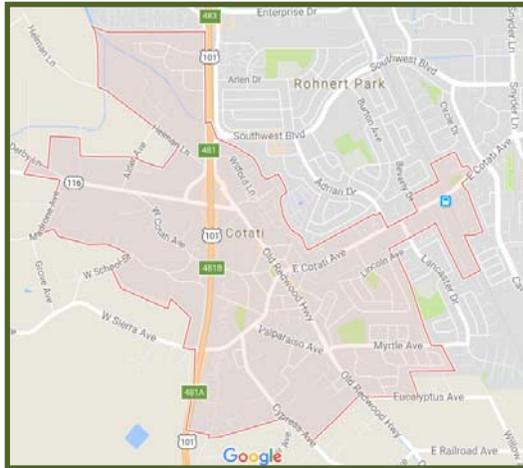
Auditor's Report Summary

Terry Krieg, a licensed certified public accountant, has audited the City of Cotati's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Cotati for the fiscal year June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the management; evaluating the overall financial presentation. Terry Krieg has concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified audit opinion that the City of Cotati's financial statements for the fiscal year ended June 30, 2017 are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Comprehensive Annual Financial Report

The CAFR is presented in four sections: introductory, financial, statistical, and single audit (if any). The introductory section includes this transmittal letter, the City's organizational chart and a list of municipal officers and officials. The financial section includes management's discussion and analysis (MD&A), government-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information, as well as the auditor's report on the financial statements and schedules. The MD&A provides additional information regarding management of the City's finances and should be read in conjunction with the transmittal letter. The statistical section includes selected financial and demographic information of the City, generally presented on a multi-year basis.

The Reporting Entity and Services Provided



City Profile: The City of Cotati was incorporated in 1963 as a general law city in the County of Sonoma, State of California. The City is located about 45 miles north of San Francisco in the 101 corridor between Rohnert Park and Petaluma. The City is approximately 1.88 square miles with an estimated population of 7,500 making it the smallest incorporated community in Sonoma County. Community amenities include an amazing downtown off the historical Old Redwood Highway with various shops and restaurants. The City is also known for various festivals and a weekly farmer's market in season. Numerous Sonoma County wineries are located within minutes from the City making this community an ideal destination.

City Council: The City is established as a Council-Manager form of local government and governed by a Mayor and a four member City Council. The Council is elected on a non-partisan at-large basis. Council members serve four year staggered terms, with two members elected every two years.

The City Council is the legislative and policy-making body of the City. The City Council formulates city policies in the form of motions, resolutions and ordinances which reflect the needs, wishes and priorities of the citizens of Cotati; promotes the economic, cultural, and governmental well-being of the City; and provides for the orderly operations and development of the City. The City Council also serves as the Successor Agency to the former Cotati Community Redevelopment Agency.



City Services: The City provides a full range of municipal services, including police, water, sewer, streets and sidewalks, cultural and recreation facilities, public works and parks, planning, and economic development.



Demographic Information

Size: 1.88 square miles

Population: 7,500 (expected to rise 3.6% by 2021)

Male Population: 46%

Female Population: 54%

Race: White-72.5%, Hispanic-17.3%, Asian-3.7%, Black-1.6%, Two or More Races-3.8%, Others-1.1%

Population Ranking CA cities: 405 out of 482 cities

Median Age: 34.0 years

Median Household Income: \$64,076 (State: \$64,500)

Estimated Median House: \$519,000 (Zillow: June 2017, June 2016 \$488,000, 6.3% increase)

Homeowner Vacancy Rate: 1.5%

Rental Vacancy Rate: Less than 1%



Accounting System and Budgetary Control

Note 1 in the Basic Financial Statements provides a detailed explanation of the City's significant accounting policies. The City has established internal controls to insure the government's assets are protected from loss, theft, or misuse and to demonstrate stewardship of public resources. Because the cost of internal controls should not outweigh their benefits, the City's framework on internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

The City's annual budget starts with the departments working with the City Manager and the Admin Services Department in submitting their respective operating budget requests. The City Manager and Director of Admin Services then make recommendations to the City Council regarding the development of the City's annual budget. After public discussion and evaluation of their recommendations, the City Council adopts a budget. After adoption, the Council periodically reviews the financial activity in relationship to the original budget, and amends the original budget as necessary to reflect changing conditions.



Expenditures are controlled at the fund level for all budgeted departments within the City, and may not legally exceed appropriations. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Any amendments to the total appropriations of a fund must be approved by the City Council.

Long-Term Financial Planning

Despite the improving economy and modest increase in revenue receipts, long-term revenue continues to be a challenge for the City. Both the property tax and sales tax are expected to provide a modest revenue growth but the City continues to face challenges related to the rising costs of medical premiums, reduced PERS discount rate and future replacement and upgrades of city infrastructures.

Since the Great Recession, the City Council has approved various strategies to reduce the costs of salaries and benefits including employees paying their own CalPERS contribution and creating a second pension tier (and the state implemented PEPR, a third tier which became effective January 1, 2013).

In addition to various cost cutting measures and in response to the impact of the previous years' severe economic recession, the State redistribution of funding through the Redevelopment dissolution and the possibility of losing our locally controlled Police Department, the City Council declared a State of Emergency on February 11, 2014 and put Measure G, a 1 percent sales tax, on the ballot. On June 3, 2014, the voters of Cotati passed Measure G, the Cotati Essential City Services Measure, for 9 years to maintain basic City services through the recession.

As the City looks to continue balancing growth and managing gaps between revenue and expenses, there are key variables in planning long-term financial forecasts including payroll growth, pension and health premium rates, revenue projections for property tax and sales taxes. Moreover, Cotati continues to focus on sufficient financial reserves, paying for capital improvements and maintaining and improving levels of service to the residents.

Economic Overview of the City and Region

Cotati's strategic location and setting in the heart of Sonoma County has made it an attractive location as a place to live. While largely built out, families continue to be attracted to the City of Cotati's historic charm, quiet neighborhoods, good schools and low crime rate.

Below is a summary analysis of some key indicators of the region's economic environment.

Employment

The U.S. and regional job market continues to be strong, as evidenced by the most recent labor reports which continue to show low unemployment numbers. With State payroll employment exhibiting strong growth, industry analysts expect the State unemployment rate to remain steady in fall of FY 17-18.



Unemployment Rate

United States 4.3%

California 5.1%

Sonoma County 4.3%

Cotati 4.2%



Inflation

Inflation is the rate at which the general level of prices for goods and services is increasing and, consequently results in a decline in the purchasing power of money or currency. Inflation is expected to have a moderate increase represented by a strong economy and job market. According to industry analysts, energy prices are expected to temporarily bump up towards the latter part of this year because of gasoline disruptions from calamities, placing upward pressure on local retail gasoline prices. Core inflation, which excludes food and energy costs will be around 2.0% next year while a steady increase in housing costs and higher home prices due to tight inventory are expected.

Inflation Rate Fiscal Year Change

Bay Area CPI 3%

Oil Prices (as of 6/30/17) \$52/barrel - 22% increase

Personal Saving Rate

The personal saving rate is calculated as the ratio of personal saving to disposable personal income. In August 2017, the personal saving rate in the U.S. amounted to 3.6 percent. In 2016, the personal saving rate was 5.4% and in 1970, personal saving rate was 12.9%. The personal saving rate is a significant economic indicator as it refers to the accumulation of capital for future use and financially ready people for retirement and unexpected expenses.



Consumer Spending Rate

With the rising income and stable economy, consumer spending increased 3.3% in the second quarter of 2017 (\$11.8 trillion). As reflected from the strong real estate market, two-thirds of consumer spending is on housing and healthcare services. Nearly one-quarter is spent on non-durable goods, such as clothing and groceries, making the U.S. retail sales strong. The trend in consumer spending is definitely moving towards online shopping instead of the usual brick and mortar stores.

Sales Tax

Sales tax revenue (combined Bradley Burns and Measure G) accounts for approximately 60% of General Fund revenues. Total Sales Tax revenues remained flat from FY 2015-2016 levels.

- **Bradley Burns-State Sales Tax:** The Bradley-Burns Uniform Sales and Use Tax Law provide the State a 6% rate and a city/county rate of 1.25%. Out of the 1.25% city/county rate, one-quarter cent of the levy is sent to the county transportation fund and the balance goes to support local government general funds. The uniform tax must be levied countywide and individual cities cannot levy the tax unless it has been first adopted by the county in which the city is located.

- **Measure G-Local Sales Tax:** In the June 2014 elections, the City passed a ballot measure, Measure G, to increase sales tax by 1 %, to help ensure the City's financial viability as a full-service city and at the same time protecting the small town quality of life. For FY 16-17, the City collected approximately \$2.0 million Measure G sales tax revenues. The revenue collected was used to maintain current service and operation levels in the General Fund as well as fund City's recreation, capital projects including parks, streets, and public safety.



- **Sales Tax Breakdown:** As of June 30, 2017, the total sales tax rate in Cotati was 9.125% and is broken down as follows:

California Sales and Use Tax Rates	
State	6.000%
County Transportation Funds	0.250%
Local-City of Cotati (Bradley Burns)	1.000%
Total State-Wide Sales and Use Tax Rate	7.250%
Add: County (SMART, Measure M & Open Space)	0.875%
Add: Measure G	1.000%
Total Sales Tax Rate in Cotati	9.125%

* Sonoma Marin Area Rail Transit [SMART] (0.25%), the Agricultural Preservation and Open Space District (0.25%), and Sonoma County Measure M (0.25%) are countywide measures.

Property Taxes

In Fiscal Year 2016-2017, Cotati experienced a net taxable value increase of 5.9%, which mirrored the increase experienced by the County at 5.9%.



The assessed value increase in Cotati was \$54.8 million between the fiscal years 2015-2016 and 2016-2017. Around \$9.7 million of that change is attributed to Proposition 13 inflation adjustment and approximately \$24 million was due to reversals of prior Proposition 8 reductions. The sale of homes also increased value by \$10.9 million while commercial values also increased by \$3.3 million and unsecured values went up by \$2 million.



As the housing market continues to soar in California, Cotati is expected to continue to improve with sales of homes increasing year over year due to supply shortages in the area. In addition, there is still \$40.5 million of assessed value representing Proposition 8 reductions on 337 single family homes that could be recovered in the future should housing prices continue to increase.

Housing/Building Permits

Housing sales continue to remain strong within the City. Building permits for housing increased by 367% in FY 17 due to the new Village Walk development which includes 56 new housing units consisting of 20 duplex/triplex units, and 26 single-family detached homes.

As of June, the median housing price for single family units in Cotati was \$519,000, representing a 6.3% increase over the prior year housing price of \$488,000.

Economic Condition and Outlook for the General Fund



The City's estimated ending General Fund Balance for FY17-18 budget is \$4.2 million which is equivalent to 73% of total operating reserve. This estimated reserve far exceeds the required budgetary 25% reserve. The significant increase in the reserve is primarily due to the City's ability to efficiently manage costs while it continues to improve the services provided to its citizens.

The General Fund's economic condition and economic outlook includes the following assumptions:

- Property tax growth of 2.7%
- Sales tax growth of 2.4%
- A median growth for other revenue of 3%
- Personnel vacancy rate of 0% by each department
- Salary increases contained in the approved MOUs through 2019
- Health care cost increases



Vision for Cotati



Quality of Life: To preserve Cotati's rural heritage and small town atmosphere while ensuring that new development reinforces both the quality and economic vitality of the community. To maintain Cotati's urban growth boundaries.

Economic Development: To provide a climate that promotes existing businesses and encourages new businesses to locate in our community.

Financial Stability: To become a self-reliant community with a sound economic base. To have a balanced city budget that prudently manages the city's financial resources and provides for appropriate reserves.

Community Safety: To protect the health and well-being of the community by partnering with our citizens to provide a safe and secure environment.

Infrastructure: To provide adequate streets, sidewalks, sewer and water systems, parks, bike paths, and public buildings and ensure that they are maintained at the highest possible level.



City Beautification: To enhance City Gateways and remove blighted conditions. To encourage development which reflects the city's commitment to quality design, preservation of trees, and generous use of landscaping.

Environmental Concerns: To work with developers and citizens to incorporate environmentally friendly materials and green building techniques in all new construction as well as renovation projects. To continue to encourage the community to reduce, reuse and recycle.

Citizen Participation: To encourage citizens to become actively involved in the decision making process and serve on city boards and commissions. To include the participation of volunteers in our community festivals and events.





Significant Events and Accomplishments

Financial and Operational Stability

- 1) Long term financial planning gives the City the opportunity to plan for and address any potential financial challenges with a long-term approach.
- 2) Launched the Activity Guide, a brochure of available classes that is released three times per year. This is the primary marketing tool for the Recreation Department and is delivered to every household in Cotati.
- 3) Mid-Year Budget Review and Update: Provided an assessment of the City's budget condition and updated the FY 2016-17 adopted budget to reflect revisions to address projected revenues and expenditure variances due to changes in economics and policies.
- 4) Developed a new Budget document to provide summaries of the City's budget for the public in an easy-to-read format.
- 5) Updated the City's financial policies.
- 6) Measure G: Created the annual report about the use of Measure G funds

- 7) Financial Reporting: Prepared and submitted financial and budget reports to CSMFO and GFOA for awards.

Economic Development

- 1) Facilitated the development of market rate and affordable housing units for various housing residential projects including the Cotati Station apartments, Village Walk subdivision and Kessing Ranch housing development.



Community Safety

- 1) Police Enforcement: Continue efforts to maintain a safe community
- 2) Maintain and build relationships with residents through support of “National Night Out” and “Coffee with a Cop”.



- 3) Completed various projects including the upgrade of the 911 Phones and Police Dispatch Center, the acquisition of a new police motor vehicle and the replacement of the inverter for back-up power to the Police Dispatch Center.
- 4) Received funding from the Office of Traffic Safety Grant and a new K9 From Sean Walsh Foundation Grant

- 5) Electronic Surveillance (GPS Tracking)

- 6) Updated Emergency Operations Plan and offered two Emergency Operations Trainings.

Infrastructure

- 1) Completed and started various infrastructure projects including the Old Redwood Highway South Preservation, Pavement Management Plan Update, Sunflower Park Rehab, School Street Pathway and various LLMD projects in Park Meadows and Myrtle Avenue.

- 2) Water & Sewer Rate Study Update



Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Admin Services Department. I would like to express my special appreciation to Angela Courter, Neil Tomlinson and Angela Schoenthal. I would also like to thank the Mayor, City Council Members and the City Manager, Damien O'Bid, for their support, stewardship and commitment in planning and conducting the financial affairs and the long-term fiscal health of the City in a responsible and efficient manner.

For more information about the City or to view the CAFR on-line, visit @ www.cotacity.org

Respectfully submitted,



Norm O. Veloso
Director of Admin Services



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FINANCIAL SECTION





Terry E. Krieg, CPA
Certified Public Accountant

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Cotati
Cotati, California

Report on the Financial Statements

I 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 Cotati, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Cotati'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with audited 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 I 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 City'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 City's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements,

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 of Cotati, California as of June 30, 2017, and the respective changes in its 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 on pages 5 through 16, the Budgetary Comparison Schedules on pages 58 through 62, the schedules of proportionate share of net pension liability and retirement plan contributions on pages 63 and 64, and the schedule of funding progress on page 65, 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.

I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

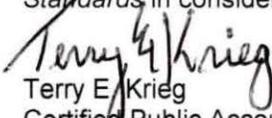
Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cotati's basic financial statements. The accompanying nonmajor fund combining financial statements, budget and actual schedules, schedules of capital assets, schedule of Measure G revenues and uses, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor fund combining financial statements, budget and actual schedules, schedule of capital assets and the schedule of Measure G revenues and uses are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 my opinion, the nonmajor fund combining financial statements, budget and actual schedules, schedule of capital assets, and schedule of Measure G revenues and uses are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report, dated November 20, 2017, on my consideration of the City of Cotati's internal control over financial reporting and on my 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 my 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 of Cotati's internal control over financial reporting and compliance.


Terry E. Krieg
Certified Public Accountant
Santa Rosa, California
November 20, 2017

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CITY OF COTATI MANAGEMENT DISCUSSION AND ANALYSIS

This section of the City of Cotati's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- At the close of the fiscal year, the assets of the City exceeded liabilities by \$40.5 million (Total net position in the government-wide.)
- As of June 30, 2017, the City's governmental activities reported a net position of \$24.0 million (See Table 2).
- As of June 30, 2017, the City's business-type activities reported a net position of \$16.5 million (See Table 2).

Fund Financial Statements

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$10.6 million.
- Within the governmental funds ending fund balance, \$0.7 million was restricted for capital projects, \$3.1 million is restricted for housing, and \$4.4 million is unassigned. (See Governmental Funds Balance Sheet June 30, 2017).



Governmental fund statements utilize the current financial resources measurement focus and modified accrual basis of accounting, which focuses on transactions and events that affect the financial resources available for current spending during the period, and reflect near-term inflows or outflows of cash. Government-wide statements and proprietary fund statements use the economic resources measurement focus and accrual basis of accounting, which focuses on transactions and events that affect total economic resources; i.e., increase or decrease in net position during the period regardless of the timing of the related cash inflows or outflows.

Governmental fund statements do not include capital or other long-term assets that are not available to finance current period expenditures, nor do they include long-term liabilities that will not use current resources. These items must be added (assets) or deducted (liabilities) to/from the fund balances of governmental funds to obtain the net position of the governmental activities for government-wide reporting.



CITY OF COTATI MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of five parts – management’s discussion and analysis (this section), the basic financial statements, required supplementary information, a supplemental informational section that presents combining statements for non-major governmental funds as well as the schedule of Measure G revenues and uses, and the statistical section. The 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 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 data that are more detailed. 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 the City’s non-major funds, each of which are added together and presented in single columns in the basic financial statements.

Table 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.





Table 1
Major Features of City of Cotati’s Government-Wide and Fund Financial Statements

	Fund Statements		
	Government-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses: the water and wastewater systems.
Required financial statements	<ul style="list-style-type: none"> · Statement of Net Position · Statement of activities 	<ul style="list-style-type: none"> · Balance sheet · Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> · Statement of net position · Statement of revenues expenses, and changes in net position · Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements:

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net position and its respective changes. Net position – the difference between the City’s assets and liabilities – is one way to measure the City’s financial health, or position. Over time, increases or decreases in the City’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City are divided into two categories:

- **Governmental activities** – Most of the City’s basic services are included here, such as police, streets, parks, community development, and general administration. Property taxes, sales 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.



CITY OF COTATI MANAGEMENT DISCUSSION AND ANALYSIS

Fund Financial Statements:

The fund financial statements provide detailed information about the City's significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The more significant governmental funds in fiscal year 2016-2017 were.

The City's General Fund, Inclusionary Housing fund, South Sonoma Business Park Debt Service fund, and the Grant fund. All other governmental type funds are aggregated and are presented in a separate single column in the fund financial statements.

The City's water and wastewater enterprise funds are also presented as major funds in separate columns in the fund financial statements.

The City has two kinds of funds:

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds – 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.

In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.





CITY OF COTATI MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This section provides analysis of the government-wide financial statements including long-term and short-term information about the City's overall financial condition. The following tables address the financial results of the City as a whole.

TABLE 2
CITY OF COTATI'S NET POSITION
Summary of Net Position
As of June 30, 2016 and 2017
(in million dollars)

	Governmental Activities			Business Type Activities			TOTAL		Change	
	2017	2016	\$ Change	2017	2016	\$ Change	2017	2016	%	\$
ASSETS										
Current and Other Assets	\$ 10.9	\$ 11.8	\$ (0.9)	\$ 9.1	\$ 9.0	\$ 0.1	\$ 20.0	\$ 20.8	-3.8%	\$ (0.8)
Long Term Receivables	5.7	5.3	0.4	-	-	-	5.7	5.3	7.5%	0.4
Capital Assets	18.2	16.5	1.7	9.2	9.0	0.2	27.4	25.5	7.5%	1.9
Total Assets	34.8	33.6	1.2	18.3	18.0	0.3	53.1	51.6	2.9%	1.5
DEFERRED OUTFLOWS OF RESOURCES										
Pension plan related items										
Timing Differences	2.9	1.5	1.4	0.6	0.3	0.3	3.5	1.8	94.4%	1.7
LIABILITIES										
Current Liabilities	0.7	1.7	(1.0)	0.4	0.5	(0.1)	1.1	2.2	-50.0%	(1.1)
Noncurrent Liabilities	12.5	11.9	0.6	1.9	1.4	0.5	14.4	13.3	8.3%	1.1
Total Liabilities	13.2	13.6	(0.4)	2.3	1.9	0.4	15.5	15.5	0.0%	-
DEFERRED INFLOWS OF RESOURCES										
Pension plan related items	0.4	0.7	(0.3)	0.1	0.1	-	0.5	0.8	-37.5%	(0.3)
NET POSITION										
Investment in Capital Assets	18.2	16.5	1.7	9.2	9.0	0.2	27.4	25.5	7.5%	1.9
Restricted	6.8	5.7	1.1	3.8	4.5	(0.7)	10.6	10.2	3.9%	0.4
Unrestricted	(1.0)	(1.4)	0.4	3.5	2.8	0.7	2.5	1.4	78.6%	1.1
Total Net Position	\$ 24.0	\$ 20.8	\$ 3.2	\$ 16.5	\$ 16.3	\$ 0.2	\$ 40.5	\$ 37.1	9.2%	\$ 3.4

Analysis of the total net position: (Refer to Table 2 above for all balances discussed.)

The combined net position for all City activities, governmental and business alike has increased by \$3.4 million or 9.2% over the prior year. Total assets for all activities increased by \$1.5 million in the current year. This increase is primarily due to increased investments in capital assets of \$1.9 million or 7.5% over prior year. Total liabilities remained consistent with prior year with a decrease in current liability by \$1.1 million or 50% due to the reductions of accrued liabilities for Grants & CDBG. This decrease was offset by a \$1.1 million increase of Net Pension Liability included within noncurrent liabilities. Deferred outflows of resources increased \$1.7 million and deferred inflows of resources decreased \$0.3 million due to changes in pension plan contributions and future liabilities.

Governmental activities:

Net position of the City's governmental activities increased by \$3.2 million to \$24.0 million in the current year. This increase is primarily due to additional investments in capital assets with infrastructure and information technology improvement projects.



CITY OF COTATI MANAGEMENT DISCUSSION AND ANALYSIS

Business-type activities:

The net position of the business-type activities was \$16.5 million as of June 30, 2017. This is an increase of \$0.2 million over the prior fiscal year. These additional resources cannot be used for governmental activities, as they are restricted to finance the continuing operations of the water and wastewater systems and for capital improvements to those systems.

TABLE 3
CITY OF COTATI
Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2017

(in million dollars)

	Governmental Activities				Business Type Activities				TOTAL			
	2017	2016	% Change	\$ Change	2017	2016	% Change	\$ Change	2017	2016	% Change	\$ Change
REVENUES												
Program Revenues												
Charges for Services	\$ 1.6	\$ 1.1		\$ 0.5	\$ 3.6	\$ 3.7		\$ (0.1)	\$ 5.2	\$ 4.8	8.3%	\$ 0.4
Operating Grants and Contributions	0.7	0.4		0.3	-	-		-	0.7	0.4	75.0%	0.3
Capital Grants and Contributions	0.7	4.1		(3.4)	0.7	0.1		0.6	1.4	4.2	-66.7%	(2.8)
General Revenues												
Property Taxes	1.5	1.7		(0.2)	-	-		-	1.5	1.7	-11.8%	(0.2)
Sales and Other Taxes	4.9	4.7		0.2	-	-		-	4.9	4.7	4.3%	0.2
Other	0.1	-		0.1	-	-		-	0.1	-	0.0%	0.1
Total Revenues	9.5	12.0	-20.8%	(2.5)	4.3	3.8	13.2%	0.5	13.8	15.8	-12.7%	(2.0)
EXPENSES												
General Government	1.3	1.7		(0.4)	-	-		-	1.3	1.7	-23.5%	(0.4)
Public Safety	2.5	2.7		(0.2)	-	-		-	2.5	2.7	-7.4%	(0.2)
Public Works	1.7	1.8		(0.1)	-	-		-	1.7	1.8	-5.6%	(0.1)
Community Development	0.4	1.1		(0.7)	-	-		-	0.4	1.1	-63.6%	(0.7)
Water	-	-		-	1.6	1.4		0.2	1.6	1.4	14.3%	0.2
Sewer	-	-		-	2.4	2.2		0.2	2.4	2.2	9.1%	0.2
Interest	0.3	0.3		-	-	-		-	0.3	0.3	-	-
Total Expenses	6.2	7.6	-18.4%	(1.4)	4.0	3.6	11.1%	0.4	10.2	11.2	-8.9%	(1.0)
Revenue over (under) expenses	3.3	4.4		(1.1)	0.3	0.2		0.1	3.6	4.6	-21.7%	(1.0)
Special Items	-	-		-	-	-		-	-	-	-	-
Transfers	(0.1)	-		(0.1)	(0.1)	-		(0.1)	(0.2)	-	-	(0.2)
Change in net position	3.2	4.4	-27.3%	(1.2)	0.2	0.2	0.0%	(0.0)	3.4	4.6	-26.1%	(1.2)
Net position, beginning of period,	20.8	16.4		4.4	16.3	16.1		0.2	37.1	32.5	14.2%	4.6
Net position, end of period	\$ 24.0	\$ 20.8	15.4%	\$ 3.2	\$ 16.5	\$ 16.3	1.2%	\$ 0.2	\$ 40.5	\$ 37.1	9.2%	\$ 3.4

Analysis of the changes in net position

Total government-wide revenues of the primary government decreased \$2.5 million, a 20.8% decrease from prior year and total expenses decreased by \$1.4 million, an 18.4% decrease. These changes are discussed in more detail.



Governmental activities

Revenues

Total revenues for governmental activities decreased \$2.5 million from the prior year, a 20.8% decrease. The primary reason for the decrease in revenue is due to the decrease in capital grants and contributions from \$4.1 million to approximately \$0.7 million in the current year a decrease of \$3.4 million or 83%, offset by increases of \$0.5 and \$0.3 million in charges for services and operating grants and contributions respectively.

The decrease in capital grants was primarily due to significant proportion of work performed during the prior year in regards to the Downtown Specific Plan Project and the Old Redwood Highway Revitalization Project. Charges for services increased primarily due to increased community development and public works development permit fees which increased by approximately \$0.4 million or 50% over the prior year. Operating grants increased primarily due to the increase in contributions through community development of \$0.3 million.

Property Tax revenue in 2017 is slightly lower as compared to 2016 due to the one-time property tax residual distribution received by the City in fiscal year 2016 for approximately \$250,000. Excluding this onetime distribution in 2016, property tax revenue increased slightly because of the continued recovering real estate market and increasing property assessed valuations.

Other taxes increased by \$0.2 million, a 4.3% increase from prior year primarily due to the continued collection of Measure G and improved economy and local sales.

Expenses

Total expenses for governmental activities decreased \$1.4 million from the prior year, an 18.4% decrease. Primary reasons for these decreases were due to the decreased scope of local improvement projects as well as reassessment of staffing and non-departmental costs allocation across Governmental and Business Type Funds.

Business Type Activities

Revenues

Total revenues for business-type activities increased \$0.5 million or 13.2% from the prior year primarily due to an increase of capital grants and contributions of approximately \$0.6 million offset by decreases in charges for services by approximately \$0.1 million.

The increased capital grants and contributions for both Water and Wastewater were primarily caused by the increased connection fees over the prior year due to new development.

Charges for services decreased slightly with an increase of approximately \$0.2 million for Water and a decrease of approximately \$0.3 million for Wastewater. The rise in Water service charges were primarily caused by increased water usage from the drought period in the prior year. This is contrary to the decrease in Wastewater which was reduced primarily due to the re-averaging of sewer usage. Re-averaging was based on the actual water usage for the two lowest billing periods during fiscal year 2015/2016. The average sewer usage based on the re-averaging method has continued to decrease over the past two years due to the prior year drought usage.



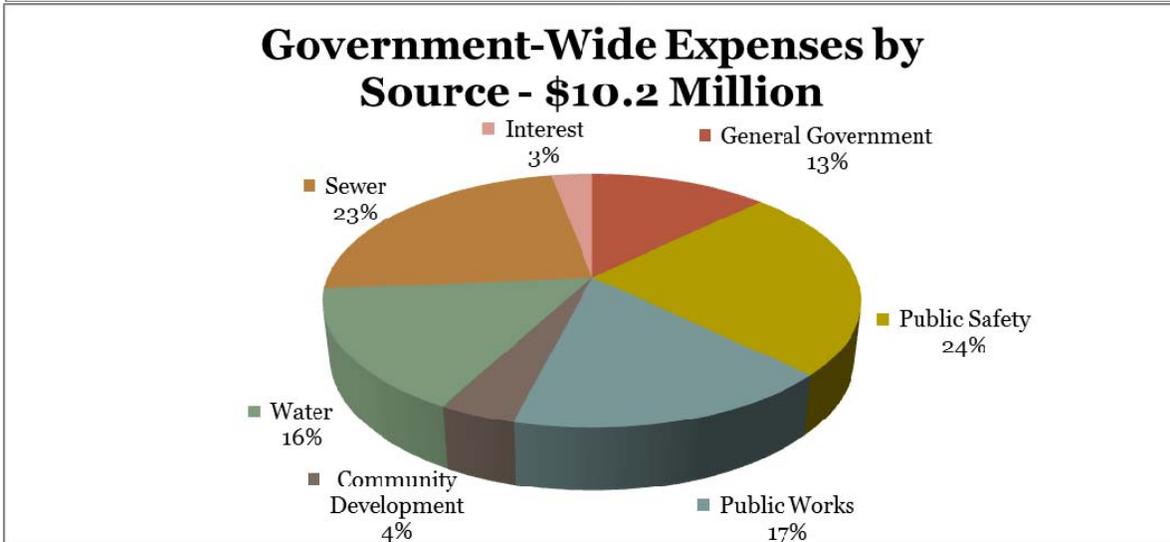
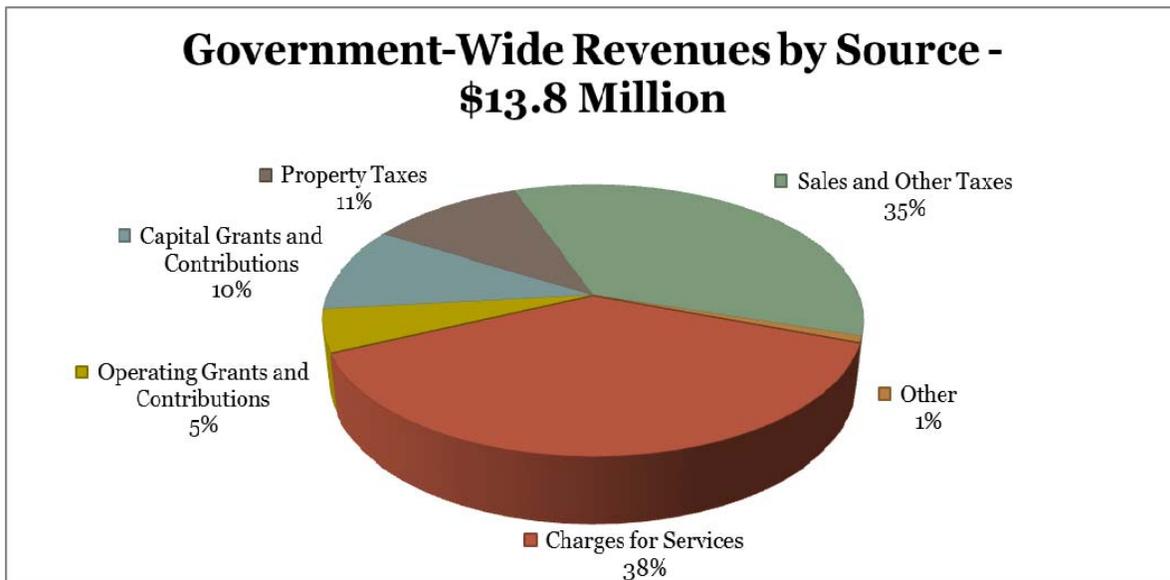
Business Type Activities, continued:

Expenses

Total expenses for business-type activities increased \$0.4 million or 11.1% from the prior year.

Both Water and Wastewater expenses increased primarily due to increased supplies and materials as well as personnel costs of approximately \$0.3 and \$0.1 million respectively

TABLE 4
Government Wide – Percentage of Revenues and Expenses by Account Type





**CITY OF COTATI
MANAGEMENT DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS OF THE CITY'S FUND STATEMENTS

**TABLE 5
CITY OF COTATI
GOVERNMENTAL ACTIVITIES**
For the Fiscal Years Ended June 30, 2016 and 2017
(in million dollars)

	TOTAL		Change	
	2017	2016	%	\$
General Government	\$ 1.3	\$ 1.7	-23.5%	\$ (0.4)
Public Safety	2.5	2.7	-7.4%	(0.2)
Public Works	1.7	1.8	-5.6%	(0.1)
Community Development	0.4	1.1	-63.6%	(0.7)
Interest	0.3	0.3	0.0%	-
TOTAL	\$ 6.2	\$ 7.6	-18.4%	\$ (1.4)

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statement focus on individuals parts of the City government, reporting City operations in more detail than the government-wide statements.

Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported a combined fund balance at June 30, 2017, of \$10.6 million, an increase of \$0.2 million over the end of the previous fiscal year. (See Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2017).

The General Fund is the chief operating fund of the City and reflects a slight increase of \$0.6 million in fund balance. This increase is mostly attributed to the increased sales tax from Measure G.

The City's other major funds include Inclusionary Housing Fund with a year-end fund balance of \$3.1 million, South Sonoma Business Park with a year-end fund balance of approximately \$0.9 million, and Grants Fund with a year ending fund balance of approximately \$(0.02) million. (See Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2017).

The City's non-major funds ended the fiscal year 2016-2017 with a fund balance of \$2.0 million, a decrease of \$(0.04) million over the prior fiscal year. Most of these resources are restricted for use on street projects, community development projects, and other special purposes. (See Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2017).



CITY OF COTATI MANAGEMENT DISCUSSION AND ANALYSIS

Proprietary Funds

The City's proprietary funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Factors concerning these funds have been previously addressed in the discussion of business-type activities under the Government-Wide Statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the City budget several times. These budget amendments fall into two categories:

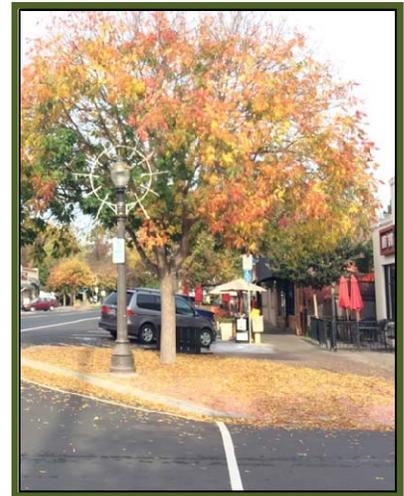
- Changes made at the midyear budget review for unanticipated revenues and costs.
- Increases in appropriations to prevent budget overruns.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of 2017, the City had invested \$27.4 million (net of accumulated depreciation) in a broad range of capital assets, including equipment, vehicles, buildings, park facilities, and water and wastewater systems (See Table 6).

This year's major capital assets additions included:

- Downtown Specific Revitalization \$1.4 million
- Old Redwood Highway South \$0.6 million
- West Cotati Main \$0.5 million
- Veronda-Falletti Park Improvements \$0.2 million.
- Landscaping at Myrtle and Hwy 116 approximately \$61,000
- Public Works Vehicles and Equipment approximately \$61,000
- Police Vehicles approximately \$43,000





**CITY OF COTATI
MANAGEMENT DISCUSSION AND ANALYSIS**

Below is a table of the City's Capital Assets as of June 30, 2016 and 2017. Additional information relative to capital assets is contained in Note 1 Section D of the general-purpose financial statements.

TABLE 6
CITY OF COTATI
Capital Assets*
As of June 30, 2016 and 2017
(in million dollars)

	Governmental Activities		Business Type Activities		TOTAL			
	2017	2016	2017	2016	2017	2016	% Change	\$ Change
Capital assets								
Land	\$ 5.9	\$ 5.9	\$ -	\$ -	\$ 5.9	\$ 5.9	0%	\$ -
Construction in progress	3.8	2.0	0.5	0.4	4.3	2.4	79%	1.9
Buildings	8.6	8.6	-	-	8.6	8.6	0%	-
Vehicles	0.8	0.8	0.6	0.6	1.4	1.4	0%	-
Equipment	0.9	1.0	0.3	0.4	1.2	1.4	-14%	(0.2)
Water and Sewer Lines	-	-	13.3	12.8	13.3	12.8	4%	0.5
Improvements	11.2	10.6	1.2	1.2	12.4	11.8	5%	0.6
Total Capital Assets	\$ 31.2	\$ 28.9	\$ 15.9	\$ 15.4	\$ 47.1	\$ 44.3	6%	\$ 2.8

* This table does not include accumulated depreciation. For further financial data see footnote 7 within the basic financial statements.

Long-term Obligations

South Sonoma Business Park

As of June 30, 2017, special assessment bonds for \$4.5 million were outstanding, of which approximately \$155,000 is considered a current liability. The purpose of these bonds is to facilitate a wetlands mitigation project and is secured by assessments levied against property owners within the assessment districts.

Compensated absences:

As of June 30, 2017, approximately \$0.4 million was owed to government employees for vacation leave and other compensated absences. These benefits are recorded as a liability to the City as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Net Pension Liability

GASB Statement No. 68 significantly revamped the accounting and financial reporting for government employers that provide pension benefits and requiring a "net pension liability" on the statement of net position. A net pension liability of \$9.7 million is reported as of June 30, 2017. (See Statement of Net Position)



CITY OF COTATI MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City will be preparing a multi-year financial plan, which focuses on the long-term financial viability and allows decision makers to understand the future impact of policy decisions made today. Multi-year planning provides both an early warning of adverse financial trends and more time to implement changes to ensure better outcomes. Budget development is guided by a series of policies adopted by the City Council, which guides long-term planning, minimum reserve levels, employee compensation, cash and debt management, information technology and utility rates. The budget was based on these key assumptions:

- Property Tax-The budget projection for 2017-18 assumes decreased property tax collections, due to not receiving the one-time payment from the county for the dissolved redevelopment project areas.
- Sales Tax-The budget projection for 2017-18 assumes continued growth in the area due to higher collections from the Measure G transactions and use tax. Measure G replaced the Measure A tax and set the sales tax rate at 9.125% for nine years ending 2023. Measure G supports the full range of municipal services.



CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 Norm Veloso, Director of Admin Services, City of Cotati, 201 W. Sierra Ave, Cotati, CA 94931.



CITY OF COTATI
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 8,352,111	\$ 4,190,492	\$ 12,542,603
Net receivables	1,237,089	820,528	2,057,617
Internal balances	(253,051)	253,051	-
Prepayments	26,778	28,489	55,267
	<u>9,362,927</u>	<u>5,292,560</u>	<u>14,655,487</u>
Total current assets			
Noncurrent assets:			
Cash and cash equivalents	1,556,062	3,783,904	5,339,966
Long-term notes receivable	1,142,708	-	1,142,708
Other long-term receivables	4,545,000	-	4,545,000
Net capital assets	18,192,860	9,250,509	27,443,369
	<u>25,436,630</u>	<u>13,034,413</u>	<u>38,471,043</u>
Total noncurrent assets			
Total assets			
	<u>34,799,557</u>	<u>18,326,973</u>	<u>53,126,530</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan related items	2,891,466	622,247	3,513,713
	<u>2,891,466</u>	<u>622,247</u>	<u>3,513,713</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 166,862	\$ 137,188	\$ 304,050
Accrued liabilities	221,292	1,530	222,822
Due to other governments	12,066	-	12,066
Compensated absences	60,000	197,753	257,753
Deposits	29,367	72,101	101,468
Accrued interest payable	98,475	-	98,475
Bonds due within one year	155,000	-	155,000
	<u>743,062</u>	<u>408,572</u>	<u>1,151,634</u>
Total current liabilities			
Long-term liabilities due in more than one year:			
Special assessment bonds	4,390,000	-	4,390,000
LT compensated absences	318,781	-	318,781
Net pension liability	7,753,440	1,949,857	9,703,297
Net other post-employment benefit obligation	64,374	-	64,374
	<u>12,526,595</u>	<u>1,949,857</u>	<u>14,476,452</u>
Total long-term liabilities			
Total liabilities			
	<u>13,269,657</u>	<u>2,358,429</u>	<u>15,628,086</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan related items	411,009	69,996	481,005
	<u>411,009</u>	<u>69,996</u>	<u>481,005</u>
NET POSITION			
Net investment in capital assets	18,192,860	9,250,509	27,443,369
Restricted for:			
Capital projects	701,184	3,783,904	4,485,088
Housing	4,182,892	-	4,182,892
Debt service	930,095	-	930,095
Public safety	140,404	-	140,404
Parks	314,861	-	314,861
Streets	490,272	-	490,272
Public communications	15,665	-	15,665
Unrestricted	(957,876)	3,486,382	2,528,506
	<u>(957,876)</u>	<u>3,486,382</u>	<u>2,528,506</u>
Total net position			
	<u>\$ 24,010,357</u>	<u>\$ 16,520,795</u>	<u>\$ 40,531,152</u>

See accompanying notes to the basic financial statements

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CITY OF COTATI
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	City Government		
					Governmental Activities	Business-type Activities	Total
City Government:							
Governmental Activities:							
General government	\$ 1,311,401	\$ 165,292	\$ -	\$ -	\$ (1,146,109)	\$ -	\$ (1,146,109)
Public safety	2,480,262	120,841	142,986	-	(2,216,435)	-	(2,216,435)
Community development	427,963	919,141	339,668	-	830,846	-	830,846
Public works	1,736,094	394,040	196,492	697,062	(448,500)	-	(448,500)
Interest on long-term debt	296,996	-	-	-	(296,996)	-	(296,996)
Total governmental activities	<u>6,252,716</u>	<u>1,599,314</u>	<u>679,146</u>	<u>697,062</u>	<u>(3,277,194)</u>	<u>-</u>	<u>(3,277,194)</u>
Business-Type Activities							
Water	1,623,862	1,559,828	30,000	236,384	-	202,350	202,350
Wastewater	2,421,786	2,048,481	-	464,782	-	91,477	91,477
Total Business-Type Activities	<u>4,045,648</u>	<u>3,608,309</u>	<u>30,000</u>	<u>701,166</u>	<u>-</u>	<u>293,827</u>	<u>293,827</u>
Total City Government	<u>\$ 10,298,364</u>	<u>\$ 5,207,623</u>	<u>\$ 709,146</u>	<u>\$ 1,398,228</u>	<u>(3,277,194)</u>	<u>293,827</u>	<u>(2,983,367)</u>
General Revenues and Transfers:							
General revenues:							
Property taxes					1,472,627	-	1,472,627
Sales taxes					4,222,473	-	4,222,473
Other taxes					678,955	-	678,955
Interest and rents					76,785	-	76,785
Transfers					62,964	(62,964)	-
Total general revenues and transfers					<u>6,513,804</u>	<u>(62,964)</u>	<u>6,450,840</u>
Change in Net Position					<u>3,236,610</u>	<u>230,863</u>	<u>3,467,473</u>
Net Position - Beginning of Year					<u>20,773,747</u>	<u>16,289,932</u>	<u>37,063,679</u>
Net Position - End of Year					<u>\$ 24,010,357</u>	<u>\$ 16,520,795</u>	<u>\$ 40,531,152</u>

See accompanying notes to the basic financial statements.

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CITY OF COTATI
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Inclusionary Housing Fund	South Sonoma Business Park Debt Service Fund	Grant Fund	Low Income Housing Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 3,957,545	\$ 3,136,427	\$ 854,878	\$ 52,504	\$ -	\$ 1,906,819	\$ 9,908,173
Accounts receivable	36,372	-	-	-	-	-	36,372
Taxes receivable	955,698	-	-	-	-	-	955,698
Due from other governments	-	-	77,217	130,414	-	37,388	245,019
Assessments receivables	-	-	4,545,000	-	-	-	4,545,000
Notes receivable	28,000	-	-	-	1,046,465	68,243	1,142,708
Prepayments	26,778	-	-	-	-	-	26,778
Total assets	\$ 5,004,393	\$ 3,136,427	\$ 5,477,095	\$ 182,918	\$ 1,046,465	\$ 2,012,450	\$ 16,859,748
LIABILITIES							
Liabilities:							
Accounts payable	\$ 110,179	\$ -	\$ 2,000	\$ 42,239	\$ -	\$ 12,444	\$ 166,862
Accrued liabilities	57,139	-	-	164,153	-	-	221,292
Due to other funds	253,051	-	-	-	-	-	253,051
Due to other governments	-	-	-	-	-	12,066	12,066
Deposits	29,367	-	-	-	-	-	29,367
Total liabilities	449,736	-	2,000	206,392	-	24,510	682,638
DEFERRED INFLOWS OF RESOURCES:							
Long-term receivables	-	-	4,545,000	-	1,046,465	-	5,591,465
Fund balances:							
Nonspendable	26,778	-	-	-	-	-	26,778
Restricted for affordable housing	-	3,136,427	-	-	-	-	3,136,427
Restricted for public safety	-	-	-	-	-	149,404	149,404
Restricted for streets	-	-	-	-	-	490,272	490,272
Restricted for parks	-	-	-	-	-	314,861	314,861
Restricted public education	-	-	-	-	-	15,665	15,665
Restricted for debt service	-	-	930,095	-	-	-	930,095
Restricted for capital projects	-	-	-	-	-	701,184	701,184
Committed for special projects	45,000	-	-	(23,474)	-	316,554	338,080
Committed for emergencies	120,000	-	-	-	-	-	120,000
Unassigned	4,362,879	-	-	-	-	-	4,362,879
Total fund balances	4,554,657	3,136,427	930,095	(23,474)	-	1,987,940	10,585,645
Total liabilities, deferred inflows of resources and fund balances	\$ 5,004,393	\$ 3,136,427	\$ 5,477,095	\$ 182,918	\$ 1,046,465	\$ 2,012,450	\$ 16,859,748

Total Governmental Fund Balances \$ 10,585,645

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds	18,192,860
Other long-term assets are not available to pay for current-period expenditures and are therefore reported as deferred inflows of resources in the funds	5,591,465
The net pension liability does not require the use of current financial resources and is therefore not reported in the funds	(7,753,440)
The deferred inflows and outflows related to the net pension liability do not require the use of current financial resources and are not reported in the funds	2,480,457
Interest payable is accrued as a liability in the statement of net position but is reported as a liability in the funds only when due	(98,475)
The net obligation for other post-employment benefits does not require the use of current financial resources and is therefore not reported in the funds	(64,374)
Some liabilities including bonds, claims and compensated absences are not due and payable in the current period and therefore are not reported in the funds	(4,923,781)

Net Position of Governmental Activities \$ 24,010,357

See accompanying notes to the basic financial statements

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CITY OF COTATI
Statements of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund	Inclusionary Housing Fund	South Sonoma Business Park Debt Service Fund	Grants Fund	Low Income Housing Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 1,472,627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,472,627
Sales taxes	4,222,473	-	-	-	-	110,153	4,332,626
Other taxes	44,041	-	-	-	-	-	44,041
Licenses and permits	521,507	-	-	-	-	-	521,507
Fines and forfeits	-	-	-	-	-	4,839	4,839
Intergovernmental	6,203	-	-	697,062	-	295,036	998,301
Interest and rents	76,124	22,517	3,560	-	-	10,069	112,270
Charges for services	473,692	110,930	461,997	-	-	403,566	1,450,185
Miscellaneous	144,594	-	-	-	-	5,704	150,298
Total revenues	6,961,261	133,447	465,557	697,062	-	829,367	9,086,694
EXPENDITURES							
Current:							
General government	1,179,805	87,297	9,602	-	-	-	1,276,704
Public safety	2,950,974	-	-	-	-	40,824	2,991,798
Community development	417,202	-	-	-	10,761	-	427,963
Public works	1,056,460	-	-	-	-	81,396	1,137,856
Capital outlay	-	-	-	2,098,259	-	552,075	2,650,334
Debt service:							
Principal	-	-	145,000	-	-	-	145,000
Interest	-	-	300,138	-	-	-	300,138
Total expenditures	5,604,441	87,297	454,740	2,098,259	10,761	674,295	8,929,793
Excess (deficiency) of revenues over expenditures	1,356,820	46,150	10,817	(1,401,197)	(10,761)	155,072	156,901
OTHER FINANCING SOURCES (USES)							
Transfers in	520,959	-	-	1,378,697	-	483,910	2,383,566
Transfers out	(1,283,467)	-	-	(358,332)	-	(678,803)	(2,320,602)
Total other financing sources/(uses)	(762,508)	-	-	1,020,365	-	(194,893)	62,964
Net change in fund balances	594,312	46,150	10,817	(380,832)	(10,761)	(39,821)	219,865
Fund balances, July 1	3,960,345	3,090,277	919,278	357,358	10,761	2,027,761	10,365,780
Fund balances, June 30	\$ 4,554,657	\$ 3,136,427	\$ 930,095	\$ (23,474)	\$ -	\$ 1,987,940	\$ 10,585,645

See accompanying notes to the basic financial statements

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CITY OF COTATI

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017**

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 219,865</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$2,663,665) exceeded depreciation (\$991,874) in the current period.	1,641,791
Disposals of capital assets do not use current financial resources and are not reported in the funds	33,106
Governmental funds report long-term receivables but defer revenue from them until collections are actually received. In the statement of activities, principal collections on receivables are not reported as revenues. Disbursements made for long-term loans are recorded as expenditures in the funds, but are not recorded as additions to receivables in the statement of activities	339,668
Changes in the net pension liability and related deferred inflows and deferred outflows do not use or provide current financial resources and are therefore nor reported in the funds	850,606
Governmental funds report payments on long-term debt as expenditures, but such payments reduce liabilities in the statement of net position and therefore are not recorded as expenses in the statement of activities	145,000
The net obligation for other postemployment benefits does not require the use of current financial resources and is therefore not reported in the funds	(17)
Governmental funds report interest expenditures when payment is due, but interest expense is accrued in the statement of activities	3,142
Long-term obligations such as claims and compensated are recorded in the governmental funds only when due, but are recorded as liabilities in the statement of net position when incurred	<u>3,449</u>
Net adjustment to reconcile to changes in net position	<u>3,016,745</u>
Change in Net Position of Governmental Activities	<u>\$ 3,236,610</u>

See accompanying notes to the basic financial statements

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CITY OF COTATI
Statement of Net Position
Proprietary Funds
June 30, 2017

	Enterprise Funds		
	Water	Wastewater	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,125,848	\$ 3,064,644	\$ 4,544,292
Accounts receivable	338,099	482,429	820,528
Due from other funds	-	253,051	253,051
Prepayments	24,746	3,743	28,489
Total current assets	1,488,693	3,803,867	5,646,360
Noncurrent assets:			
Other assets:			
Internal balances	(1,253,216)	1,253,216	-
Cash and cash equivalents	353,800	3,430,104	3,783,904
Net other assets	(899,416)	4,683,320	3,783,904
Capital assets:			
Reservoirs	1,651,274	-	1,651,274
Pipelines and meters	5,507,037	4,714,242	10,221,279
Water wells	1,461,917	-	1,461,917
Improvements	989,203	235,538	1,224,741
Equipment	216,701	619,238	835,939
Less accumulated depreciation	(3,780,359)	(2,912,678)	(6,693,037)
Capital assets net of accumulated depreciation	6,045,773	2,656,340	8,702,113
Construction in progress	321,312	227,084	548,396
Net capital assets	6,367,085	2,883,424	9,250,509
Total noncurrent assets	5,467,669	7,566,744	13,034,413
Total assets	6,956,362	11,370,611	18,326,973
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan deferrals	349,760	272,487	622,247
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 88,031	\$ 49,157	\$ 137,188
Accrued liabilities	1,530	-	1,530
Compensated absences	113,245	84,508	197,753
Deposits	72,101	-	72,101
Total current liabilities	274,907	133,665	408,572
Long-term Liabilities			
Net Pension Liability	1,095,998	853,859	1,949,857
Total liabilities	1,370,905	987,524	2,358,429
DEFERRED INFLOWS OF RESOURCES			
Pension plan deferrals	39,344	30,652	69,996
NET POSITION			
Net investment in capital assets	6,367,085	2,883,424	9,250,509
Restricted	353,800	3,430,104	3,783,904
Unrestricted	(825,012)	4,311,394	3,486,382
Total net position	\$ 5,895,873	\$ 10,624,922	\$ 16,520,795

See accompanying notes to the basic financial statements

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CITY OF COTATI
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Enterprise Funds		
	Water	Wastewater	Totals
OPERATING REVENUES			
Charges for services	\$ 1,358,350	\$ 1,970,829	\$ 3,329,179
Other operating revenues	190,347	3,057	193,404
Total operating revenues	1,548,697	1,973,886	3,522,583
OPERATING EXPENSES			
Personnel services	548,909	485,357	1,034,266
Contractual services	3,274	11,268	14,542
Intergovernmental treatment costs	-	1,601,571	1,601,571
Utilities	55,979	6,308	62,287
Purchased water	365,469	-	365,469
Supplies and materials	346,997	156,638	503,635
Depreciation	283,639	160,644	444,283
Total operating expenses	1,604,267	2,421,786	4,026,053
Operating income (loss)	(55,570)	(447,900)	(503,470)
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	11,131	74,595	85,726
Interest expense	(19,595)	-	(19,595)
Operating grant	30,000	-	30,000
Net non-operating revenues (expenses)	21,536	74,595	96,131
Income before contributions and transfers	(34,034)	(373,305)	(407,339)
Contributions and transfers			
Capital contributions	236,384	464,782	701,166
Transfers out	301,017	(363,981)	(62,964)
Total contributions and transfers	537,401	100,801	638,202
Change in net position	503,367	(272,504)	230,863
Total net position, July 1	5,392,506	10,897,426	16,289,932
Total net position, June 30	\$ 5,895,873	\$ 10,624,922	\$ 16,520,795

See accompanying notes to the basic financial statements



CITY OF COTATI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Enterprise Funds		Totals
	Water	Wastewater	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,545,806	\$ 2,004,064	\$ 3,549,870
Payments to suppliers	(894,552)	(1,733,199)	(2,627,751)
Payments to employees	(500,430)	(391,399)	(891,829)
Net cash provided by (used for) operating activities	150,824	(120,534)	30,290
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	301,017	(363,981)	(62,964)
Interfund interest	(19,595)	19,595	-
Operating grant	30,000	-	30,000
Repayment interfund balance	(84,873)	103,551	18,678
Net cash provided by noncapital financing activities	226,549	(240,835)	(14,286)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	123,224	280,469	403,693
Purchases of capital assets	(617,015)	(76,620)	(693,635)
Net cash provided by (used for) capital and related financing activities	(493,791)	203,849	(289,942)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest receipts	11,131	55,000	66,131
Net cash provided by investing activities	11,131	55,000	66,131
Net increase (decrease) in cash and cash equivalents	(105,287)	(102,520)	(207,807)
Cash and cash equivalents-beginning of the year	1,584,935	6,597,268	8,182,203
Cash and cash equivalents-end of the year	\$ 1,479,648	\$ 6,494,748	\$ 7,974,396

See accompanying notes to the basic financial statements



CITY OF COTATI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Enterprise Funds		Totals
	<u>Water</u>	<u>Wastewater</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (55,570)	\$ (447,900)	\$ (503,470)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	283,639	160,644	444,283
Change in assets and liabilities:			
Receivables, net	(4,307)	(6,389)	(10,696)
Due from other governments	-	36,567	36,567
Prepayments	(24,746)	(3,743)	(28,489)
Accounts payable	(11,416)	46,329	34,913
Net pension liability	49,511	94,048	143,559
Other liabilities	(86,287)	(90)	(86,377)
Net cash provided by (used for) operating activities	<u>\$ 150,824</u>	<u>\$ (120,534)</u>	<u>\$ 30,290</u>

Noncash capital financing activities:

None.

See accompanying notes to the basic financial statements

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CITY OF COTATI
Statement of Fiduciary Net Position
June 30, 2017

	<u>Private Purpose Trust</u>
ASSETS:	
Cash and cash equivalents	\$ 814,549
Cash with trustees	697,542
Accounts receivable	4,488
Prepayments	2,861
Notes receivable	1,340,571
Capital assets: Land	287,048
Discount on sale bonds	<u>87,095</u>
Total assets	<u>3,234,154</u>
 LIABILITIES:	
Accounts payable	4,420
Interest payable	153,150
Tax allocation bonds	<u>9,270,000</u>
Total liabilities	9,427,570
 NET POSITION (DEFICIT)	
Held in trust for successor agency	<u>(6,193,416)</u>
Total net position (deficit)	<u><u>\$ (6,193,416)</u></u>

See accompanying notes to the basic financial statements.

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CITY OF COTATI
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
ADDITIONS	
Net investment income (loss)	\$ 37,972
Interest on long-term notes	4,488
Reimbursements	31,680
Distributions for enforceable obligations	<u>1,032,613</u>
Total additions	<u>1,106,753</u>
DEDUCTIONS:	
Bond interest	467,168
Administrative costs	230,098
Payments on pass through agreements	<u>49,453</u>
Total deductions	<u>746,719</u>
Increase (decrease) in net position	360,034
Total net position, July 1	<u>(6,553,450)</u>
Total net position (deficit), June 30	<u><u>\$ (6,193,416)</u></u>

See accompanying notes to the basic financial statements.



Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Cotati is a municipal corporation governed by an elected five member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The city has no component units that are blended or discretely presented in these financial statements. The City's former redevelopment agency was dissolved by law effective February 1, 2012. The City elected to serve as the successor custodian of the residual assets and obligations of the former Agency. Accordingly, the assets, liabilities and financial transactions of the former Agency were transferred on the effective date to a fiduciary fund (private purpose trust) and are accounted for in these financial statements as a fiduciary fund. These fiduciary funds are excluded from the City's government-wide statement of net position, statement of activities and fund statements because fiduciary funds are not available for use by the City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary 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 is 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.

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 to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.



Note 1. Summary of Significant Accounting Policies (continued)

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

The City reports the following major governmental funds:

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

The *City's Inclusionary Housing Fund* is a special revenue fund used to account for in lieu impact fees restricted in use to inclusionary housing purposes. The *South Sonoma Business Park* special assessment debt service fund used to charge landowners for the financing provided to develop the business park. The *Grant Fund* is a special revenue fund used to account for grants restricted for specific purposes.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the operations of the City's water treatment and distribution system.
The *Wastewater Fund* accounts for the operation of the City's wastewater collection activities.

The City reports a private purpose trust fund, a fiduciary fund type, to account for all of the assets, liabilities and financial activity of the successor agency to the City's former redevelopment agency that was dissolved effective February 1, 2012.

The City applies all applicable Financial Accounting Standards Board (FASB) Pronouncements applicable to reporting for the operation of its proprietary operations and the provisions of GASB Statement Number 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 pronouncements.

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 or applicants for goods, services, or privileges provided, (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 the proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the costs of sales and services, administration costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.



Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City is authorized by its most recent investment policy to invest in the State of California Local Agency Investment Fund, U.S. Treasury bonds, bills, and notes, obligations issued by US Government agencies, banker's acceptances, repurchase agreements, and 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.

Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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.

3. 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.



Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental-type or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (\$50,000 for infrastructure type assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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, 2002 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.

Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30
Public domain infrastructure	50
System infrastructure	10-40
Vehicles and equipment	7-10

5. Compensated Absences and Other Post-Employment Benefits

The City records a liability to recognize the financial effect of the unused vacation and other compensated leaves. As of June 30, 2016 the total liability for vacation and other compensated leaves is \$576,536. The City typically uses the General fund, Water and Wastewater funds to liquidate the majority of its compensated absences. The City's obligation for post-employment benefits other than pensions (OPEB) is reported as a liability in the government-wide financial statements.

6. Long-term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.



Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Fund Balances – Governmental Funds

Fund balances for governmental funds are reported in classifications based primarily on the extent to which the City is bound to honor constraints about the specific purposes for which amounts in those funds can be spent. These classifications include (1) nonspendable, (2) restricted, (3) committed, (4) assigned and (5) unassigned amounts.

Nonspendable amounts generally are items not expected to be converted into cash such as inventories, prepaid items and long-term receivables not offset by deferred revenue accounts. Restricted amounts include those where constraints placed on the uses of the resources are externally imposed by grantors, contributors, other governments or by laws or regulations. Committed amounts are those that can only be used for a specific purpose as determined by the City Council. Such committed amounts may be redeployed for other uses only by the direction of the City Council. Assigned amounts are fund balance amounts constrained by the City's intent to be used for specific purposes as determined by the City Manager or Director of Administrative Services. Unassigned amounts are the residual amounts reported only in the general fund or amounts in funds reporting deficit fund balances. When expenditures are incurred for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, the City considers restricted amounts to have been spent first. When expenditures are incurred for which any class of unrestricted fund balance could be used, the City considers committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

8. Comparative Data

Comparative total data for the prior year have been presented in order to provide an understanding of the changes in net assets. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current years' presentation.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of California Public Employees Retirement System (PERS) and additions to or deductions from the PERS fiduciary net position have been determined on the same basis as they are reported by the PERS. 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.



Note 2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets are not financial resources and are not reported in the funds.” The details of this \$18,192,860 difference are as follows:

Capital assets	\$ 31,173,326
Less: Accumulated depreciation	<u>(12,980,466)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 18,192,860</u>

Another element of the reconciliation explains that “long-term liabilities” are not due and payable in the current period and are therefore not reported in the funds. The details of this \$4,923,781 difference are as follows:

Long-Term Debt Obligations:	
Special assessment bonds	\$ (4,545,000)
Compensated absences	<u>(378,781)</u>
Net adjustment to decrease fund balance total governmental funds to arrive at net position - governmental activities	<u>\$ (4,923,781)</u>

B. Explanation of Certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,016,745 difference and other significant components of the difference are as follows:

Capital outlay	\$ 2,633,665
Depreciation expense	(991,874)
Change in long-term notes receivable	339,668
Changes in net pension liability and related items	850,606
Repayment of long-term debt principal	145,000
Other items	<u>39,680</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 3,016,745</u>



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 3. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental 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.

Note 4. Cash and Investments

Deposits and investments at June 30, 2017 consisted of the following:

Pooled demand deposits	\$ 2,334,623
Pooled investments	15,083,876
Investments with trustees	<u>464,070</u>
Total deposits and investments	<u>\$ 17,882,569</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is that they will be made only in institutions in California, they shall be insured or collateralized with United States backed securities, and time certificates of deposit shall have a maturity of less than three years. At June 30, 2017, \$3,023,699 of the City's bank balances of \$3,273,699 was exposed to credit risk as follows:

Uninsured and collateral held by pledging banks agent but not in the City's name:	<u>\$ 3,023,699</u>
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Investments at June 30, 2017 consisted of the following:

Investment	<u>Maturities</u>	<u>Fair Value</u>
State Investment Pool(LAIF)	Average 194 days	\$ 13,773,433
Sonoma County Investment Pool	Average 568 days	456,185
BlackRock Provident T-Fund Shares	Average 120 days	464,070
Prime Money Market Fund RBC Investor	Average 120 days	127,683
Negotiable Certificates of Deposit	Average 730 days	726,575
Totals		<u>\$ 15,547,946</u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities prescribed in Sections 53600 through 53609 of the California Government Code which for the City is securities with a maturity of five years or less at the time of purchase.

Credit Risk – State law limits investments in various securities to certain level of risk ratings issued by nationally recognized statistical rating organizations. It is the City's policy to comply with State law as regards securities ratings. The City's investment in mutual funds was rated AAA by Moody's Investor Service. The State and County Investment Pools are unrated.



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 4. Cash and Investments, continued:

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$726,575 investment made in other than the Pools and mutual funds, the entire \$726,575 in underlying securities are held by the investment's counterparty in the name of the City. The City's investment policy specifies that securities are to be held by a third party, other than the counterparty, in the City's name, whenever possible. The investment in the State and County Pool and mutual funds are not subject to custodial credit risk because the investments are not evidenced by specific securities.

The City also holds \$814,549 in demand deposits and \$697,542 in money market funds in a fiduciary capacity for the successor agency to the City's former redevelopment agency.

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 other significant unobservable inputs. The City's investments are valued using Level 1 inputs for both the negotiable certificates of deposit; and the Sonoma County investment Pool and in the State of California Local Agency Investment Fund pool are valued using Level 1 pricing methods. Contributed capital assets and declines in capital asset values are based upon the use of Level 2 inputs.

Noncurrent Cash and Cash Equivalents – The \$1,556,062 restricted in the governmental activities statement of net position represents resources in the City's debt service fund (\$854,878) and unexpended bond proceeds (\$701,184). The \$3,783,904 in the business-type activities statement of net position represents capital improvement funds to be used for funding major capital assets and facilities

Note 5. Receivables

Receivables as of year-end for the government's individual major and nonmajor funds in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Other Major Funds	Nonmajor Funds	Total Governmental	Water	Wastewater
Taxes	\$ 955,698	\$ -	\$ -	\$ 955,698	\$ -	\$ -
Accounts	36,372	-	-	36,372	226,817	301,636
Governments	-	207,631	37,388	245,019	-	-
Notes and loans	28,000	1,046,465	68,243	1,142,708	111,282	180,793
Assessments	-	4,545,000	-	4,545,000	-	-
Totals	\$ 1,020,070	\$ 5,799,096	\$ 105,631	\$ 6,924,797	\$ 338,099	\$ 482,429

The majority of the notes receivable consist of two notes with original principal of \$767,000 plus \$279,465 in deferred interest payable at maturity. The notes bear interest at 3 percent deferred until maturity of 2041 (\$370,000) and 2058 (\$397,000) and are secured by deeds of trust on housing projects.



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 6. Interfund Transfers, Receivables and Payables

1. The composition of interfund transfers as of June 30, 2017, is as follows:

Transfers In:	General Fund	Grants Fund	Other Governmental Funds	Totals
Transfers Out:				
General fund	\$ -	\$ 1,244,033	\$ 39,434	\$ 1,283,467
Other funds	520,959	134,664	444,476	1,100,099
Totals	\$ 520,959	\$ 1,378,697	\$ 483,910	\$ 2,383,566

The primary transfers out of the nonmajor funds were made to provide funds to the City's general fund for projects carried out by the general fund. The \$1,378,697 transfers into the grants fund were made for the purpose of providing City matching funds for certain grants.

2. The composition of interfund balances as of June 30, 2017 was as follows:

Receivable Fund	Nonmajor Payable Fund	Amount
Wastewater	General fund	\$ 253,051
	Water fund	1,253,216
	Total	\$ 1,506,267

The internal amounts were made for temporary cash flow purposes and to finance a meter upgrade system for the City's water fund. The \$1,253,216 payable to the wastewater fund is due in quarterly payments of \$26,117 through September 30, 2030.



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 7. Capital Assets

Capital asset activity relating to governmental activities for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 5,863,899	\$ -	\$ -	\$ 5,863,899
Construction in progress	1,976,777	2,451,447	(590,004)	3,838,220
Total capital assets, not being depreciated	7,840,676	2,451,447	(590,004)	9,702,119
Capital assets, being depreciated:				
Buildings	8,595,081	-	-	8,595,081
Machinery and equipment	1,055,803	21,451	(190,983)	886,271
Vehicles	854,272	82,763	(178,770)	758,265
Improvements	10,563,582	668,008	-	11,231,590
Total capital assets being depreciated	21,068,738	772,222	(369,753)	21,471,207
Less accumulated depreciation for:				
Buildings	(2,155,029)	(214,877)	-	(2,369,906)
Machinery and equipment	(834,159)	(108,078)	190,183	(752,054)
Vehicles	(682,321)	(36,086)	212,676	(505,731)
Improvements	(8,719,942)	(632,833)	-	(9,352,775)
Total accumulated depreciation	(12,391,451)	(991,874)	402,859	(12,980,466)
Total capital assets, being depreciated, net	8,677,287	(219,652)	33,106	8,490,741
Governmental activities capital assets, net	<u>\$ 16,517,963</u>	<u>\$ 2,231,795</u>	<u>\$ (556,898)</u>	<u>\$ 18,192,860</u>

Construction in progress, at June 30, 2017, represents primarily cost incurred related to construction improvements to the city's street system.



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 7. Capital Assets (Continued)

Capital asset activity relating to business-type activities for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 393,410	\$ 693,636	\$ (538,650)	\$ 548,396
Total capital assets, not being depreciated	<u>393,410</u>	<u>693,636</u>	<u>(538,650)</u>	<u>548,396</u>
Capital assets, being depreciated:				
Water wells	1,462,220	-	(303)	1,461,917
Reservoirs	1,650,971	303	-	1,651,274
Improvements	1,224,741	-	-	1,224,741
Pipelines and collection system	9,682,628	538,651	-	10,221,279
Equipment	999,332	1,642	(165,035)	835,939
Total capital assets being depreciated	<u>15,019,892</u>	<u>540,596</u>	<u>(165,338)</u>	<u>15,395,150</u>
Less accumulated depreciation for:				
Water wells	(922,008)	(31,052)	-	(953,060)
Reservoirs	(757,440)	(78,111)	-	(835,551)
Improvements	(353,647)	(50,509)	-	(404,156)
Pipelines and collection system	(3,698,355)	(243,951)	-	(3,942,306)
Equipment	(680,564)	(40,660)	163,260	(557,964)
Total accumulated depreciation	<u>(6,412,014)</u>	<u>(444,283)</u>	<u>163,260</u>	<u>(6,693,037)</u>
Total capital assets, being depreciated, net	<u>8,607,878</u>	<u>96,313</u>	<u>(2,078)</u>	<u>8,702,113</u>
Business-type activities capital assets, net	<u>\$ 9,001,288</u>	<u>\$ 789,949</u>	<u>\$ (540,728)</u>	<u>\$ 9,250,509</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 332,392
Public safety	44,807
Infrastructure -Streets	614,675
Total depreciation expense-governmental activities	<u>\$ 991,874</u>
Business-type activities:	
Water	\$ 283,639
Wastewater	160,644
Total depreciation expense-business-type activities	<u>\$ 444,283</u>



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 8. Long-Term Debt

Special Assessment Bonds with Governmental Commitment

The special assessment bonds were issued in an original amount of \$5,875,000 for the purpose of facilitating a wetlands mitigation project. The bonds are secured solely by assessments levied against property owners within the assessment district and from monies on deposit in a reserve fund. The City has no obligation to advance funds for payment of bond debt service. The City has indicated, however, that it may at its own option and in its sole discretion elect to advance funds to pay bond debt service to the extent of delinquencies and has done so in previous years. The bonds consist of 6.50 percent term bonds due September 2, 2033. The term bonds are subject to mandatory redemption prior to maturity commencing September 2, 2004. Future debt service is scheduled as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 155,000	\$ 290,387	\$ 445,387
2019	165,000	279,988	444,988
2020	175,000	268,938	443,938
2021	185,000	257,238	442,238
2022	200,000	244,726	444,726
2023-2027	1,200,000	1,005,875	2,205,875
2028-2032	1,650,000	546,000	2,196,000
2033-2034	815,000	53,788	868,788
Totals	\$ 4,545,000	\$ 2,946,940	\$ 7,491,940

Long-term debt activity for the 2017 fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Special assessment bonds	\$ 4,690,000	\$ -	\$ 145,000	\$ 4,545,000	\$ 155,000
Compensated absences	382,230	56,551	60,000	378,781	60,000
Total	\$ 5,072,230	\$ 56,551	\$ 205,000	\$ 4,923,781	\$ 215,000



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 9. Risk Management

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

Liabilities of the City are reported in the statement of net assets for 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 re-evaluated 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 2017. Settlements have not exceeded coverage for each of the past three fiscal years. The City has no material claim liabilities at June 30, 2017.

Note 10. Contingencies and Commitments

Litigation. The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants and allocations. Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Note 11. 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 agreements:

Santa Rosa Subregional Wastewater System. The City has an agreement with the 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.



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 12. Public Employee Pension Plans

Plan Description - The plans are a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The CalPERS is governed by a 13 member Board of Administration with six elected members, three appointed members and four ex officio members which include the State Treasurer, the State Controller, the Director of the California Department of Human Services and a designee of the State Personnel Board.

Benefits Provided - The CalPERS provides retirement, disability and death benefits. Retirement benefits are defined as 2.7 percent of the employees final 12 months average compensation times the employee's years of service (3.0 percent for safety employees, final 36 months average compensation) Employees with 5 years of continuous service are eligible to retire at age 55 (age 50 for safety employees) Employees are eligible for service-related disability benefits regardless of the length of service. Five years of service is required for non-service-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Pre-retirement death benefits equal an employee's final full-year salary. Both plans provide for a 2 percent Cost of Living Adjustment (COLA). The public safety plan is closed to new entrants.

Contributions - Section 20814 of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ending June 30, 2016 (the measurement date), the active employee contribution rate to the PERF-C cost sharing plan ranged from 2 percent to 15.25 percent of annual pay, and the employer contribution rates ranged from 3.8 percent to 4.15 percent of annual pay.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions - At June 30, 2017 the City reported a liability of \$9,703,297 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2016, the City's proportion was 0.112137 percent compared to 0.122481 percent at June 30, 2015.



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 12. Public Employee Pension Plans (Continued)

For the measurement period ending June 30, 2016 (June 30, 2017 fiscal year), the City recognized pension expense of \$362,552. At June 30, 2017, 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
Differences between expected and actual experience	\$ -	\$ (27,480)
Changes in assumptions	-	(342,547)
Net difference between projected and actual earnings on pension plan investments	1,730,862	-
Changes in employer's proportion	438,414	(110,978)
Differences between employer's contributions and the employer's proportionate share of contributions	274,838	-
City contributions subsequent to the measurement period	1,069,601	-
Totals	\$ 3,513,715	\$ (481,005)

City contributions subsequent to the measurement period of \$1,069,601 are reported as deferred outflows of resources related to pensions from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows

Fiscal Year Ended June 30	Deferred Outflows (Inflows) of Resources
2018	\$ 365,731
2019	334,250
2020	813,662
2021	449,467
Thereafter	-

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.0 percent
Investment rate of return	7.65 percent, net of pension plan investment expense, including inflation

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at the CalPERS website under Forms and Publications.



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 12. Public Employee Pension Plans (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 cash flows. The expected rate of return was then set equivalent to a single equivalent rate calculated by CalPERS and rounded down to the nearest one quarter of one percent.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	.99%	2.43%
Inflation Sensitive	6.0%	.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	12.0%	4.50%	5.13%
Liquidity	1.0%	(.55)%	(1.05)%

Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent will be applied to all plans in the Public Employee Retirement Fund.

Sensitivity of the City's 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 calculated using the discount rate of 7.65 percent, 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 (6.65 percent) or 1-percentage point higher (8.65 percent) than the current rate:

	-1% Decrease (6.65%)	Current Discount Rate (7.65%)	+1% Increase (8.65%)
City's proportionate share of the net pension liability	\$ 13,630,309	\$ 9,703,297	\$ 6,467,840
Totals	\$ 13,630,309	\$ 9,703,297	\$ 6,467,840

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 13. Restricted Net Position and Nonspendable Fund Balances

The \$6,775,373 restricted amount in the governmental activities and the \$3,783,904 in the business-type activities statement net position represent amounts to be used only for specific purposes which restrictions are imposed by laws, formal agreements or other governments.

Nonspendable fund balances consisted of the following:

Purpose	General Fund	Other Funds
Prepayments	\$ 26,778	\$ -
	<u>\$ 26,778</u>	<u>\$ -</u>

Note 14. Post- Employment Benefits Other than Pensions

Plan Description. The City administers the city's retired employees health care plan, a single employer defined benefit health care plan. The plan provides medical benefits to a limited number of eligible retired employees. The plan is closed to current and future City employees. 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 OPEB Plan.

Funding Policy. 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 requirement, with additional amounts to prefund benefits determined annually by the City Council. For the fiscal year ended June 30, 2017, the City contributed \$25,031 of current premiums (100% of total premiums) and zero to prefund benefits. Plan members receiving benefits contributed no amounts of total premiums.

Annual OPEB Costs and Net OPEB Obligation. The city's annual other post employment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement Number 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB costs for the year, the amounts actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan:

Annual required contribution (ARC)	\$ 25,014
Interest on net OPEB obligation	2,574
Adjustments to the ARC	<u>(2,557)</u>
Annual OPEB expense	25,031
Contributions made	<u>(25,014)</u>
Change in net OPEB obligation	17
Net OPEB obligation, beginning of year	<u>64,357</u>
Net, OPEB obligation, end of year	<u>\$ 64,374</u>



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 14. Post- Employment Benefits Other Than Pensions (Continued)

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the last two fiscal years was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 30,514	68.6%	\$ 57,459
June 30, 2015	\$ 31,136	80.3%	\$ 63,588
June 30, 2016	\$ 23,718	96.8%	\$ 64,357
June 30, 2017	\$ 25,031	99.9%	\$ 64,374

Funding status and Funding Progress. As of June 30, 2016, the most recent actuarial valuation date, the plan was zero funded. The actuarial accrued liability for benefits was \$331,633 and the actuarial value of plan assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$331,633. The covered payroll (the annual payroll of active employees covered by the plan) was \$2,929,270 and the UAAL as a percentage of covered payroll was 11.3 percent.

Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and health care trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information, following the notes to these financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to actuarial liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) includes the types of benefits provided at the time of each valuation and the historical pattern of sharing costs between the employer and the plan members to that point in time. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 valuation, the projected unit credit actuarial cost method was used under the Alternate Measurement Method. The actuarial assumptions include a 4 percent rate of return based on assumed long-term returns on employer assets. An annual health care trend rate of 9.0 percent initially decreasing to 5 percent in year 2025. There were no plan assets at the valuation date. The UAAL is being amortized as a level percentage of payrolls over 30 years, the remaining amortization period at June 30, 2016.



Note 15. Successor Agency Trust For Assets of Former Redevelopment Agency

A. The Dissolution Process

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 Cotati that previously had reported a redevelopment agency within the financial reporting entity of the city as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local 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 Cotati elected to have the City become the Successor Agency for the former redevelopment agency.

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 fiscal years, successor agencies will only be allocated revenues in the amount that is necessary to pay the annual estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior 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 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 expenditure or encumbrance 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.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City and others are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on these issues is not a position of settled law and there is considerable legal uncertainty regarding these issues. It is reasonable possible that a legal determination may be made at a later date by an appropriate judicial authority or other authorized body that would resolve any of the dissolution matters unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and financial activities of the dissolved redevelopment agency are reported in a fiduciary fund (the private –purpose trust fund) in the financial statements of the City of Cotati. The assets and liabilities of the private purpose trust are excluded from the government-wide statement of net position of the City of Cotati and the Statement of Activities of the City of Cotati because fiduciary fund assets are not available in any fashion for use by the City.

B. Enforceable Obligations

Tax Allocation Refunding Bonds 2004-Series A

In June, 2004, the Cotati Facilities Financing Authority issued \$5,610,000 in its 2004 Series A tax allocation refunding bonds. The Authority entered into a loan agreement with the City's Redevelopment Agency wherein the Agency in substance is to pay the principal and interest on the bonds.



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 15. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Future debt service requirements are:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 265,000	\$ 149,596	\$ 414,596
2019	280,000	136,855	416,855
2020	290,000	123,388	413,388
2021	270,000	109,750	379,750
2022	270,000	96,250	366,250
2023-2027	560,000	335,500	895,500
2028-2032	-	307,500	307,500
2033-2036	1,200,000	184,500	1,384,500
Totals	<u>\$ 3,135,000</u>	<u>\$ 1,443,339</u>	<u>\$ 4,578,339</u>

Payment of bond debt service on the 2004 tax allocation bonds was secured by a first pledge and lien on all of the former Agency's revenues. Such revenues were the tax increment allocated to the project area less statutory housing obligations and the County, Library, and Fire District's share of such tax increment. Payment of interest and principal on the bonds is also insured by a financial guaranty policy. Interest and principal on the bonds is payable each March 1 and September 1 through 2036. The bonds bear interest at rates from 1.60 to 5.125 percent.

Tax Allocation Bonds 2001 Series A

On November 14, 2001, The City's former Redevelopment Agency issued \$6,960,000 in subordinate tax allocation bonds, Series 2001A, to advance refund and retire two capital leases and provide additional project funds. The tax allocation bonds consisted of \$1,510,000 in serial bonds bearing interest at rates from 2 percent to 4.5 percent maturing each September 1 through 2021, \$2,050,000 in term bonds bearing interest at 5 percent and maturing September 1, 2026, and \$3,400,000 in 5 percent term bonds maturing September 1, 2031. The term bonds are subject to mandatory sinking fund early redemption. Future debt service requirements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	105,000	301,330	406,330
2019	120,000	296,268	416,268
2020	135,000	290,530	425,530
2021	155,000	283,928	438,928
2022	170,000	276,431	446,431
2023-2027	2,050,000	1,163,000	3,213,000
2028-2032	3,400,000	388,250	3,788,250
Totals	<u>\$ 6,135,000</u>	<u>\$ 2,999,737</u>	<u>\$ 9,134,737</u>



CITY OF COTATI
Notes to the Financial Statements
June 30, 2017

Note 15. Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Tax Allocation Bonds Pledged Revenues

The former redevelopment agency had pledged future tax increment revenues to pay debt service on the 2001 and 2004 tax allocation bonds. Total principal and interest remaining on the successor agency's bonds is \$13,713,076

Changes in enforceable obligations for the year ended June 30, 2017 were as follows:

Private Purpose Trust Fund:	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>	<u>Due in One Year</u>
2001 tax allocation bonds, series A	\$ 6,225,000	\$ -	\$ 90,000	\$ 6,135,000	\$ 105,000
2004 tax allocation bonds, series A	<u>3,390,000</u>	<u>-</u>	<u>255,000</u>	<u>3,135,000</u>	<u>265,000</u>
Total	<u>\$ 9,615,000</u>	<u>\$ -</u>	<u>\$ 345,000</u>	<u>\$ 9,270,000</u>	<u>\$ 370,000</u>

C. Cash and Investments Held in Trust

The Cash and investments of the Successor Agency at June 30, 2017 consisted of \$814,549 in bank deposits held by the City of Cotati. In addition, there was \$697,542 held by a bank trustee primarily in a reserve account for the 2001 tax allocation bonds.



REQUIRED SUPPLEMENTARY INFORMATION





CITY OF COTATI
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fund Balance, July 1	\$ 1,782,730	\$ 3,960,345	\$ 3,960,345	\$ -
Resources (inflows):				
Property taxes	1,278,375	1,451,548	1,472,627	21,079
Sales taxes	3,976,935	3,961,000	4,222,473	261,473
Other taxes	26,000	31,900	44,041	12,141
Licenses and permits	464,000	468,800	521,507	52,707
Interest and rents	61,819	52,434	76,124	23,690
Intergovernmental	52,500	8,939	6,203	(2,736)
Charges for services	358,220	408,186	473,692	65,506
Miscellaneous	55,808	93,698	144,594	50,896
Transfers in	100,000	155,000	520,959	365,959
	<u>8,156,387</u>	<u>10,591,850</u>	<u>11,442,565</u>	<u>850,715</u>
Amounts available for charges to appropriations				
	<u>8,156,387</u>	<u>10,591,850</u>	<u>11,442,565</u>	<u>850,715</u>
Charges to appropriations:				
General government:				
City Council	97,417	95,520	80,817	14,703
City Manager/City Clerk	332,493	289,587	290,859	(1,272)
Administrative services	298,977	250,677	241,853	8,824
Legal services	150,000	109,599	123,103	(13,504)
Non-Departmental	498,060	440,230	292,450	147,780
Public information services	29,000	29,000	30,890	(1,890)
Community development	413,210	425,139	417,202	7,937
Economic development	183,161	99,971	119,833	(19,862)
Public safety:				
Police	2,897,848	2,910,349	2,950,974	(40,625)
Public works:				
Public works, parks, building	909,787	1,061,898	1,056,460	5,438
Capital outlay	23,000	-	-	-
Transfers out	484,067	1,001,725	1,283,467	(281,742)
Total charges to appropriations	<u>6,317,020</u>	<u>6,713,695</u>	<u>6,887,908</u>	<u>(174,213)</u>
Fund Balance, June 30	<u>\$ 1,839,367</u>	<u>\$ 3,878,155</u>	<u>\$ 4,554,657</u>	<u>\$ 676,502</u>



CITY OF COTATI
Required Supplementary Information
Notes to Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2017

Explanation of Difference Between Budgetary Inflows and Outflows and GAAP

Revenues and Expenditures:

Sources/inflows resources:

Actual amounts "available for appropriation" from budgetary comparison schedule:	\$ 11,442,565
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(3,960,345)
Transfers in are a budgetary resource but are not a current year revenue for financial reporting purposes	(520,959)
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 6,961,261

Uses/outflows of resources:

Actual amounts "total charges to appropriations" from the budgetary comparison schedule	\$ 6,887,908
Differences - budget to GAAP:	
Transfers out are a budgetary use but are not a current year expenditures for financial reporting purposes	(1,283,467)
Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 5,604,441



CITY OF COTATI
Required Supplementary Information
Budgetary Comparison Schedule – Inclusionary Housing Special Revenue
Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Fund Balance, July 1	\$ 3,078,603	\$ 3,090,277	\$ 3,090,277	\$ -
Resources (inflows):				
In Lieu housing fee	-	108,000	110,930	2,930
Interest	5,000	17,000	22,517	5,517
Amounts available for charges to appropriations	3,083,603	3,215,277	3,223,724	8,447
Charges to appropriations:				
Community Development:				
Current:				
Administration:				
Legal	2,000	2,000	4,304	(2,304)
Subsidy costs	83,000	83,000	82,993	7
Housing fee and housing element updates	20,000	-	-	-
Total charges to appropriations	105,000	85,000	87,297	(2,297)
Fund Balance, June 30	\$ 2,978,603	\$ 3,130,277	\$ 3,136,427	\$ 6,150
 Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
Actual amounts available for appropriation:				\$ 3,223,724)
The fund balance at the beginning of the year is a budgetary financial resource, but is not current revenue for financial reporting purposes				(3,090,277)
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances				\$ 133,447



CITY OF COTATI
Required Supplementary Information
Budgetary Comparison Schedule – South Sonoma Business Park Debt
Service Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Fund Balance, July 1	\$ 919,278	\$ 919,278	\$ 919,278	\$ -
Resources (inflows):				
Charges for services	445,138	445,138	461,997	16,859
Interest	-	-	3,560	3,560
	1,364,416	1,364,416	1,384,835	20,419
Amounts available for charges to appropriations				
Charges to Appropriations:				
General government:			9,602	(9,602)
Debt Service:				
Principal	145,000	145,000	145,000	-
Interest	300,138	300,138	300,138	-
	445,138	445,138	454,740	(9,602)
Total charges to appropriations				
Fund Balance, June 30	\$ <u>919,278</u>	\$ <u>919,278</u>	\$ <u>930,095</u>	\$ <u>10,817</u>
Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
Actual amounts available for appropriation:			\$ 1,384,835	
The fund balance at the beginning of the year is a budgetary financial resource, but is not current revenue for financial reporting purposes				(919,278)
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances			\$ 465,557	



CITY OF COTATI
Required Supplementary Information
Budgetary Comparison Schedule - Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Fund Balance, July 1	\$ 385,520	\$ 357,358	\$ 357,358	\$ -
Resources (inflows):				
Intergovernmental:				
Federal grant- Downtown specific plan	245,000	421,487	421,487	-
Federal grant-Old Redwood Highway	-	260,705	248,223	(12,482)
County grant- State Route 116	-	27,352	27,352	-
Interest	-	-	-	-
Transfers in	<u>512,609</u>	<u>998,516</u>	<u>1,378,697</u>	<u>380,181</u>
Amounts available for charges to appropriations	<u>1,143,129</u>	<u>2,065,418</u>	<u>2,433,117</u>	<u>367,699</u>
Charges to appropriations:				
Capital outlay:				
Downtown Specific Plan	-	1,424,269	1,418,827	5,442
Old Redwood Highway Preservation	757,609	633,677	641,866	(8,189)
State Route 116 landscaping	-	37,566	37,566	-
Transfers	<u>-</u>	<u>-</u>	<u>358,332</u>	<u>(358,332)</u>
Total charges to appropriations	<u>757,609</u>	<u>2,095,512</u>	<u>2,456,591</u>	<u>(361,080)</u>
Fund Balance, June 30	<u>\$ 385,520</u>	<u>\$ (30,094)</u>	<u>\$ (23,474)</u>	<u>\$ 6,619</u>

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Actual amounts available for appropriation:	\$ 2,433,117
The fund balance at the beginning of the year is a budgetary financial resource, but is not considered revenue for financial reporting purposes	(357,358)
Transfers in are not considered revenues for financial reporting purpose	<u>(1,378,697)</u>
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances	<u>\$ 697,062</u>



CITY OF COTATI
Required Supplementary Information
Budgetary Comparison Schedule – Low Income Housing Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Fund Balance, July 1	\$ 10,761	\$ 10,761	\$ 10,761	\$ -
Resources (inflows):				
Interest	-	-	-	-
Amount available for charges to appropriations	10,761	10,761	10,761	-
Charges to appropriations:				
Contract services	-	-	10,761	(10,761)
Total charges to appropriations	-	-	10,761	(10,761)
Net Change in Fund Balances	-	-	(10,761)	(10,761)
Fund Balance, June 30	\$ 10,761	\$ 10,761	\$ -	\$ (10,761)

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Actual amounts available for appropriation:	\$ 10,761
The fund balance at the beginning of the year is a budgetary financial resource, but is not current revenue for financial reporting purposes	(10,761)
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances	\$ -



CITY OF COTATI
Required Supplemental Information
Schedule of the City's Proportionate Share of the Net Pension
Liability
June 30, 2017
(Last Ten Fiscal Years)

	Fiscal Year End		
	2015	2016	2017
<u>Measurement Date</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>06/30/2016</u>
City's proportion of the net pension liability	0.11983%	0.12248%	0.11214%
City's proportionate share of the net pension liability	\$ 7,456,420	\$ 8,406,983	\$ 9,703,297
City's covered employee payroll (plan year)	\$ 2,224,998	\$ 2,789,822	\$ 2,935,345
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	335.12%	301.34%	330.57%
Plan's fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%

Notes to the schedule:

Benefit changes: In fiscal 2017, there were no benefit changes.

Changes in assumptions: In fiscal 2016, the plan's discount rate was changed from 7.5% to 7.65%

Last Ten Years: This schedule is intended to show information for 10 years. Fiscal 2015 was the first year of implementation, and additional information will be presented as it becomes available



CITY OF COTATI
Required Supplemental Information
Cost Sharing Multi-Employer Defined Pension Plan
Schedule of the City's Pension Contributions
June 30, 2017
(Last Ten Fiscal Years)

<i>Contributions for the fiscal year ending</i>	June 30,		
	2015	2016	2017
Contractually required contribution	\$ 771,201	\$ 1,004,742	\$ 1,069,601
Contributions in relation to the contractually required contribution	\$ (771,201)	\$ (1,004,742)	\$ (1,069,601)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered employee payroll (City fiscal year)	\$ 2,789,822	\$ 2,935,345	\$ 2,921,800
Contributions as a percentage of covered employee payroll	27.64%	34.23%	36.61%

Notes to the schedule:

Plan valuation date: June 30, 2015

Last Ten Years: this schedule is intended to show information for 10 years. Fiscal year 2015 was the first year of implementation, and additional years information will be presented as it becomes available.



CITY OF COTATI
Required Supplementary Information
Other Post-Employment Benefits Other Than Pensions
Schedule of Funding Progress
June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded (overfunded) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Excess) as a Percentage of Covered Payroll [(b-a)/c]
7/1/2009	\$ -	\$ 659,654	\$ 659,654	-	\$ 2,190,328	30.1%
6/30/2013	\$ -	\$ 482,463	\$ 482,463	-	\$ 2,436,709	19.8%
6/30/2016	\$ -	\$ 331,633	\$ 331,633	-	\$ 2,929,270	11.3%



**OTHER SUPPLEMENTARY INFORMATION:
NON-MAJOR FUNDS' COMBINING FINANCIAL STATEMENTS,
BUDGET TO ACTUALS, AND SCHEDULE OF MEASURE G
REVENUES AND EXPENSES**





CITY OF COTATI
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue							
	Landscape and Lighting	Gas Tax	Parks and Recreation	Park In Lieu	MTC Street	Traffic Mitigation	Recycling	CDBG
Assets								
Cash and investments	\$ 142,657	\$ 22,402	\$ -	\$ 314,702	\$ 109,732	\$ 133,740	\$ -	\$ -
Receivables:								
Receivables from other governments	1,227	-	-	-	13,226	-	-	-
Notes receivable	-	-	-	159	-	68,084	-	-
Total assets	\$ 143,884	\$ 22,402	\$ -	\$ 314,861	\$ 122,958	\$ 201,824	\$ -	\$ -
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-	-	-
Total liabilities	796	-	-	-	-	-	-	-
Deferred inflows of resources:								
Fund balances:								
Restricted for public safety	-	-	-	-	-	-	-	-
Restricted for streets	143,088	22,402	-	-	122,958	201,824	-	-
Restricted for parks	-	-	-	314,861	-	-	-	-
Restricted public education	-	-	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-	-	-
Committed for special projects	-	-	-	-	-	-	-	-
Total fund balances	143,088	22,402	-	314,861	122,958	201,824	-	-
Total liabilities, deferred inflows of resources and fund balances	\$ 143,884	\$ 22,402	\$ -	\$ 314,861	\$ 122,958	\$ 201,824	\$ -	\$ -



CITY OF COTATI
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue					Capital Projects		Total Nonmajor Governmental Funds	
	Police Volunteer	Public Safety	Asset Forfeiture	K-9 Program	Police Explorer	PEG	City Capital Projects		Capital Projects Unspent Bond Proceeds
Assets									
Cash and investments	\$ -	\$ 75,455	\$ 76,723	\$ 9,850	\$ -	\$ 10,358	\$ 310,016	\$ 701,184	\$ 1,906,819
Receivables:									
Receivables from other governments	-	5,108	-	-	-	5,307	12,520	-	37,388
Notes receivable	-	-	-	-	-	-	-	-	68,243
Total assets	\$ -	\$ 80,563	\$ 76,723	\$ 9,850	\$ -	\$ 15,665	\$ 322,536	\$ 701,184	\$ 2,012,450
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 64	\$ -	\$ 5,272	\$ 330	\$ -	\$ -	\$ 5,982	\$ -	\$ 12,444
Due to other governments	-	-	12,066	-	-	-	-	-	12,066
Total liabilities	64	-	17,338	330	-	-	5,982	-	24,510
Deferred inflows of resources:									
Fund balances:									
Restricted for public safety	(64)	80,563	59,385	9,520	-	-	-	-	149,404
Restricted for streets	-	-	-	-	-	-	-	-	490,272
Restricted for parks	-	-	-	-	-	-	-	-	314,861
Restricted public education	-	-	-	-	-	15,665	-	-	15,665
Restricted for capital projects	-	-	-	-	-	-	-	701,184	701,184
Committed for special projects	-	-	-	-	-	-	316,554	-	316,554
Total fund balances	(64)	80,563	59,385	9,520	-	15,665	316,554	701,184	1,987,940
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 80,563	\$ 76,723	\$ 9,850	\$ -	\$ 15,665	\$ 322,536	\$ 701,184	\$ 2,012,450



CITY OF COTATI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017

	Special Revenue							CDBG
	Landscape and Lighting	Gas Tax	Parks and Recreation	Park In Lieu	MTC Street	Traffic Mitigation	Recycling	
Revenues								
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ 56,095	\$ -	\$ -	\$ -
Fines and forfeits	-	-	-	-	-	-	-	-
Intergovernmental	-	144,964	-	-	-	-	-	17,690
Charges for services	46,050	-	-	26,548	-	160,377	-	-
Interest and rents	1,238	474	-	2,586	661	952	-	-
Miscellaneous	-	-	-	-	-	-	-	1,309
Total revenues	47,288	145,438	-	29,134	56,756	161,329	-	18,999
Expenditures								
Current:								
Public safety	-	-	-	-	-	-	-	-
Public works	73,317	4,429	-	-	-	3,650	-	-
Capital outlay	-	-	-	-	-	-	-	58,433
Total expenditures	73,317	4,429	-	-	-	3,650	-	58,433
Excess (deficiency) of revenues over (under) expenditures	(26,029)	141,009	-	29,134	56,756	157,679	-	(39,434)
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	39,434
Transfers out	-	(172,000)	(2,317)	(154,176)	-	-	(5,310)	-
Total other financing sources (uses)	-	(172,000)	(2,317)	(154,176)	-	-	(5,310)	39,434
Net change in fund balances	(26,029)	(30,991)	(2,317)	(125,042)	56,756	157,679	(5,310)	-
Fund balances, July 1	169,117	53,393	2,317	439,903	66,202	44,145	5,310	-
Fund balances, June 30	\$ 143,088	\$ 22,402	\$ -	\$ 314,861	\$ 122,958	\$ 201,824	\$ -	\$ -



CITY OF COTATI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017

	Special Revenue						Capital Projects		Total Nonmajor Governmental Funds
	Police Volunteer	Public Safety	Asset Forfeiture	K-9 Program	Police Explorer	PEG	City Capital Projects	Capital Projects Unspent Bond Proceeds	
Revenues									
Sales taxes	\$ -	\$ 54,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,153
Fines and forfeits	-	-	4,839	-	-	-	-	-	4,839
Intergovernmental	-	132,382	-	-	-	-	-	-	295,036
Charges for services	-	-	-	-	-	20,351	150,240	-	403,566
Interest and rents	4	563	717	76	10	56	2,732	-	10,069
Miscellaneous	-	-	-	4,395	-	-	-	-	5,704
Total revenues	4	187,003	5,556	4,471	10	20,407	152,972	-	829,367
Expenditures									
Current:									
Public safety	1,341	-	19,361	5,111	3,055	11,956	-	-	40,824
Public works	-	-	-	-	-	-	-	-	81,396
Capital outlay	-	-	5,428	-	-	-	488,214	-	552,075
Total expenditures	1,341	-	24,789	5,111	3,055	11,956	488,214	-	674,295
Excess (deficiency) of revenues over (under) expenditures	(1,337)	187,003	(19,233)	(640)	(3,045)	8,451	(335,242)	-	155,072
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	444,476	-	483,910
Transfers out	-	(155,000)	-	-	-	-	(190,000)	-	(678,803)
Total other financing sources (uses)	-	(155,000)	-	-	-	-	254,476	-	(194,893)
Net change in fund balances	(1,337)	32,003	(19,233)	(640)	(3,045)	8,451	(80,766)	-	(39,821)
Fund balances, July 1	1,273	48,560	78,618	10,160	3,045	7,214	397,320	701,184	2,027,761
Fund balances, June 30	\$ (64)	\$ 80,563	\$ 59,385	\$ 9,520	\$ -	\$ 15,665	\$ 316,554	\$ 701,184	\$ 1,987,940



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Landscape and Lighting Special Revenue Fund
For the year ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ 45,934	\$ 45,934	\$ 46,050	\$ 116
Interest and rents	-	-	1,238	1,238
Total revenues	<u>45,934</u>	<u>45,934</u>	<u>47,288</u>	<u>1,354</u>
EXPENDITURES				
Public works	<u>24,021</u>	<u>24,021</u>	<u>73,317</u>	<u>(49,296)</u>
Total expenditures	<u>24,021</u>	<u>24,021</u>	<u>73,317</u>	<u>(49,296)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	21,913	21,913	(26,029)	(47,942)
FUND BALANCES:				
Fund balances, July 1	<u>169,117</u>	<u>169,117</u>	<u>169,117</u>	<u>-</u>
Fund balances, end of year	<u>\$ 191,030</u>	<u>\$ 191,030</u>	<u>\$ 143,088</u>	<u>\$ (47,942)</u>



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Gas Tax Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 166,000	\$ 149,718	\$ 144,964	\$ (4,754)
Interest and rents	-	-	474	474
Total revenues	<u>166,000</u>	<u>149,718</u>	<u>145,438</u>	<u>(4,280)</u>
EXPENDITURES				
Public works	4,000	4,429	4,429	-
Total expenditures	<u>4,000</u>	<u>4,429</u>	<u>4,429</u>	<u>-</u>
Revenues over (under) expenditures	<u>162,000</u>	<u>145,289</u>	<u>141,009</u>	<u>(4,280)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(210,000)	(172,000)	(172,000)	-
Total other financing sources (uses)	<u>(210,000)</u>	<u>(172,000)</u>	<u>(172,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(48,000)	(26,711)	(30,991)	(4,280)
FUND BALANCES:				
Fund balances - July 1	<u>53,393</u>	<u>53,393</u>	<u>53,393</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,393</u>	<u>\$ 26,682</u>	<u>\$ 22,402</u>	<u>\$ (4,280)</u>



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Parks and Recreation Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 89,290	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>89,290</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Community development	167,748	-	-	-
Capital outlay	2,000	-	-	-
TOTAL EXPENDITURES	<u>169,748</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(80,458)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	80,458	-	-	-
Transfers out	-	(2,317)	(2,317)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>80,458</u>	<u>(2,317)</u>	<u>(2,317)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>(2,317)</u>	<u>(2,317)</u>	<u>-</u>
FUND BALANCES:				
Fund balances - July 1	<u>2,317</u>	<u>2,317</u>	<u>2,317</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Park In Lieu Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Other taxes	\$ -	\$ 10,300	\$ -	\$ (10,300)
Charges for services	50,000	15,689	26,548	10,859
Interest and rents	-	1,508	2,586	1,078
Total revenues	50,000	27,497	29,134	1,637
OTHER FINANCING SOURCES (USES)				
Transfers out	(245,000)	(154,176)	(154,176)	-
Total other financing sources (uses)	(245,000)	(154,176)	(154,176)	-
Revenues and other financing sources over (under) expenditures and other financing uses	(195,000)	(126,679)	(125,042)	1,637
FUND BALANCES:				
Fund balance - July 1	439,903	439,903	439,903	-
Fund balance, end of year	\$ 244,903	\$ 313,224	\$ 314,861	\$ 1,637



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
MTC Street Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 55,000	\$ 57,170	\$ 56,095	\$ (1,075)
Interest and rents	-	450	661	211
Total revenues	55,000	57,620	56,756	(864)
Revenues and other financing sources over (under) expenditures and other financing uses	55,000	57,620	56,756	(864)
FUND BALANCES:				
Fund balance - July 1	66,202	66,202	66,202	-
Fund balance, end of year	\$ 121,202	\$ 123,822	\$ 122,958	\$ (864)



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Traffic Mitigation Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for Services				
Traffic mitigation	\$ 1,000	\$ 86,096	\$ 160,377	\$ 74,281
Interest and rents	-	675	952	277
	1,000	86,771	161,329	74,558
Total revenues	1,000	86,771	161,329	74,558
EXPENDITURES				
Public works	7,500	-	3,650	(3,650)
	7,500	-	3,650	(3,650)
Total expenditures	7,500	-	3,650	(3,650)
Revenues and other financing sources over (under) expenditures and other financing uses	(6,500)	86,771	157,679	70,908
FUND BALANCES:				
Fund balance - July 1	44,145	44,145	44,145	-
Fund balance, end of year	\$ 37,645	\$ 130,916	\$ 201,824	\$ 70,908



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Recycling Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Total revenues	5,000	5,000	-	(5,000)
EXPENDITURES				
Public works	5,000	5,000	-	5,000
Total expenditures	5,000	5,000	-	5,000
Revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(5,310)	(5,310)
Total other financing sources (uses)	-	-	(5,310)	(5,310)
Revenues and other financing sources over (under) expenditures and other financing uses	-	-	(5,310)	(5,310)
FUND BALANCES:				
Fund balance - July 1	5,310	5,310	5,310	-
Fund balance, end of year	\$ 5,310	\$ 5,310	\$ -	\$ (5,310)



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
CDBG Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 182,000	\$ 33,312	\$ 17,690	\$ (15,622)
Miscellaneous	-	-	1,309	1,309
Total revenues	<u>182,000</u>	<u>33,312</u>	<u>18,999</u>	<u>(14,313)</u>
EXPENDITURES				
Capital outlay	<u>182,000</u>	<u>58,433</u>	<u>58,433</u>	-
Total expenditures	<u>182,000</u>	<u>58,433</u>	<u>58,433</u>	-
Revenues over (under) expenditures	<u>-</u>	<u>(25,121)</u>	<u>(39,434)</u>	<u>(14,313)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>25,121</u>	<u>39,434</u>	<u>14,313</u>
Total other financing sources (uses)	<u>-</u>	<u>25,121</u>	<u>39,434</u>	<u>14,313</u>
Revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-
FUND BALANCES:				
Fund balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Police Volunteer Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Interest and rents	\$ -	\$ -	\$ 4	\$ 4
Total revenues	-	-	4	4
EXPENDITURES				
Public safety	-	-	1,341	(1,341)
Total expenditures	-	-	1,341	(1,341)
Revenues and other financing sources over (under) expenditures and other financing uses	-	-	(1,337)	(1,337) =
FUND BALANCES:				
Fund balance - July 1	1,273	1,273	1,273	-
Fund balance, end of year	<u>\$ 1,273</u>	<u>\$ 1,273</u>	<u>\$ (64)</u>	<u>\$ (1,337)</u>



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Public Safety Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ -	\$ -	\$ 54,058	\$ 54,058
Intergovernmental	105,000	155,000	132,382	(22,618)
Interest and rents	-	-	563	563
Total revenues	<u>105,000</u>	<u>155,000</u>	<u>187,003</u>	<u>32,003</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(100,000)	(155,000)	(155,000)	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>(155,000)</u>	<u>(155,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	5,000	-	32,003	32,003
FUND BALANCES:				
Fund balance - July 1	<u>48,560</u>	<u>48,560</u>	<u>48,560</u>	<u>-</u>
Fund balance, end of year	<u>\$ 53,560</u>	<u>\$ 48,560</u>	<u>\$ 80,563</u>	<u>\$ 32,003</u>



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Asset Forfeiture Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Fines and forfeits	\$ 30,000	\$ 4,840	\$ 4,839	\$ (1)
Interest and rents	-	700	717	17
Total revenues	<u>30,000</u>	<u>5,540</u>	<u>5,556</u>	<u>16</u>
EXPENDITURES				
Public safety	19,600	13,200	19,361	(6,161)
Capital outlay	50,000	10,000	5,428	4,572
Interest	400	700	-	700
Total expenditures	<u>70,000</u>	<u>23,900</u>	<u>24,789</u>	<u>(889)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(40,000)	(18,360)	(19,233)	(873)
FUND BALANCES:				
Fund balance - July 1	<u>78,618</u>	<u>78,618</u>	<u>78,618</u>	<u>-</u>
Fund balance, end of year	<u>\$ 38,618</u>	<u>\$ 60,258</u>	<u>\$ 59,385</u>	<u>\$ (873)</u>



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
K-9 Program Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Interest and rents	\$ -	\$ 70	\$ 76	\$ 6
Miscellaneous (contributions)	3,000	4,500	4,395	(105)
Total revenues	3,000	4,570	4,471	(99)
EXPENDITURES				
Public safety	5,000	4,290	5,111	(821)
Total expenditures	5,000	4,290	5,111	(821)
Revenues and other financing sources over (under) expenditures and other financing uses	(2,000)	280	(640)	(920)
FUND BALANCES:				
Fund balance - July 1	10,160	10,160	10,160	-
Fund balance, end of year	\$ 8,160	10,440	\$ 9,520	\$ (920)



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Police Explorer Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Interest and rents	\$ -	\$ -	\$ 10	\$ 10
Total revenues	-	-	10	10
EXPENDITURES				
Public safety	-	-	3,055	(3,055)
Total expenditures	-	-	3,055	(3,055)
Revenues and other financing sources over (under) expenditures and other financing uses	-	-	(3,045)	(3,045)
FUND BALANCES:				
Fund balance - July 1	3,045	3,045	3,045	-
Fund balance, end of year	<u>\$ 3,045</u>	<u>\$ 3,045</u>	<u>\$ -</u>	<u>\$ (3,045)</u>



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
PEG Special Revenue Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 18,000	\$ 19,269	\$ 20,351	\$ 1,082
Interest and rents	-	-	56	56
Total revenues	<u>18,000</u>	<u>19,269</u>	<u>20,407</u>	<u>1,138</u>
EXPENDITURES				
Public safety	<u>15,000</u>	<u>14,000</u>	<u>11,956</u>	<u>2,044</u>
Total expenditures	<u>15,000</u>	<u>14,000</u>	<u>11,956</u>	<u>2,044</u>
Revenues and other financing sources over (under) expenditures and other financing uses	3,000	5,269	8,451	3,182
FUND BALANCES:				
Fund balance - July 1	<u>7,214</u>	<u>7,214</u>	<u>7,214</u>	-
Fund balance, end of year	<u>\$ 10,214</u>	<u>\$ 12,483</u>	<u>\$ 15,665</u>	<u>\$ 3,182</u>



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
City Capital Projects Capital Projects Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services				
Road impact fees	\$ 150,240	\$ 150,240	\$ 150,240	\$ -
Interest and rents	-	-	2,732	2,732
Total revenues	<u>150,240</u>	<u>150,240</u>	<u>152,972</u>	<u>2,732</u>
EXPENDITURES				
Capital outlay	630,000	675,785	488,214	187,571
Total expenditures	<u>630,000</u>	<u>675,785</u>	<u>488,214</u>	<u>187,571</u>
Revenues over (under) expenditures	<u>(479,760)</u>	<u>(525,545)</u>	<u>(335,242)</u>	<u>190,303</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	630,000	630,000	444,476	(185,524)
Transfers out	(190,000)	(190,000)	(190,000)	-
Total other financing sources (uses)	<u>440,000</u>	<u>440,000</u>	<u>254,476</u>	<u>(185,524)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(39,760)	(85,545)	(80,766)	4,779
FUND BALANCES:				
Fund balance - July 1	<u>397,320</u>	<u>397,320</u>	<u>397,320</u>	<u>-</u>
Fund balance, end of year	<u>357,560</u>	<u>311,775</u>	<u>\$ 316,554</u>	<u>4,779</u>



CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Capital Projects Unspent Bond Proceeds Capital Projects Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
EXPENDITURES				
General government	\$ 701,184	\$ -	\$ -	\$ -
Total expenditures	701,184	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	(701,184)	-	-	-
FUND BALANCES:				
Fund balance - July 1	701,184	701,184	701,184	-
Fund balance, end of year	\$ -	701,184	\$ 701,184	



CITY OF COTATI
Schedule of Measure G Revenue and Uses
Fiscal Year Ended June 30, 2017

Revenues:		
Measure G revenues		<u>\$ 2,120,557</u>
 Total Measure G revenue		 <u>\$ 2,120,557</u>
 Use:		
Operations and maintenance:		
Street, sidewalk and storm drain program	152,067	
Public safety program	717,556	
Recreation program	123,773	
Park and landscape program	156,526	
Public building program	222,863	
Capital improvements and equipment:		
Street, sidewalk and storm drain program	602,282	
Public safety program	11,478	
Park and landscape program	101,821	
Public building program	17,961	
State administrative fees	<u>14,230</u>	
 Total Measure G uses		 <u><u>\$ 2,120,557</u></u>



CITY OF COTATI
Comparative Schedule of Capital Assets Used In Governmental
Activities By Source
Fiscal Year Ended June 30

	June 30	
	2017	2016
Capital assets used in governmental activities:		
Land	\$ 5,863,899	\$ 5,863,899
Construction in progress	3,838,219	1,976,777
Buildings	8,595,082	8,595,081
Machinery & equipment	886,271	1,055,803
Vehicles	758,265	854,272
Improvements	11,231,590	10,563,582
Total capital assets	\$ 31,173,326	\$ 28,909,414
Investment in capital assets from:		
General fund	\$ 18,961,941	\$ 17,947,166
Special revenue funds	6,498,179	5,946,104
Capital projects	5,713,206	5,016,144
Total investment in capital assets used in governmental activities	\$ 31,173,326	\$ 28,909,414

This schedule shows only gross capital asset balances related to Governmental Funds. For more information, see the reconciliation below.

Total Governmental Fund related capital assets, gross	\$ 31,173,326
Total Governmental Fund related accumulated depreciation	12,980,466
Total capital assets shown on Statement of Net Assets under the Governmental Activities column	\$ 18,192,860



CITY OF COTATI
Schedule of Changes in Capital Assets Used In Governmental Activities
By Source
Fiscal Year Ended June 30, 2017

	Land	Construction in progress	Buildings	Machinery & equipment	Vehicles	Improvements	Total Cost
General capital assets							
June 30, 2016	\$ 5,863,899	\$ 1,976,777	\$ 8,595,082	\$ 1,055,803	\$ 854,272	\$ 10,563,582	\$ 28,909,415
Add:							
Expenditures from:							
General fund	-	-	-	-	-	-	-
Special revenue funds	-	2,146,164	-	-	43,409	155,251	2,344,824
Public Works	-	-	-	21,451	39,354	78,004	138,809
Capital projects	-	305,282	-	-	-	434,753	740,035
Internal service	-	-	-	-	-	-	-
Deduct:							
Retirements and transfers	-	(590,004)	-	(190,983)	(178,770)	-	(959,757)
General capital assets							
June 30, 2017	<u>\$ 5,863,899</u>	<u>\$ 3,838,219</u>	<u>\$ 8,595,082</u>	<u>\$ 886,271</u>	<u>\$ 758,265</u>	<u>\$ 11,231,590</u>	<u>\$ 31,173,326</u>



CITY OF COTATI
Schedule of Capital Assets Used in Governmental Activities
By Function and Activity
Fiscal Year Ended June 30, 2017

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in progress</u>	<u>Buildings</u>	<u>Machinery & equipment</u>	<u>Vehicles</u>	<u>Improvements</u>	<u>Total Cost</u>
General government:							
Parks	\$ 4,379,302	\$ 54,372	\$ 603,135	\$ 1,976	\$ -	\$ 1,621,813	\$ 6,660,598
Roads	-	3,716,058	-	-	-	6,713,354	10,429,412
Recreation	-	-	-	17,752	-	115,717	133,469
Public Works	-	-	-	135,906	248,385	-	384,291
Administration	1,214,325	67,789	978,772	332,411	171,608	2,219,377	4,984,282
Total general government	5,593,627	3,838,219	1,581,907	488,045	419,993	10,670,261	22,592,052
Public safety:							
Emergency services	27,138	-	4,135,881	398,226	338,272	7,575	4,907,092
Transportation	-	-	2,877,294	-	-	45,785	2,923,079
Parking	243,134	-	-	-	-	507,969	751,103
Total general fixed assets	\$ 5,863,899	\$ 3,838,219	\$ 8,595,082	\$ 886,271	\$ 758,265	\$ 11,231,590	\$ 31,173,326



CITY OF COTATI
Schedule of Changes in Capital Assets Used In Governmental Activities
By Function and Activity
For the Fiscal Year Ended June 30, 2017

<u>Function and Activity</u>	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
General government:				
Parks	\$ 6,383,806	\$ 276,792	\$ -	\$ 6,660,598
Roads	8,257,692	2,171,720	-	10,429,412
Recreation	133,469	-	-	133,469
Public Works	388,095	60,805	(64,609)	384,291
Administration	4,967,424	80,939	(64,081)	4,984,282
Total general government	<u>20,130,486</u>	<u>2,590,256</u>	<u>(128,690)</u>	<u>22,592,052</u>
Public safety:				
Emergency services	<u>5,104,746</u>	<u>43,409</u>	<u>(241,063)</u>	<u>4,907,092</u>
Transportation	<u>2,923,079</u>	<u>-</u>	<u>-</u>	<u>2,923,079</u>
Parking	<u>751,103</u>	<u>-</u>	<u>-</u>	<u>751,103</u>
Total general fixed assets	<u>\$ 28,909,414</u>	<u>\$ 2,633,665</u>	<u>\$ (369,753)</u>	<u>\$ 31,173,326</u>



STATISTICAL SECTION



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City of Cotati, California

Statistical Section

This part of the City of Cotati'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 government's overall financial health.

In addition, readers will find comparative information related to the City's revenue sources, expenditures, property tax valuations, levies and collections and demographics. Where available, the comparative information is presented for the last ten fiscal years.

In contrast to the Financial Section, the Statistical Section information is not usually subject to independent audit.

Contents

Financial Trends

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

Table 1 - Net Position by Component

Table 2 - Changes in Net Position

Table 3 - Fund Balances of Governmental Funds

Table 4 - Revenue, Expenditures, Changes in Fund Balances and Debt Service Ratio of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue sources, property and sales taxes. They include:

Table 5 - Property Tax Assessed Value and Estimates

Table 6 - Property Tax Assessed Value Percentage Change

Table 7 - Property Tax Rates - Direct and Overlapping Governments

Table 8 - Principal Property Tax Payers

Table 9 - Property Tax Levies and Collections

Table 10 - Sales Tax Top Producers and Taxable Sales by Category

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. They include:

Table 11 - Direct and Overlapping Governmental Activities Debt

Demographic and Economic Information

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

Table 12 - Demographic and Economic Statistics

Table 13 - Principal Employers

Demographic and Economic Information

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

Table 14 - Full-Time and Part-Time Employees by Function

Table 15 - Operating Indicators by Function

Table 16 - Capital Asset Statistics by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in capital assets	\$ 1,371,342	\$ 5,450,356	\$ 5,794,719	\$ 5,786,571	\$ 12,235,549	\$ 11,663,498	\$ 13,276,973	\$ 13,863,366	\$ 16,517,962	\$ 18,192,860
Restricted	15,328,934	15,558,585	15,911,365	15,815,856	5,959,294	6,242,975	6,013,891	5,253,384	5,648,440	6,775,373
Unrestricted	684,928	623,455	362,301	1,205,257	1,900,287	2,413,751	3,410,860	(2,719,089)	(1,392,655)	(957,876)
Total governmental activities net position	\$ 17,385,204	\$ 21,632,396	\$ 22,068,385	\$ 22,807,684	\$ 20,095,130	\$ 20,320,224	\$ 22,701,724	\$ 16,397,661	\$ 20,773,747	\$ 24,010,357
Business-type activities										
Net Investment in capital assets	\$ 7,890,474	\$ 7,754,935	\$ 7,679,258	\$ 7,918,301	\$ 7,664,543	\$ 7,493,636	\$ 7,290,428	\$ 7,474,048	\$ 9,001,287	\$ 9,250,509
Restricted	7,200,774	7,284,986	7,397,555	7,342,283	7,380,087	7,152,866	6,797,239	6,153,822	4,535,027	3,783,904
Unrestricted	2,122,467	2,794,845	2,688,862	2,121,842	2,165,644	2,520,053	3,223,345	2,463,815	2,753,618	3,486,382
Total business-type activities net position	\$ 17,213,715	\$ 17,834,766	\$ 17,765,675	\$ 17,382,426	\$ 17,210,274	\$ 17,166,555	\$ 17,311,012	\$ 16,091,685	\$ 16,289,932	\$ 16,520,795
Primary government										
Net Investment in capital assets	\$ 9,261,816	\$ 13,205,291	\$ 13,473,977	\$ 13,704,872	\$ 19,900,092	\$ 19,157,134	\$ 20,567,401	\$ 21,337,414	\$ 25,519,249	\$ 27,443,369
Restricted	22,529,708	22,843,571	23,308,920	23,158,139	13,339,381	13,395,841	12,811,130	11,407,206	10,183,467	10,559,277
Unrestricted	2,807,395	3,418,300	3,051,163	3,327,099	4,065,931	4,933,804	6,634,205	(255,274)	1,360,963	2,528,506
Total primary government net position	\$ 34,598,919	\$ 39,467,162	\$ 39,834,060	\$ 40,190,110	\$ 37,305,404	\$ 37,486,779	\$ 40,012,736	\$ 32,489,346	\$ 37,063,679	\$ 40,531,152

Note: The city implemented GASB Statement Number 34 in fiscal year ending June 30, 2004. The information in this schedule is therefore set forth prospectively from the initial year of implementation.

Source of information: Audited financial statements.



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities										
General government	\$ 991,668	\$ 1,021,006	\$ 2,273,571	\$ 1,204,048	\$ 1,097,181	\$ 1,222,940	\$ 1,357,022	\$ 1,837,502	\$ 1,729,742	\$ 1,311,401
Public safety	3,263,238	3,008,579	2,394,485	2,793,397	2,722,133	2,834,205	2,680,871	3,041,510	2,676,142	2,480,262
Community development	1,553,256	1,292,258	1,011,235	1,127,536	770,350	376,010	349,845	610,472	1,070,087	427,963
Public works	1,011,352	877,932	946,261	954,405	853,392	1,119,012	944,288	1,258,811	1,844,032	1,736,094
Interest on long-term debt	946,866	921,763	917,052	899,070	657,695	339,014	329,055	315,034	306,313	296,996
Total governmental activities expenses	\$ 7,766,380	\$ 7,121,538	\$ 7,542,604	\$ 6,978,456	\$ 6,100,751	\$ 5,891,181	\$ 5,661,081	\$ 7,063,329	\$ 7,626,316	\$ 6,252,716
Business-type activities										
Water	\$ 1,144,360	\$ 1,138,756	\$ 1,216,171	\$ 1,363,463	\$ 1,466,013	\$ 1,367,089	\$ 1,490,030	\$ 1,289,046	\$ 1,422,854	\$ 1,623,862
Wastewater	2,142,360	2,086,395	2,252,156	2,300,601	2,285,533	2,036,743	2,116,443	2,153,501	2,224,574	2,421,786
Total business-type activities expenses	\$ 3,286,720	\$ 3,225,151	\$ 3,468,327	\$ 3,664,064	\$ 3,751,546	\$ 3,403,832	\$ 3,606,473	\$ 3,442,547	\$ 3,647,428	\$ 4,045,648
Total primary government expenses	\$ 11,053,100	\$ 10,346,689	\$ 11,010,931	\$ 10,642,520	\$ 9,852,297	\$ 9,295,013	\$ 9,267,554	\$ 10,505,876	\$ 11,273,744	\$ 10,298,364
Program revenues:										
Governmental Activities										
Charges for services										
General government	\$ 40,277	\$ 15,509	\$ 53,972	\$ 61,939	\$ 49,887	\$ 150,419	\$ 172,858	\$ 457,148	\$ 112,018	\$ 165,292
Public safety	216,398	169,315	146,861	104,112	96,196	92,409	65,070	92,496	121,292	120,841
Community development	1,293,082	923,403	744,980	684,096	565,132	362,140	333,856	198,539	783,105	919,141
Public works	235,433	96,807	51,682	22,895	65,780	65,026	254,078	567,312	94,862	394,040
Operating grants and contributions	947,707	550,492	419,163	413,725	496,473	460,346	390,886	342,433	431,468	679,146
Capital grants and contributions	519,161	3,335,858	569,374	152,622	147,580	29,543	1,587,557	136,500	4,113,824	697,062
Total governmental activities program revenues	\$ 3,252,058	\$ 5,091,384	\$ 1,986,032	\$ 1,439,389	\$ 1,421,048	\$ 1,159,883	\$ 2,804,305	\$ 1,794,428	\$ 5,656,569	\$ 2,975,522
Business-type activities										
Charges for services										
Water	\$ 1,504,255	\$ 1,402,084	\$ 1,267,592	\$ 1,263,439	\$ 1,282,834	\$ 1,317,859	\$ 1,365,452	\$ 1,301,372	\$ 1,371,858	\$ 1,559,828
Wastewater	2,584,966	2,478,222	2,211,720	2,075,923	2,313,416	2,071,736	2,194,823	2,101,749	\$ 2,360,902	\$ 2,048,481
Operating grants and contributions								-	-	\$ 30,000
Capital grants and contributions	41,150	48,004	30,808		41,683	29,058	251,155	90,457	112,915	701,166
Total business-type activities program revenues	\$ 4,130,371	\$ 3,928,310	\$ 3,510,120	\$ 3,339,362	\$ 3,637,933	\$ 3,418,653	\$ 3,811,430	\$ 3,493,578	\$ 3,845,675	\$ 4,339,475
Total primary government revenues	\$ 7,382,429	\$ 9,019,694	\$ 5,496,152	\$ 4,778,751	\$ 5,058,981	\$ 4,578,536	\$ 6,615,735	\$ 5,288,006	\$ 9,502,244	\$ 7,314,997
Net revenues (expenses)										
Governmental Activities										
	\$ (4,514,322)	\$ (2,030,154)	\$ (5,556,572)	\$ (5,539,067)	\$ (4,679,703)	\$ (4,731,298)	\$ (2,856,776)	\$ (5,268,901)	\$ (1,969,747)	\$ (3,277,194)
Business-type activities										
	843,651	703,159	41,793	(324,702)	(113,613)	14,821	204,957	51,031	198,247	293,827
Total net revenues (expenses)	\$ (3,670,671)	\$ (1,326,995)	\$ (5,514,779)	\$ (5,863,769)	\$ (4,793,316)	\$ (4,716,477)	\$ (2,651,819)	\$ (5,217,870)	\$ (1,771,500)	\$ (2,983,367)

Source of information: Audited financial statements.



City of Cotati
Table 2, continued
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues and other changes in net position										
Governmental Activities										
Taxes:										
Property taxes	\$ 1,170,196	\$ 1,070,808	\$ 1,084,823	\$ 946,675	\$ 1,130,535	\$ 1,000,165	\$ 1,673,084	\$ 1,266,681	\$ 1,652,877	\$ 1,472,627
Sales taxes	2,321,377	1,703,114	1,412,656	2,119,243	2,629,442	2,519,645	2,902,504	3,616,732	4,075,204	4,222,473
Other taxes	482,711	477,460	510,184	500,008	480,642	479,163	598,985	567,114	603,792	678,955
Incremental property taxes	2,872,817	2,734,750	2,627,492	2,459,630	2,328,360	-	-	-	-	-
Interest and rents	192,189	182,411	159,821	148,231	121,390	98,180	104,179	92,831	44,094	76,785
Other general revenues	99,185	26,695	86,701	46,032	39,118	225,000	179,822	31,169	-	-
Special item	-	-	-	-	147,071	-	(420,000)	-	-	-
Extraordinary item	-	-	-	-	(4,967,948)	575,699	-	-	-	-
Transfers	93,890	82,108	110,884	58,547	58,539	58,540	60,500	90,500	-	62,964
Total governmental activities	\$ 7,232,365	\$ 6,277,346	\$ 5,992,561	\$ 6,278,366	\$ 1,967,149	\$ 4,956,392	\$ 5,099,074	\$ 5,665,027	\$ 6,375,967	\$ 6,513,804
Business-type activities										
Other revenues										
Transfers	(93,890)	(82,108)	(110,884)	(58,547)	(58,539)	(58,540)	(60,500)	(90,500)	-	(62,964)
Total business-type activities	\$ (93,890)	\$ (82,108)	\$ (110,884)	\$ (58,547)	\$ (58,539)	\$ (58,540)	\$ (60,500)	\$ (90,500)	\$ -	\$ (62,964)
Total primary government	\$ 7,138,475	\$ 6,195,238	\$ 5,881,677	\$ 6,219,819	\$ 1,908,610	\$ 4,897,852	\$ 5,038,574	\$ 5,574,527	\$ 6,375,967	\$ 6,450,840
Changes in net position										
Governmental Activities	\$ 2,718,043	\$ 4,247,192	\$ 435,989	\$ 739,299	\$ (2,712,554)	\$ 225,094	\$ 2,242,298	\$ 396,126	\$ 4,406,220	\$ 3,236,610
Business-type activities	749,761	621,051	(69,091)	(383,249)	(172,152)	(43,719)	144,457	(39,469)	198,247	230,863
Total primary government	\$ 3,467,804	\$ 4,868,243	\$ 366,898	\$ 356,050	\$ (2,884,706)	\$ 181,375	\$ 2,386,755	\$ 356,657	\$ 4,604,467	\$ 3,467,473

Source of information: Audited financial statements.



City of Cotati
Table 3
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund:										
Reserved	\$ 616,075	\$ 106,798	\$ 60,979	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	333,400	593,879	751,576	-	-	-	-	-	-	-
Nonspendable				36,856	35,549	5,004	55,152	60,517	42,311	26,778
Committed for special projects				45,000	45,000	45,000	45,000	45,000	45,000	45,000
Committed for emergencies				120,000	120,000	120,000	120,000	120,000	120,000	120,000
Unassigned	-	-	-	980,375	1,704,264	2,008,296	2,951,695	2,738,671	3,753,034	4,362,879
Total general fund	\$ 949,475	\$ 700,677	\$ 812,555	\$ 1,182,231	\$ 1,904,813	\$ 2,178,300	\$ 3,171,847	\$ 2,964,188	\$ 3,960,345	\$ 4,554,657
All other governmental funds:										
Reserved	1,891,881	1,903,880	1,909,816							
Unreserved	11,890,588	12,316,743	12,134,003							
Nonspendable										
Restricted for affordable housing				8,483,445	3,385,764	3,434,024	3,446,494	3,252,244	\$ 3,101,038	\$ 3,136,427
Restricted for community development				1,758,288						
Restricted for public safety				48,631	86,484	141,664	88,827	44,420	141,656	149,404
Restricted for streets				460,502	572,409	361,514	481,733	350,947	332,857	490,272
Restricted for parks				613,657	610,625	2,948	472	2,108	2,317	314,861
Restricted for public education							65,535	2,332	7,214	15,665
Restricted for debt services				1,906,873	824,793	679,140	764,912	850,397	919,278	930,095
Restricted for recycling				87,395	97,676	97,676	115,283	115,283	5,310	-
Restricted for capital projects				1,089,271	414,515	610,557	633,476	637,761	1,141,087	701,184
Restricted for special projects						444,963	534,791	1,044,483	754,678	293,080
Unassigned	-	-	-	(8,382)	(1,460)	-	-	-	-	-
Total governmental activities net position	\$ 13,782,469	\$ 14,220,623	\$ 14,043,819	\$ 14,439,680	\$ 5,990,806	\$ 5,772,486	\$ 6,131,523	\$ 6,299,975	\$ 6,405,435	\$ 6,030,988
Total Governmental Funds	\$ 14,731,944	\$ 14,921,300	\$ 14,856,374	\$ 15,621,911	\$ 7,895,619	\$ 7,950,786	\$ 9,303,370	\$ 9,264,163	\$ 10,365,780	\$ 10,585,645

Note: The city of Cotati implemented GASB Statement Number 54 in fiscal year 2011. implementation is done prospectively as the City did not have the information to restate prior year fund balance classifications.

Source of information: Audited financial statements.



City of Cotati

Table 4

Revenues, Expenditures and Changes in Fund Balances and Debt Service Ratio of Government Funds

Last Ten Fiscal Year

(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Property taxes	\$ 3,434,410	\$ 3,222,512	\$ 3,148,369	\$ 2,880,368	\$ 2,946,897	\$ 1,000,165	\$ 1,673,084	\$ 1,266,681	\$ 1,652,877	\$ 1,472,627
Sales taxes	2,321,377	1,703,114	1,412,656	2,119,243	2,629,442	2,518,779	2,904,515	3,667,261	4,128,500	4,332,626
Other taxes	482,711	477,460	510,184	499,718	471,793	675,301	105,204	110,345	46,314	44,041
Licenses and permits	7,900	18,219	17,340	14,794	25,916	33,652	440,722	402,151	502,033	521,507
Fines and forfeits	116,381	114,073	99,200	61,464	62,051	182,120	42,429	109,435	235,551	4,839
Intergovernmental	2,002,132	1,156,511	1,481,938	1,025,276	1,066,114	373,315	2,012,895	575,014	1,350,366	998,301
Interest and rents	713,209	494,614	256,109	222,075	131,371	116,403	122,575	106,107	85,921	112,270
Charges for services	1,136,250	860,964	771,091	811,874	740,089	641,757	885,542	908,956	1,201,768	1,450,185
Miscellaneous	176,163	100,085	170,821	109,817	198,164	55,546	203,606	341,905	107,382	150,298
Total revenues	\$ 10,390,533	\$ 8,147,552	\$ 7,867,708	\$ 7,744,629	\$ 8,271,837	\$ 5,597,038	\$ 8,390,572	\$ 7,487,855	\$ 9,310,712	\$ 9,086,694
Expenditures:										
Current:										
General government	971,009	848,161	2,084,734	1,021,583	915,275	1,137,970	1,110,637	1,442,092	1,635,238	1,276,704
Public safety	3,140,541	2,873,341	2,385,619	2,629,907	2,588,430	2,700,532	2,551,265	2,831,831	2,915,581	2,991,798
Community development	1,504,698	1,158,135	947,048	1,088,241	770,350	363,709	335,514	610,472	476,483	427,963
Public works	682,646	588,516	420,171	806,831	461,722	535,072	568,563	855,454	1,088,141	1,137,856
Capital Outlay	740,497	1,310,955	945,582	231,121	421,207	370,289	2,159,960	1,429,863	2,320,464	2,650,334
Debt Service:										
Principal retirement	320,000	335,000	350,000	365,000	420,814	151,333	158,506	130,000	135,000	145,000
Interest and fiscal charges	939,652	926,196	910,364	894,956	611,162	341,506	331,655	317,850	309,238	300,138
Total Expenditures	\$ 8,299,043	\$ 8,040,304	\$ 8,043,518	\$ 7,037,639	\$ 6,188,960	\$ 5,600,411	\$ 7,216,100	\$ 7,617,562	\$ 8,880,145	\$ 8,929,793
Excess (deficiency) of revenues over (under) expenditures	2,091,490	107,248	(175,810)	706,990	2,082,877	(3,373)	1,174,472	(129,707)	430,567	156,901
Other financing sources (uses):										
Contributions from successor agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 701,184	\$ -
Proceeds of capital leasing	-	-	-	-	115,653	-	-	-	-	-
Transfers in	2,677,433	2,799,429	3,062,132	2,745,398	2,111,121	714,842	975,604	1,264,468	1,612,149	2,383,566
Transfers out	(2,583,543)	(2,717,321)	(2,951,248)	(2,686,851)	(2,052,582)	(656,302)	(915,104)	(1,173,968)	(1,612,149)	(2,320,602)
Total other financing sources/(uses)	93,890	82,108	110,884	58,547	174,192	58,540	60,500	90,500	701,184	62,964
Net change in fund balances	\$ 2,185,380	\$ 189,356	\$ (64,926)	\$ 765,537	\$ 2,257,069	\$ 55,167	\$ 1,234,972	\$ (39,207)	\$ 1,131,751	\$ 219,865
Debt service as a percentage of noncapital expenditures	16.7%	18.7%	17.8%	18.5%	17.9%	9.4%	9.7%	7.2%	6.8%	7.1%

Source of information: Audited financial statements.

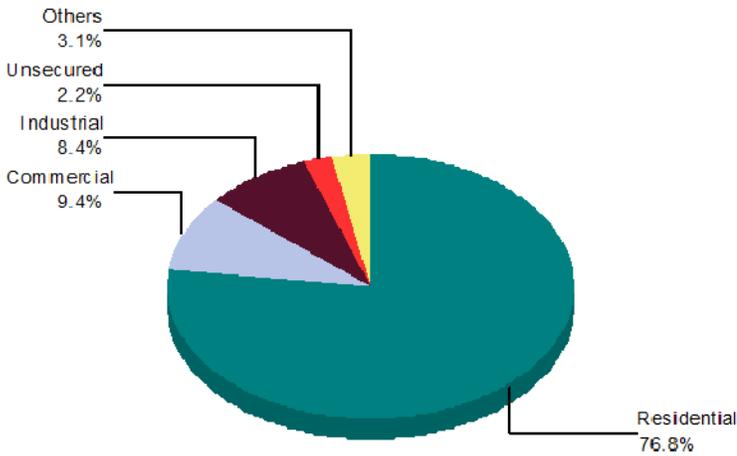


City of Cotati
Table 5
Property Taxes - Assessed Value and Estimates
Last Ten Fiscal Years

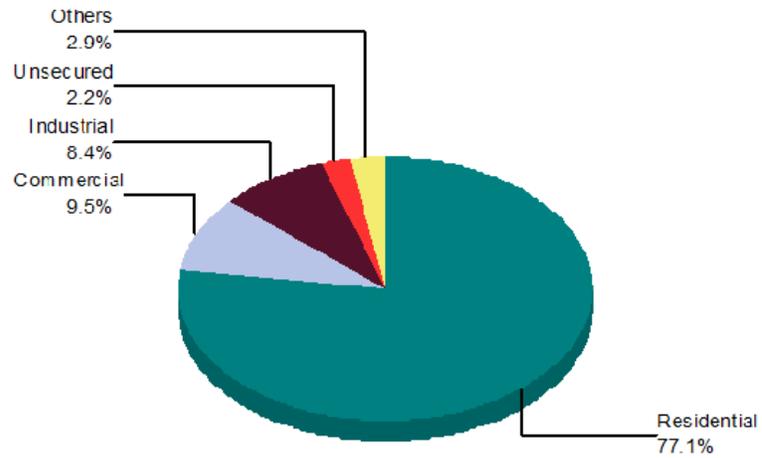
BASIC PROPERTY VALUE TABLE

Category	Parcels	Assessed Value		Net Taxable Value	
Residential	2,382	\$ 776,951,928	76.8%	\$ 767,060,996	77.1%
Commercial	81	95,296,482	9.4%	94,066,325	9.5%
Industrial	86	85,322,990	8.4%	83,370,408	8.4%
Govt. Owned	79	0	0.0%	0	0.0%
Institutional	15	4,556,402	0.5%	1,734,254	0.2%
Miscellaneous	10	559,341	0.1%	558,841	0.1%
Recreational	1	3,047,819	0.3%	3,047,819	0.3%
Vacant	129	20,879,293	2.1%	20,714,229	2.1%
Cross Reference	(70)	2,625,900	0.3%	2,521,139	0.3%
Unsecured	(459)	21,925,440	2.2%	21,771,776	2.2%
TOTALS	2,783	\$ 1,011,165,595		\$ 994,845,787	

ASSESSED VALUE



NET TAXABLE VALUE

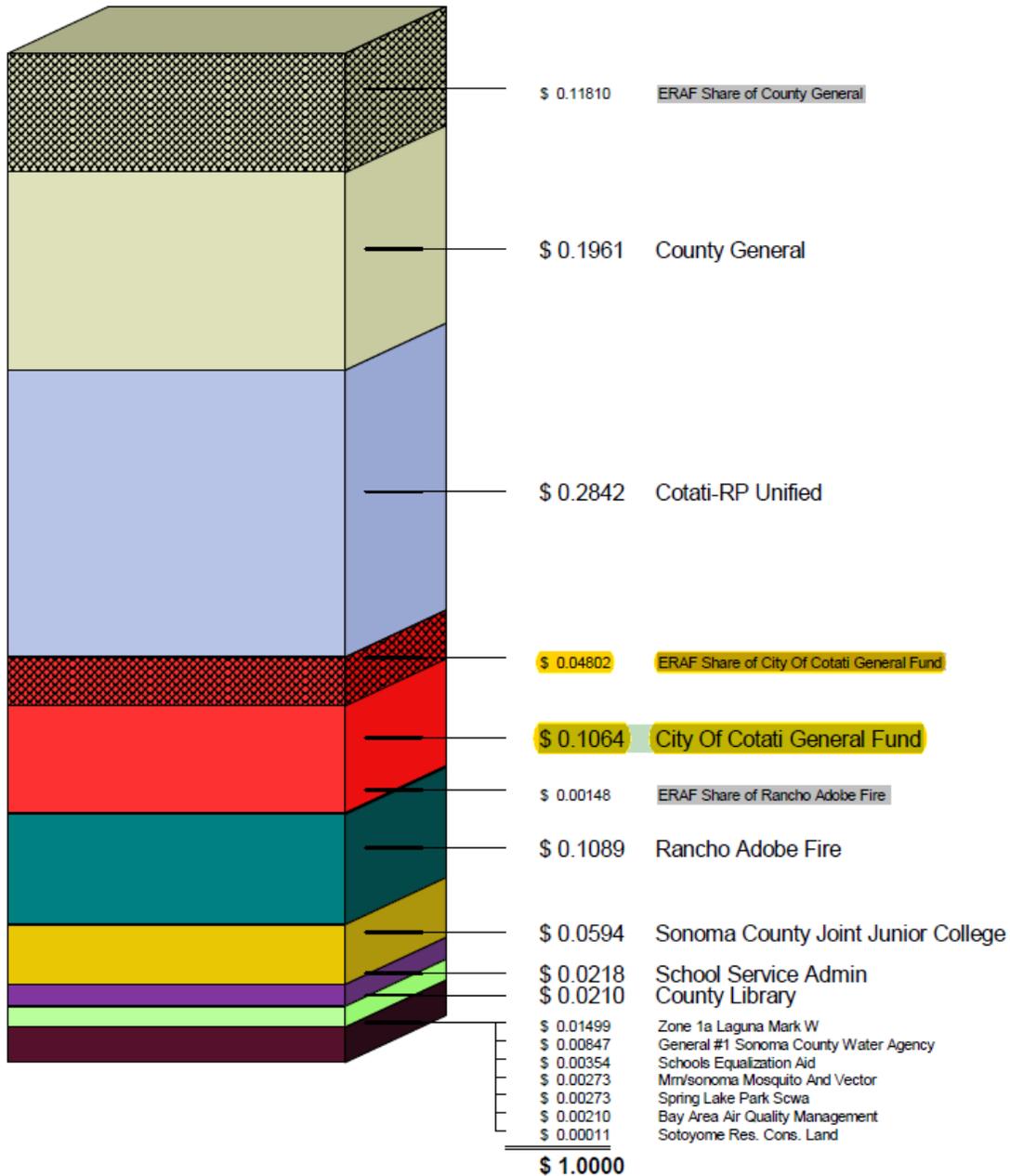


Data Source: Sonoma County Assessor 2016/17 Combined Tax Rolls



City of Cotati
Table 5, continued
Property Taxes - Assessed Value and Estimates

PROPERTY TAX DOLLAR BREAKDOWN



ATI (Annual Tax Increment) Ratios for Tax Rate Area 008-002, Excluding Redevelopment Factors & Additional Debt Service
Data Source: Sonoma County Assessor 2016/17 Annual Tax Increment Tables



City of Cotati
Table 5, continued
Property Taxes - Assessed Value and Estimates

2016/17 ROLL SUMMARY

Taxable Property Values

	Secured	Nonunitary Utilities	Unsecured
Parcels	2,783	0	459
TRAs	14	0	14
Values			
Land	\$ 381,785,479	\$ 0	\$ 142,558
Improvements	602,452,874	0	10
Personal Property	3,724,727	0	14,786,871
Fixtures	1,277,075	0	6,996,001
Aircraft	0	0	0
Total Value	989,240,155	0	21,925,440
Exemptions			
Real Estate	15,827,077	0	14
Personal Property	335,737	0	150,339
Fixtures	3,330	0	3,311
Aircraft	0	0	0
Homeowners*	9,031,400	0	0
Total Expenditures*	16,166,144	0	153,664
Total Net Value	\$ 973,074,011	\$ 0	\$ 21,771,776

Combined Values	Total
Total Values	1,011,165,595
Total Exemptions	16,319,808
Net Total Values	994,845,787
Net Aircraft Values	0

Data Source: Sonoma County Assessor 2016/17 Annual Tax Increment Tables



City of Cotati
Table 5, continued
Property Taxes - Assessed Value and Estimates

ASSESSED VALUE OF TAXABLE PROPERTY

2007/08 – 2016/17 Taxable Property Values

Category	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Residential	741,156,802	702,897,577	670,820,088	621,648,644	603,464,386	584,373,933	615,360,303	678,311,562	715,961,764	767,060,996
Commercial	92,736,962	94,964,160	97,869,602	101,572,492	99,453,354	89,147,937	88,689,049	87,654,176	90,746,880	94,066,325
Industrial	75,305,860	81,584,333	83,825,217	77,432,405	77,116,354	78,086,904	76,498,597	78,236,635	81,062,360	83,370,408
Dry Farm	259,887	265,084								
Govt. Owned										
Institutional	1,580,792	1,289,174	1,336,295	1,329,256	1,230,011	1,624,224	1,660,963	1,665,414	1,713,465	1,734,254
Miscellaneous	800,817	766,699	782,029	780,174	786,045	801,764	490,255	539,897	550,450	558,841
Recreational	2,692,964	2,746,822	2,801,757	2,795,116	2,816,162	2,872,484	2,929,933	2,943,234	3,002,039	3,047,819
Vacant	28,595,458	28,924,764	29,672,661	23,963,378	21,320,141	20,285,031	19,793,035	19,926,704	20,298,185	20,714,229
SBE Nonunitary										
Cross Reference	2,657,894	2,882,121	2,799,181	2,692,970	2,534,230	2,386,253	2,228,089	2,183,346	2,220,244	2,521,139
Unsecured	18,524,631	17,903,697	18,192,462	18,050,668	16,491,973	15,774,279	17,650,144	17,928,404	19,759,670	21,771,776
Exempt										
TOTALS	964,312,067	934,224,431	908,099,292	850,265,103	825,212,656	795,352,809	825,300,368	889,389,372	935,315,057	994,845,787
Total Direct Rate	0.52534	0.51481	0.52149	0.51600	0.50608	0.50168	0.10152	0.10156	0.10120	0.10108

Data Source: Sonoma County Assessor 2016/17 Annual Tax Increment Tables

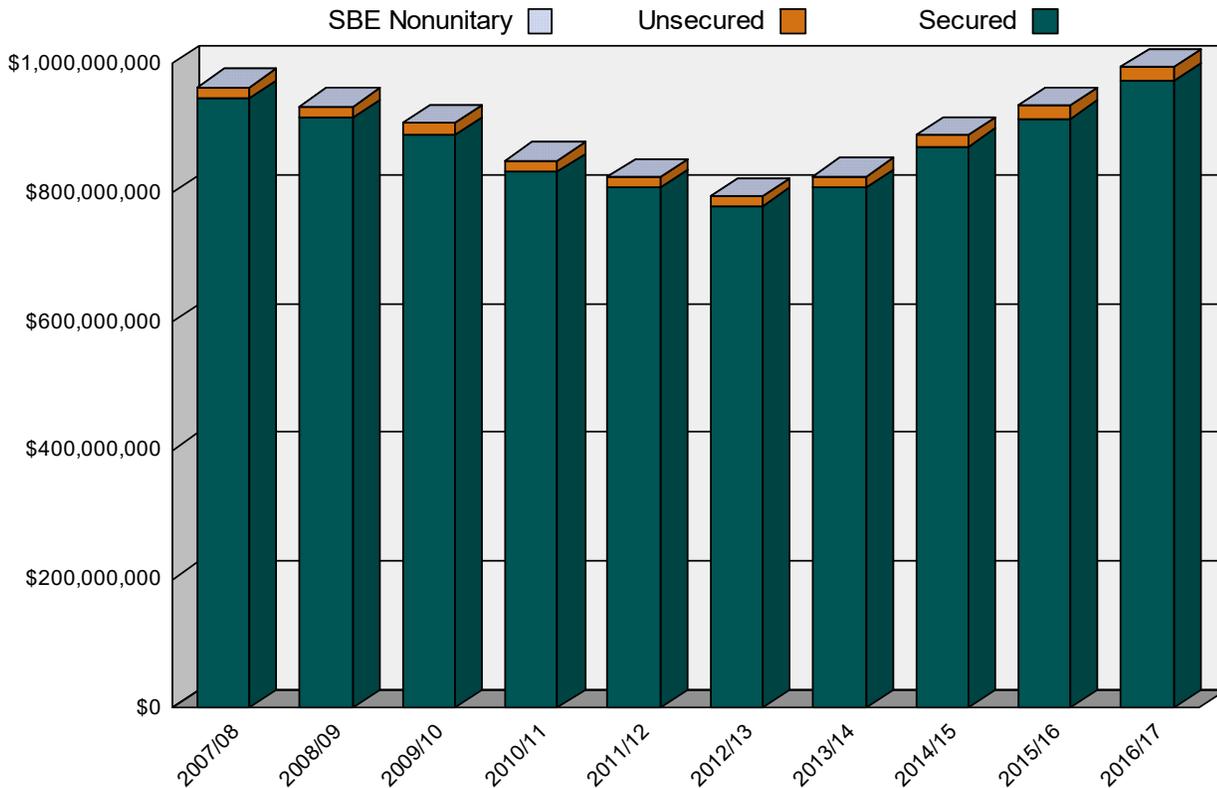


City of Cotati
Table 6
Property Taxes - Assessed Value Percentage Change

NET TAXABLE ASSESSED VALUE HISTORY

2007/08 – 2016/17 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2007/08	\$ 945,787,436	\$ 18,524,631	0	964,312,067	
2008/09	\$ 916,320,734	\$ 17,903,697	0	934,224,431	-3.12%
2009/10	\$ 889,906,830	\$ 18,192,462	0	908,099,292	-2.80%
2010/11	\$ 832,214,435	\$ 18,050,668	0	850,265,103	-6.37%
2011/12	\$ 808,720,683	\$ 16,491,973	0	825,212,656	-2.95%
2012/13	\$ 779,578,530	\$ 15,774,279	0	795,352,809	-3.62%
2013/14	\$ 807,650,224	\$ 17,650,144	0	825,300,368	3.77%
2014/15	\$ 871,460,968	\$ 17,928,404	0	889,389,372	7.77%
2015/16	\$ 915,555,387	\$ 19,759,670	0	935,315,057	5.16%
2016/17	\$ 973,074,011	\$ 21,771,776	0	994,845,787	6.36%



Data Source: Sonoma County Assessor 2016/17 Annual Tax Increment Tables



City of Cotati
Table 7
Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years

(RATE PER \$100 OF TAXABLE VALUE)

Agency	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Basic Levy¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Cotati- Rohnert Park Unified	0.10500	0.10500	0.10500	0.10500	0.10000	0.10000	0.10000	0.16400	0.15100	0.13900
Sonoma County Junior College	0.02500	0.02500	0.02500	0.02500	0.02100	0.02100	0.02100	0.01800	0.01600	0.01500
Sonoma County Junior College 2014	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02500
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 & Overlapping² Tax Rates	1.13700	1.13700	1.13700	1.13700	1.12800	1.12800	1.12800	1.18900	1.17400	1.18600
City's Share of 1% Levy Per Prop 13³	0.15445	0.15445	0.15445	0.15445	0.15445	0.15445	0.15445	0.15445	0.15445	0.15445
Voter Approved City Debt Rate										
Redevelopment Rate⁴	1.00700	1.00700	1.00700	1.00700	1.00700					
Total Direct Rate⁵	0.52534	0.51481	0.52149	0.51600	0.50608	0.50168	0.10152	0.10156	0.10120	0.10108

Notes:

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 in 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.

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



City of Cotati
Table 8
Principal Property Tax Payers

2016/17 TOP TEN PROPERTY TAXPAYERS

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1) LOWES HIW INC	1	\$ 16,000,000	1.64%	1	\$ 1,839,840	8.45%	\$ 17,839,840	1.79%	Commercial Successor Agency
2) SUNHILL ENTERPRISES LP	2	\$ 7,857,434	0.81%				\$ 7,857,434	0.79%	Commercial Successor Agency
3) GTY-PACIFIC LEASING LLC	2	\$ 6,555,000	0.67%				\$ 6,555,000	0.66%	Commercial Successor Agency
4) VINEYARD MEADOWS APARTMENTS LP	3	\$ 4,896,638	0.50%				\$ 4,896,638	0.49%	Residential City of Cotati General Fund
5) COTATI COMMONS MARKETPLACE LLC	4	\$ 4,785,000	0.49%				\$ 4,785,000	0.48%	Vacant Successor Agency
6) REDWOOD SELF STORAGE LLC	1	\$ 4,774,618	0.49%				\$ 4,774,618	0.48%	Industrial Successor Agency
7) EMC PROPERTY COMPANY LLC	1	\$ 4,470,903	0.46%				\$ 4,470,903	0.45%	Industrial Successor Agency
8) STEVE R ORTH TRUST	1	\$ 4,082,560	0.42%				\$ 4,090,750	0.41%	Commercial Successor Agency
9) FRANKLIN ARDEN LLC ET AL	2	\$ 3,945,533	0.41%	1	\$ 8,190	0.04%	\$ 3,945,533	0.40%	Commercial Successor Agency
10) SHAMI APPLE VALLEY LLC	1	\$ 3,705,662	0.38%				\$ 3,705,662	0.37%	Commercial Successor Agency
Top Ten Total	18	\$ 61,073,348	6.27%	2	\$ 1,848,030	8.49%	\$ 62,921,378	6.32%	
City Total		\$ 973,870,941			\$ 21,771,776		\$ 995,642,717		

*Value includes Outer TRAs

Data Source: Sonoma County Assessor 2007/08 Combined Tax Rolls and the SBE Non Unitary Tax Roll



City of Cotati
Table 8, continued
Principal Property Tax Payers

2007/08 TOP TEN PROPERTY TAXPAYERS

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1) LOWES HIW INC	1	\$ 25,167,199	2.66%				\$ 25,167,199	2.61%	Commercial Successor Agency
2) RANCHO COTATI LLC	2	\$ 6,723,721	0.71%				\$ 6,723,721	0.70%	Commercial Successor Agency
3) ROBERT J AND CORINNA C NEVE	3	\$ 6,571,430	0.69%				\$ 6,571,430	0.68%	Industrial Successor Agency
4) COLVIN GROUP FUND LP	19	\$ 5,377,101	0.57%				\$ 5,377,101	0.56%	Industrial Successor Agency
5) STANDAR PACIFIC CORPORATION	2	\$ 5,349,840	0.57%				\$ 5,349,840	0.55%	Vacant Successor Agency
6) NEWMAN DEV GROUP OF COTATI	4	\$ 5,101,116	0.54%				\$ 5,101,116	0.53%	Vacant Successor Agency
7) SCOTT P TRUST AND MARION J WILSON TRUST	1	\$ 4,629,780	0.49%				\$ 4,629,780	0.48%	Commercial Successor Agency
8) VINEYARD MEADOWS APARTMENTS LP	3	\$ 4,329,003	0.46%				\$ 4,329,003	0.45%	Residential City of Cotati General Fund
9) MILAN MILTON HOLDORF TRUST	1	\$ 4,307,763	0.45%	1	\$ 13,537	0.07%	\$ 4,321,300	0.45%	Industrial Successor Agency
10) MICHAELA AND CHARLEEN L KENNEY	1	\$ 3,980,586	0.42%				\$ 3,980,586	0.41%	Industrial Successor Agency
Top Ten Total	37	\$ 71,537,539	7.56%	1	\$ 13,537	0.07%	\$ 71,551,076	7.41%	
City Total		\$ 946,860,564			\$ 18,524,631		\$ 965,385,195		

*Value includes Outer TRAs

Note: The primary factor leading to the decrease in secured and combined values by entity between 2016/17 and 2007/08 is due to the reassessment of the Lowes HIW INC parcel after the great recession as well as the selling off of the Colvin Coup Fund LP combined 19 parcels to individual property owners.

Data Source: Sonoma County Assessor 2007/08 Combined Tax Rolls and the SBE Non Unitary Tax Roll



City of Cotati
Table 9
Property Tax Levies and Collections

Fiscal Year	Levy for Fiscal Year	Fiscal year of the Levy		Collections Subsequent Years	Total Collections	
		Amount	%		Amount	%
2008	\$ 1,138,983	\$ 1,138,983	100%	\$ -	\$ 1,138,983	100%
2009	1,066,118	1,066,118	100%	-	1,066,118	100%
2010	1,031,001	1,031,001	100%	-	1,031,001	100%
2011	951,774	951,774	100%	-	951,774	100%
2012	929,968	929,968	100%	-	929,968	100%
2013	889,386	889,386	100%	-	889,386	100%
2014	955,347	955,347	100%	-	955,347	100%
2015	1,035,795	1,035,795	100%	-	1,035,795	100%
2016	1,096,973	1,096,973	100%	-	1,096,973	100%
2017	1,167,834	1,167,834	100%	-	1,167,834	100%

Source: County of Sonoma Auditor-Controller-Treasurer-Tax Collector Dept.





**City of Cotati
Table 10
Sales Tax Top Producers**

TOP 25 SALES TAX PRODUCERS

FOR FISCAL YEAR 2016-17

FOR FISCAL YEAR 2007-08

Business Name	Business Category
76/Circle K	Service Stations
B2 Enterprise	Sporting Goods/Bike Stores
Chouinard & Myhre	Business Services
Totati Chevron	Service Stations
Cotati Chevron	Service Stations
Cotati Gas & Food Mart	Service Stations
Cotati Gas Mart	Service Stations
Instrument Technology	Contractors
Jaded Toad BBQ & Grill	Casual Dining
Lowe's	Building Materials
McPhail Fuel	Fuel/Ice Dealers
Mercy Wellness Center	Marijuana Related
Mi Pueblo	Casual Dining
Mi Ranchito Restaurant	Casual Dining
Olivers Market	Grocery Stores
Outdoor Pro Shop	Sporting Goods/Bike Stores
Park Avenue Catering Co	Leisure/Entertainment
Redwood Café	Casual Dining
San FranStitcho	Textiles/Furnishings
Santa Rosa Hardware	Building Materials
Shamrock Materials	Contractors
Sonoma County Harley Davidson	Boats/Motorcycles
Spa World	Specialty Stores
USA Gas	Service Stations
Walgreens	Drug Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts = 78.44%

*Firms Listed Alphabetically

Business Name	Business Category
Archs Glass	Paint/Glass/Wallpaper
Backdoor Disc & Tape	Music Stores
Biotherm Hydronic	Contractors
Chouinard & Myhre	Business Services
Circle K	Service Stations
Cotati Chevron	Service Stations
Cotati Gas & Food Mart	Service Stations
Door Tech	Building Materials
Dunn Edwards Paint	Paint/Glass/Wallpaper
Furniture 101	Home Furnishings
Gilmore Chevron	Service Stations
Hahns Window Center	Building Materials
Lowe's	Building Materials
McLea's Tire Service	Automotive Supply Stores
McPhail Fuel	Fuel/Ice Dealers
Michaels Harley Davidson	Boats/Motorcycles
Olivers Market	Grocery Stores
Park Avenue Catering Co	Leisure/Entertainment
Redwood Reliance Sales	Trailers/Auto Parts
Shamrock Materials	Contractors
Sillada Valero	Service Stations
Spa World	Specialty Stores
USA Gas	Service Stations
Walgreens	Drug Stores
Zone Music	Music Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts = 83.68%

Source: Hinderliter, de Llamas & Associates, State Board of Equalization



City of Cotati
Table 10
Taxable Sales by Category
Last ten Calendar Years
(in 000's of Dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Apparel Stores	\$ 1,023	\$ 1,097	\$ 1,052	\$ 988	\$ 962	\$ 887	\$ 1,015	\$ 964	\$ 1,126	\$ 764
Eating and Drinking Places	11,340	10,783	9,538	9,756	9,744	11,703	12,020	12,212	13,784	17,682
Auto Dealers and Supplies	2,388	2,334	1,956	1,635	1,774	2,270	2,557	3,594	4,134	3,445
Service Stations	28,837	31,224	33,329	26,305	32,347	36,077	37,711	36,395	29,608	28,634
Other Retail Stores	95,646	80,024	74,019	76,457	80,621	80,843	86,727	93,023	97,285	104,360
All Other Outlets	84,876	56,535	36,131	33,356	39,297	36,955	45,791	47,613	45,836	46,205
Total	\$ 224,110	\$ 181,997	\$ 156,025	\$ 148,497	\$ 164,745	\$ 168,735	\$ 185,821	\$ 193,801	\$ 191,773	\$ 201,090

Source: State of California Board of Equalization and the HdL Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.



City of Cotati
Table 11
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

2016-17 Assessed Valuation:	\$994,905,471		
	Total Debt 6/30/2017	% Applicable (1)	City's Share of Debt 6/30/17
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Sonoma County Joint Community College District	\$ 279,950,000	1.21%	\$ 3,381,796
Cotati-Rohnert Park Unified School District	119,715,000	17.11%	20,486,828
City of Cotati 1915 Act Bonds	4,545,000	100.00%	4,545,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 404,210,000		\$ 28,413,624
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Sonoma County Certificates of Participation	\$ 19,839,000	1.22%	\$ 241,639
Sonoma County Pension Obligation Bonds	404,185,000	1.22%	4,922,973
Sonoma County Office of Education Certificates of Participation	930,000	1.22%	11,327
Sonoma County Joint Community College District General Fund Obligations	1,280,000	1.21%	15,462
Cotati-Rohnert Park Unified School District General Fund Obligations	1,554,823	17.11%	266,077
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT	\$ 427,788,823		\$ 5,457,478
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 9,270,000	99.85%	\$ 9,255,817
TOTAL DIRECT DEBT			-
TOTAL OVERLAPPING DEBT			43,126,919
COMBINED TOTAL DEBT	\$ 841,268,823		\$ 43,126,919 (2)

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

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

Ratios to 2016-17 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.86%
Total Direct Debt	0.00%
Combined Total Debt	4.33%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$445,263,786):

Total Overlapping Tax Increment Debt	2.08%
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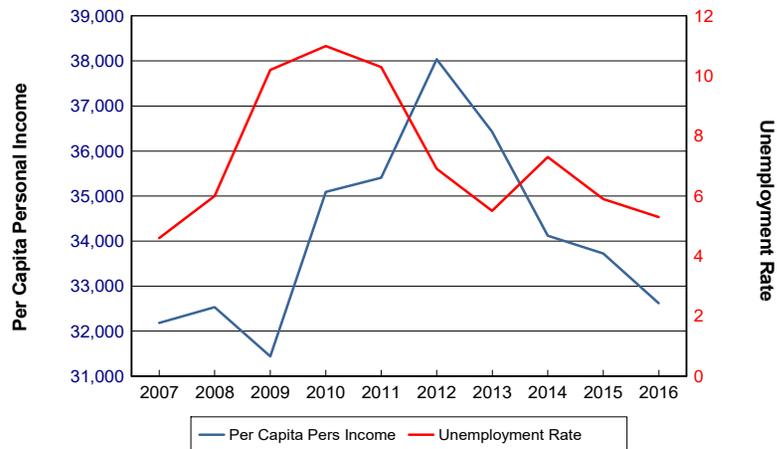
Sources: California Municipal Statistics, Inc and City of Cotati



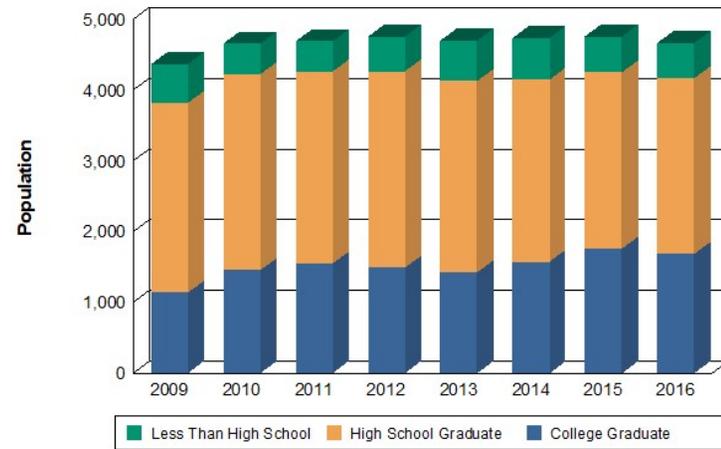
City of Cotati
Table 12
Demographic and Economic Statistics

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Diploma	% of Pop 25+ with Bachelor's Degree
2007	7,375	\$ 237,352	\$ 32,183	4.6%			
2008	7,388	\$ 240,341	\$ 32,531	6.0%			
2009	7,418	\$ 233,229	\$ 31,441	10.2%	35.8	87.5%	26.1%
2010	7,476	\$ 262,355	\$ 35,093	11.0%	34.6	90.7%	31.2%
2011	7,276	\$ 257,614	\$ 35,406	10.3%	36.5	90.9%	33.0%
2012	7,310	\$ 278,021	\$ 38,033	6.9%	36.2	89.7%	31.3%
2013	7,288	\$ 265,458	\$ 36,424	5.5%	35.1	87.8%	30.3%
2014	7,302	\$ 248,130	\$ 33,981	7.3%	36.0	87.6%	33.3%
2015	7,153	\$ 241,231	\$ 33,724	5.9%	36.1	89.3%	37.0%
2016	7,272	\$ 237,228	\$ 32,622	5.3%	34.2	89.3%	36.1%

Personal Income and Unemployment



Education Level Attained for Population 25 and Over



Notes and Data Sources:

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



City of Cotati
Table 13
Principal Employers

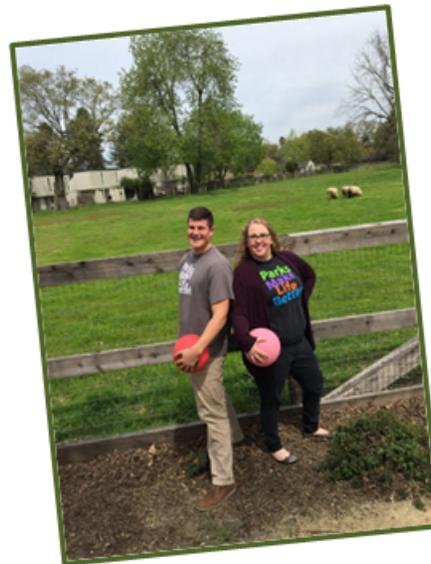
Employer	2017			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lowe's	164	1	9.3%	120	2	9.2%
Maass Corp - Olivers	160	2	9.1%	135	1	10.3%
Redwood Reliance Sales Co				85	3	6.5%
Direct TV	75	3	4.3%			
ProTransport 1	70	4	4.0%			
Shades Unlimited	60	5	3.4%	60	4	4.6%
Energy Health Club	42	6	2.4%			
Jaded Toad	33	7	1.9%			
Park Ave Catering	30	8	1.7%	20	9	1.5%
Dollar Tree	28	9	1.6%			
Chouinard & Myhre	25	10	1.4%			
Cotati Brand Eggs	25	10	1.4%	19	10	1.5%
Making it Big	25	10	1.4%	25	6	1.9%
Walgreens				23	7	1.8%
So Co Harley Davidson	24		1.4%	21	8	1.6%
J & M Precision	22		1.3%	40	5	3.1%





City of Cotati
Table 14
Full-time and Part-time City Employees by Function
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elected Officials	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Staff Positions										
City Manager	2.00	3.00	3.00	3.00	3.00	3.50	3.50	4.50	4.50	4.50
Finance & Admin Services	2.00	2.00	2.00	2.00	4.00	4.00	4.00	4.50	4.50	4.50
Planning & Building	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Public Works	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Police Services	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.50	20.50	19.50
Total	40.00	41.00	41.00	41.00	43.00	43.50	43.50	45.50	40.50	39.50





City of Cotati
Table 15
Operating Indicators by Function
Last Ten Fiscal Years

Fiscal Year	Water Sales	Total Operating Revenue	Percentage of Water Sales to Operating Revenues
2008	\$ 1,365,695	\$ 1,415,713	96%
2009	\$ 1,285,021	\$ 1,368,345	94%
2010	\$ 1,183,283	\$ 1,257,312	94%
2011	\$ 1,173,747	\$ 1,257,280	93%
2012	\$ 1,187,091	\$ 1,274,729	93%
2013	\$ 1,240,584	\$ 1,312,403	95%
2014	\$ 1,277,987	\$ 1,361,650	94%
2015	\$ 1,195,750	\$ 1,296,539	92%
2016	\$ 1,260,006	\$ 1,363,734	92%
2017	\$ 1,358,350	\$ 1,548,697	88%





City of Cotati
Table 16
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	5	5	5	5	5	5	5	5	6	6
Public Works:										
Street Miles	22	22	22	22	22	22	22	22	22	22
Streetlights and vintage street lights	253	253	264	277	277	277	277	277	312	312
Traffic Signals	6	6	7	7	7	7	7	7	8	8
Parks:										
Parks	4	4	4	4	4	4	4	4	4	4
Community Center	1	1	1	1	1	1	1	1	1	1
Community Garden	1	1	1	1	1	1	1	1	1	1
Park Acreage	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4
Tennis Court	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Water:										
Water main (miles)	30	30	30	30	30	30	30	30	30	30
Firehydrants	426	427	427	427	427	431	431	431	432	432



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