

City of Cotati
Basic Financial Statements
June 30, 2009

**CITY OF COTATI, CALIFORNIA
Basic Financial Statements
Fiscal Year Ended June 30, 2009
Table of Contents**

| | <u>Page</u> |
|--|-------------|
| FINANCIAL SECTION | |
| Report of Independent Accountants | 1 |
| Management's Discussion and Analysis | 2 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 12 |
| Statement of Activities | 13 |
| Fund Financial Statements: | |
| Balance Sheet Governmental Funds | 14 |
| Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds | 15 |
| Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities | 16 |
| Statement of Net Assets- Major Proprietary Funds | 17 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets Major Proprietary Funds | 18 |
| Statement of Cash Flows- Major Proprietary Funds | 19 |
| Notes to the Basic Financial Statements | 21 |
| REQUIRED SUPPLEMENTAL INFORMATION SECTION | |
| Budgetary Comparison Schedule - General Fund | 35 |
| Note to RSI: Note A - Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures | 36 |
| Budgetary Comparison Schedule - Inclusionary Housing Fund | 37 |
| Budgetary Comparison Schedule - Redevelopment Low and Moderate Income Housing Fund | 38 |
| SUPPLEMENTAL SECTION | |
| Combining Balance Sheet Nonmajor Governmental Funds | 39 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds | 41 |



Terry E. Krieg, CPA

Certified Public Accountant

Independent Auditor's Report

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

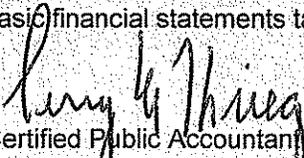
I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cotati, California, (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Cotati's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 2 through 11 and pages 35 through 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Cotati's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.


Certified Public Accountant
October 31, 2009

MANAGEMENT'S 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, 2009. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased by about \$4.9 million over the course of this year's operations. The net assets of our business-type activities increased about \$621,000 (about a 3.6 percent increase over 2008), and there was a \$4.25 million increase in the net assets of our governmental type activities (about a 25 percent increase over 2008).
- During the year, the City's expenses for its governmental activities were \$2 million more than revenues from user charges, operating and capital grants. This short fall was funded from general tax revenues such as property taxes, sales taxes, incremental property taxes and other taxes. The shortfall was actually \$5.1 million when the \$3.1 million one time land contribution by the Open space District is excluded from the analysis.
- The City's expenses for business-type activities were in 2009 about \$703,000 less than related charges for services. The City did in 2009 recognize about \$48,000 in capital contributions from these activities all related to capital impact and related fees restricted for future improvements.
- The general fund reported a 2009 year end fund balance of \$700,677; about a \$249,000 decrease compared to fiscal 2008.
- The City's other major and nonmajor governmental funds ended fiscal 2009 with about a \$14.2 million fund balance; most of which is restricted for specific purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts – *an introductory section, a management's discussion and analysis* (this section), the *basic financial statements, required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the water and wastewater system.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

| | Government-Wide Statements | Fund 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 assets • 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 assets • Statement of revenues, expenses, and changes in net assets • 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 assets includes *all* 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 assets* and how they have changed. Net assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health, or *position*.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Over time, increases or decreases in the City's net assets 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, incremental property taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to help it cover the costs of certain services it provides. The City's water and wastewater system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most 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 2009 were:

The city's general fund, inclusionary housing fund, and South Sonoma Business Park debt service fund. Other major funds in fiscal 2009 included the component unit redevelopment agency's capital projects tax increment fund, special revenue low and moderate income housing fund, and tax allocation bond debt service 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets. The City's *combined* net assets increased in 2009 about \$4.9 million to 39.5 million. (See Table A-1.)

Table A-1
City of Cotati's Net Assets
(In millions of dollars)

| | Governmental Activities | | Business-type Activities | | Total | | Total Percentage Change |
|--|-------------------------|----------------|--------------------------|----------------|----------------|----------------|-------------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2008-2009 |
| Current and other assets | \$15.5 | \$ 15.5 | \$10.4 | \$9.7 | \$25.9 | \$ 25.2 | 2.8% |
| Long-term receivables | 7.6 | 7.7 | - | - | 7.6 | 7.7 | -1.3% |
| Capital assets | 16.8 | 12.9 | 7.8 | 7.9 | 24.6 | 20.8 | 18.3% |
| Total assets | 39.9 | 36.1 | 18.2 | 17.6 | 58.1 | 53.7 | 8.2% |
| Long-term debt outstanding | 17.2 | 17.5 | - | - | 17.2 | 17.1 | 0.5% |
| Other liabilities | 1.1 | 1.2 | .3 | .4 | 1.4 | 2.0 | -30.0% |
| Total liabilities | 18.3 | 18.7 | .3 | .4 | 18.6 | 19.1 | -2.1% |
| Net assets | | | | | | | |
| Invested in capital assets net of related debt | 5.5 | 1.4 | 7.8 | 7.9 | 13.3 | 9.3 | 43.0% |
| Restricted | 15.5 | 15.3 | 7.3 | 7.2 | 22.8 | 22.5 | 1.3% |
| Unrestricted | .6 | .7 | 2.8 | 2.1 | 3.4 | 2.8 | 21.4% |
| Total net assets | \$ 21.6 | \$ 17.4 | \$ 17.9 | \$ 17.2 | \$ 39.5 | \$ 34.6 | 14.2% |

Net assets of the City's governmental activities increased 24 percent to \$21.6 million. About 75% of the net assets relating to governmental activities is represented by cash, investments and receivables. The City has about \$17.2 million in long-term debt being used to finance governmental activities. There is no long-term debt in regard to the City's business-type activities.

Although the net assets of our business-type activities increased by 4.1 percent to \$17.9 million, these resources cannot be used for governmental activities. The City generally can only use these net assets to finance the continuing operations of the water, and wastewater systems and for capital improvements to those systems.

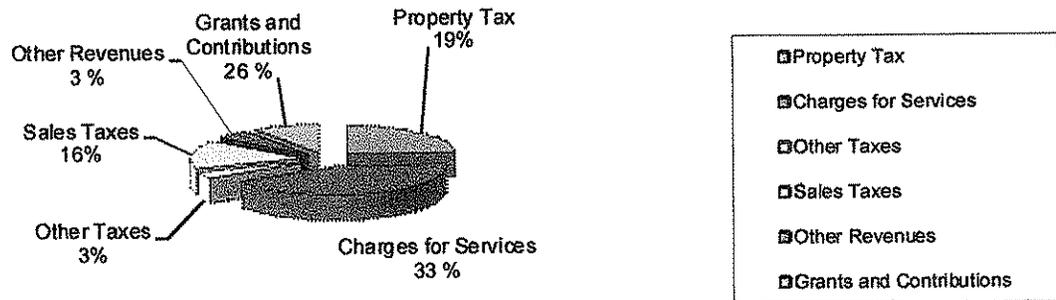
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

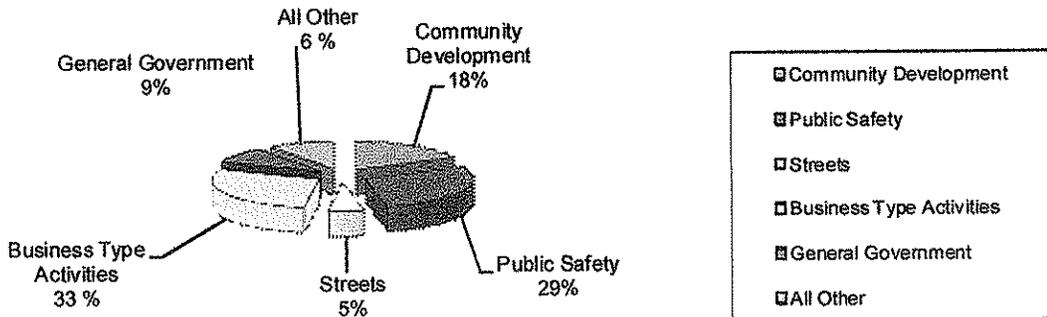
Changes in net assets. The City's total revenues in fiscal 2009 were about \$15.1 million (See Table A-2.) About 19 percent of the City's revenue comes from property taxes, another 19 percent from sales taxes and other taxes. Another 33 percent come from fees charged for services primarily from water and wastewater services, and most of the rest is state and local aid and development

The total cost of all programs and services was about \$10.3 million. The City's expenses cover a range of services, with about 31 percent related to business type activities, 29 percent for public safety services, and the remaining 40 percent for general government, streets, parks and community development programs.

Sources of Revenue for Fiscal Year 2009



Functional Expenses for Fiscal Year 2009



MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Revenues for the City's governmental activities increased by about 8 percent, while total expenses decreased 9 percent compared to the fiscal year 2008. However, when the \$3.1 million open space contribution is excluded from total governmental activities revenues, there was actually about \$2.3 million decline in total revenues; a drop of about 22 percent.

Expenses of governmental activities decreased about \$700,000. Most of the significant cost decrease was the result of about a \$400,000 decline in planning related activities reflective of the overall economic slow down.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Table A-2
Changes in City of Cotati's Net Assets
 (in millions of dollars)

| | Governmental -Activities | | Business-Type Activities | | Total | | Total Percent Change |
|--|--------------------------|---------------|--------------------------|-------------|---------------|---------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2008-2009 |
| Revenues | | | | | | | |
| Program revenues | | | | | | | |
| Charges for services | \$1.2 | \$1.8 | \$3.8 | \$4.1 | \$5.0 | \$5.9 | -15.3% |
| Operating grants and contributions | .5 | .9 | - | - | .5 | .9 | -44.4% |
| Capital grants and contributions | 3.3 | .5 | ..1 | - | .3.4 | .5 | 580.0% |
| General revenues | | | | | | | |
| Property taxes | 2.9 | 3.4 | - | - | 2.9 | 3.4 | -14.7% |
| Other taxes | 2.8 | 2.8 | - | - | 2.8 | 2.8 | 0.0% |
| Other | ..5 | 1.0 | - | - | .5 | 1.0 | -50.0% |
| Total revenues | 11.2 | 10.4 | 3.9 | 4.1 | 15.1 | 14.5 | 4.1% |
| Expenses | | | | | | | |
| General government | 1.0 | 1.0 | - | - | 1.0 | 1.0 | 0.0% |
| Planning | .4 | .8 | - | - | .4 | .8 | -50.0% |
| Public safety | 3.0 | 3.3 | - | - | 3.0 | 3.3 | -9.1% |
| Community development | .9 | .8 | - | - | .9 | .8 | -13.0% |
| Parks and recreation | .5 | .4 | - | - | .5 | .4 | 25.0% |
| Streets | .4 | .6 | - | - | .4 | .6 | -33.3% |
| Water | - | - | 1.1 | 1.1 | 1.1 | 1.1 | 0.0% |
| Wastewater | - | - | 2.1 | 2.1 | 2.1 | 2.1 | 0.0% |
| Interest | .9 | .9 | - | - | .9 | .9 | 0.0% |
| Total expenses | 7.1 | 7.8 | 3.2 | 3.2 | 10.3 | 11.0 | -6.3% |
| Excess (deficiency) before transfers | 4.1 | 2.6 | .7 | .8 | 4.8 | 3.5 | 37.1% |
| Transfers | ..1 | .1 | (.1) | -.1 | - | - | |
| Increase (decrease) in net assets | 4.2 | 2.7 | .6 | .8 | 4.8 | 3.5 | 37.1% |
| Net assets, beginning of period | 17.4 | 14.7 | 17.2 | 16.5 | 34.6 | 31.1 | |
| Net assets, end of period | \$21.6 | \$17.4 | \$17.8 | 17.2 | \$39.4 | \$34.6 | 13.9% |

Table A-3 presents the cost of each of the City's largest governmental programs – administration or general government, safety, community development, and streets –

- The cost of all *governmental* activities this year was \$7.1 million, a decrease of about \$700,000 compared to fiscal 2008. The decrease was the result of declines in planning activity.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

- Of the \$7.1 million cost of the City's governmental activities programs, our taxpayers paid for only \$5.2 million of the program costs. Some of the cost was paid by:
 - Those who directly benefited from the programs \$1.2 million or
 - Other governments and organizations that subsidized certain programs with grants and contributions; another \$747,000.

The City paid for the \$5.2 million "public benefit" portion with essentially using the City's general tax revenues.

Table A-3
Cost of City Cotati's Governmental Activities
(in millions of dollars)

| | Total Cost of Services | | Percentage Change |
|--------------------------|------------------------|---------------|----------------------|
| | 2009 | 2008 | 2008-2009 |
| General Government | \$1.0 | \$ 1.0 | 0.0% |
| Planning | .4 | .8 | -50.0% |
| Public Safety | 3.0 | 3.3 | -9.1% |
| Community development | .9 | .8 | 13.0% |
| Parks and recreation | .5 | .4 | 25.0% |
| Streets | .4 | .6 | -33.3% |
| All other | .9 | .9 | 0.0% |
| Total | \$7.1 | \$ 7.8 | -6.3% |

The most significant cost changes in fiscal 2009 were caused by a reduction in planning activities.

Business-Type Activities

Revenues of the City's business-type activities decreased by about 4.8 percent to \$3.9 million as a result of lower capital grants and connection fees. Operating expenses in water and wastewater remained stable compared to fiscal 2008 at 3.2 million. (Refer to Table A-2.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a *combined* fund balance of \$14.92 million, about a \$ 190,000 increase over the last fiscal year.

The City's spending for general fund operations exceeded general fund revenues by about \$744,000 before interfund transfers. At year-end, the City's general fund had a \$ 700,000 fund balance available to start the 2010 fiscal year. This is the fourth consecutive year in which the general fund spending has exceeded its revenues by over \$600,000 in a year.

There was an additional \$2.4 million fund balance at year-end in the Redevelopment Agency's Tax Increment Fund. Following are the other major funds and their associated year end fund balances:

| | |
|--|-------------|
| Redevelopment Low and Moderate Housing Fund | \$4,232,190 |
| Inclusionary Housing Fund | 3,176,265 |
| South Sonoma Business Park Debt Service Fund | 799,935 |
| Redevelopment Debt Service Fund | 1,103,945 |

The City's non-major funds ended the fiscal 2009 year with a combined fund balance of about \$2.5 million; a decrease of \$972,000 over the last fiscal year. Most of these resources can only be used for street projects, community development projects, and other special purposes.

The City's water fund ended 2009 with about \$518,857 set aside for future capital projects and the wastewater fund ended 2009 with about \$6.7 million in its capital improvement accounts. Most of these restricted monies have been generated by capital connection\impact fees related to new development within the City. In addition, these two funds also had about \$2.51 million in cash available for other purposes

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.

Actual expenditures were \$ 79,229 less than final budget amounts as a result of spending reductions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the City had invested \$24.5 million in a broad range of capital assets, including equipment, vehicles, buildings, park facilities, and water and wastewater systems. (See Table A-4.) Because this amount is net of accumulated depreciation, there was a net change in the total net investment in capital assets in fiscal 2009 of about \$3.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Management (Continued)

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

| | Governmental Activities | | Business-type Activities | | Total | | Total Percentage Change |
|--------------------------|-------------------------|----------------|--------------------------|---------------|---------------|---------------|-------------------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2008-2009 |
| Land | \$7.7 | 4.3 | \$ - | \$ - | \$ 7.7 | \$4.3 | 79.1% |
| Buildings | 5.4 | 5.4 | - | - | 5.4 | 5.4 | 0.0% |
| Equipment | .9 | .9 | .6 | .6 | 1.5 | 1.5 | 0.0% |
| Improvements | 6.5 | 6.5 | .3 | .3 | 6.8 | 6.8 | 0.0% |
| Vehicles | .5 | .4 | | | .5 | .4 | 25.0% |
| Water/wastewater system | - | - | 9.8 | 9.8 | 9.8 | 9.8 | 0.0% |
| Construction in progress | 2.3 | 1.3 | 1.1 | 1.0 | 3.4 | 2.3 | 47.8% |
| Accumulated depreciation | (6.5) | (5.8) | (4.1) | (3.7) | (10.6) | (9.5) | 11.6% |
| Total | \$16.8 | \$ 13.0 | \$7.7 | \$ 8.0 | \$24.5 | \$20.9 | 17.2% |

This year's major capital assets additions included:

- About \$ 1 million added to construction in progress for improvements to East Cotati Avenue
- About \$100,000 added to the water enterprise for a low water demonstration garden project
- \$3,300,000 added to land for the acquisition of a 4.37 acre parcel of land to be developed for use as a public park. The acquisition was funded by a \$3,139,070 contribution by the Sonoma County Agricultural Preservation and Open Space District and by \$165,070 from the City.

Additional information about capital assets can be found starting on page 28 and 29 of the notes to the basic financial statements.

Long-term Debt

No new long-term debt was issued in fiscal year 2009. The City did retire \$335,000 in long-term bonded debt during fiscal 2009. All debt service payments were when and as required.

Additional information about the City's long-term obligations can be found starting on page 30 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2010 fiscal year, general fund revenue projections have been conservative compared to higher revenue projections in the past years.

- The budget projects that there will be about a 8 percent decrease in general fund revenues

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The budget will require use of general fund resources available from the 2009 fiscal year
- No Utility user fee rate increases have been anticipated in fiscal year 2010.
- No tax increases are proposed for fiscal 2010.
- Minimal general fund user fee increases have been approved for fiscal 2010

The 2010 budget has proposed capital project spending of about \$2.3 million with \$1.4 million for street related projects.

As to the City's business-type activities, about \$650,000 is expected to be spent in 2010 to make capital improvements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Administrative Services, City of Cotati, 201 West Sierra Avenue, Cotati, CA 94931.

CITY OF COTATI
Statement of Net Assets
June 30, 2009

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 12,301,692 | \$ 2,518,768 | \$ 14,820,460 |
| Net receivables | 350,623 | 600,106 | 950,729 |
| Prepayments | 57,565 | 3,851 | 61,416 |
| Total current assets | <u>12,709,880</u> | <u>3,122,725</u> | <u>15,832,605</u> |
| Noncurrent assets: | | | |
| Cash and cash equivalents | 2,664,421 | 7,284,986 | 9,949,407 |
| Long-term notes receivable | 2,060,128 | - | 2,060,128 |
| Other long-term receivables | 5,491,954 | - | 5,491,954 |
| Debt issuance costs | 153,653 | - | 153,653 |
| Net capital assets | 16,828,621 | 7,754,935 | 24,583,556 |
| Total noncurrent assets | <u>27,198,777</u> | <u>15,039,921</u> | <u>42,238,698</u> |
| Total assets | <u>\$ 39,908,657</u> | <u>\$ 18,162,646</u> | <u>\$ 58,071,303</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | \$ 284,539 | \$ 83,837 | \$ 368,376 |
| Due to other governments | - | - | - |
| Compensated absences | 60,000 | 184,700 | 244,700 |
| Deposits | 223,419 | 59,343 | 282,762 |
| Deferred revenue | - | - | - |
| Accrued interest payable | 304,343 | - | 304,343 |
| Bonds due within one year | 350,000 | - | 350,000 |
| Total current liabilities | <u>1,222,301</u> | <u>327,880</u> | <u>1,550,181</u> |
| Long-term liabilities due in more than one year: | | | |
| Tax allocation bonds | 11,405,000 | - | 11,405,000 |
| Special assessment bonds | 5,395,000 | - | 5,395,000 |
| Bond discount | (128,082) | - | (128,082) |
| Compensated absences | 382,042 | - | 382,042 |
| Total long-term liabilities | <u>17,053,960</u> | <u>-</u> | <u>17,053,960</u> |
| Total liabilities | <u>18,276,261</u> | <u>327,880</u> | <u>18,604,141</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 5,450,356 | 7,754,935 | 13,205,291 |
| Restricted for: | | | |
| Capital projects and redevelopment | 4,695,630 | 7,284,986 | 11,980,616 |
| Housing | 8,399,531 | - | 8,399,531 |
| Debt service | 1,599,537 | - | 1,599,537 |
| Other purposes | 863,887 | - | 863,887 |
| Unrestricted | 623,455 | 2,794,845 | 3,418,300 |
| Total net assets | <u>21,632,396</u> | <u>17,834,766</u> | <u>39,467,162</u> |
| Total liabilities and net assets | <u>\$ 39,908,657</u> | <u>\$ 18,162,646</u> | <u>\$ 58,071,303</u> |

See accompanying notes to the basic financial statements

CITY OF COTATI
Statement of Activities
For the Fiscal Year Ended June 30, 2009

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Assets | | |
|---|------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|---------------|
| | 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 | \$ 1,021,006 | \$ 15,509 | \$ 50,000 | \$ - | \$ (955,497) | \$ - | \$ (955,497) |
| Planning | 380,749 | 212,547 | - | - | (168,202) | - | (168,202) |
| Public safety | 3,008,579 | 169,315 | 169,688 | - | (2,669,576) | - | (2,669,576) |
| Streets | 416,988 | 34,372 | 256,083 | 196,788 | 70,255 | - | 70,255 |
| Community development | 911,509 | 710,856 | 70,899 | - | (129,754) | - | (129,754) |
| Parks and recreation | 460,944 | 62,435 | 3,822 | 3,139,070 | 2,744,383 | - | 2,744,383 |
| Interest on long-term debt | 921,763 | - | - | - | (921,763) | - | (921,763) |
| Total governmental activities | 7,121,538 | 1,205,034 | 550,492 | 3,335,858 | (2,030,154) | - | (2,030,154) |
| Business-type activities: | | | | | | | |
| Water | 1,138,756 | 1,402,084 | - | 29,398 | - | 292,726 | 292,726 |
| Wastewater | 2,086,395 | 2,478,222 | - | 18,606 | - | 410,433 | 410,433 |
| Total business-type activities | 3,225,151 | 3,880,306 | - | 48,004 | - | 703,159 | 703,159 |
| Total City government | \$ 10,346,689 | \$ 5,085,340 | \$ 550,492 | \$ 3,383,862 | (2,030,154) | 703,159 | (1,326,995) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 487,762 | - | 487,762 |
| Sales taxes | | | | | 1,703,114 | - | 1,703,114 |
| Other taxes | | | | | 477,460 | - | 477,460 |
| Incremental property taxes | | | | | 2,734,750 | - | 2,734,750 |
| Motor vehicle in lieu fees not restricted to a specific program | | | | | 583,046 | - | 583,046 |
| Interest and investment earnings | | | | | 182,411 | - | 182,411 |
| Other general revenues | | | | | 26,695 | - | 26,695 |
| Transfers | | | | | 82,108 | (82,108) | - |
| Total general revenues and transfers | | | | | 6,277,346 | (82,108) | 6,195,238 |
| Change in net assets | | | | | 4,247,192 | 621,051 | 4,868,243 |
| Net assets, beginning | | | | | 17,385,204 | 17,213,715 | 34,598,919 |
| Net assets, ending | | | | | \$ 21,632,396 | \$ 17,834,766 | \$ 39,467,162 |

See accompanying notes to the basic financial statements

CITY OF COTATI
Balance Sheet
Governmental Funds
June 30, 2009

| | General Fund | Redevelopment Agency Tax Increment Fund | Redevelopment Low and Moderate Income Housing Fund | Inclusionary Housing Fund | South Sonoma Business Park Debt Service Fund | Redevelopment Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|----------------------------|---------------------|---|--|---------------------------|--|---------------------------------|--------------------------|--------------------------|
| ASSETS | | | | | | | | |
| Cash and investments | \$ 632,267 | \$ 2,408,802 | \$ 4,263,205 | \$ 3,179,222 | \$ 799,756 | \$ 1,103,945 | \$ 2,576,916 | \$ 14,966,113 |
| Taxes receivable | 143,510 | 7,705 | - | - | - | - | - | 151,215 |
| Accounts receivable | 55,507 | 6,840 | - | - | 1,027 | - | 1,243 | 57,777 |
| Interest receivable | 2,868 | - | - | - | - | - | - | 9,708 |
| Due from other governments | 17,744 | - | - | - | - | - | 114,179 | 131,923 |
| Assessments receivable | - | - | - | - | 5,490,000 | - | 1,954 | 5,491,954 |
| Notes receivable | 53,003 | 1,016,049 | 621,076 | 370,000 | - | - | - | 2,060,128 |
| Prepayments | 63,795 | - | 566 | - | - | - | 3,204 | 57,565 |
| Advances to other funds | 63,527 | - | - | - | - | - | - | 63,527 |
| Total assets | \$ 1,023,221 | \$ 3,440,396 | \$ 4,884,847 | \$ 3,549,222 | \$ 6,290,783 | \$ 1,103,945 | \$ 2,697,496 | \$ 22,989,910 |

LIABILITIES AND FUND BALANCES

| | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 99,125 | \$ 16,814 | \$ 31,581 | \$ 2,957 | \$ 848 | \$ - | \$ 133,214 | \$ 284,539 |
| Advances from other funds | - | - | - | - | - | - | 63,527 | 63,527 |
| Deposits | 223,419 | - | - | - | - | - | - | 223,419 |
| Deferred revenue | - | 1,016,049 | 621,076 | 370,000 | 5,490,000 | - | - | 7,497,125 |
| Total liabilities | 322,544 | 1,032,863 | 652,657 | 372,957 | 5,490,848 | - | 196,741 | 8,068,610 |
| Fund balances: | | | | | | | | |
| Reserved | 106,798 | - | - | - | 799,935 | 1,103,945 | - | 2,010,678 |
| Unreserved, undesignated | 593,879 | 2,407,533 | 4,232,190 | 3,176,265 | - | - | - | 10,409,867 |
| Interest reported in nonmajor: | | | | | | | | |
| Capital projects funds | - | - | - | - | - | - | 1,219,590 | 1,219,590 |
| Special revenue funds | - | - | - | - | - | - | 1,281,165 | 1,281,165 |
| Total fund balances | 700,677 | 2,407,533 | 4,232,190 | 3,176,265 | 799,935 | 1,103,945 | 2,500,755 | 14,921,300 |
| Total liabilities and fund balances | \$ 1,023,221 | \$ 3,440,396 | \$ 4,884,847 | \$ 3,549,222 | \$ 6,290,783 | \$ 1,103,945 | \$ 2,697,496 | \$ 22,989,910 |

Total Governmental Fund Balances

| | | | | | | | | |
|--|--|--|--|--|--|--|--|----------------------|
| Amounts reported for governmental activities in the statement of net assets are different because: | | | | | | | | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds | | | | | | | | 16,828,621 |
| Bond issuance costs and discounts are not current financial resources and are therefore not reported in the funds | | | | | | | | 281,735 |
| Other long-term assets are not available to pay for current-period expenditures and are therefore offset by deferred revenue in the funds | | | | | | | | 7,497,125 |
| Interest payable is accrued as a liability in the statement of net assets but is reported as a liability in the funds only when due | | | | | | | | (304,343) |
| Some liabilities including tax allocation notes, claims and compensated absences are not due and payable in the current period and therefore are not reported in the funds | | | | | | | | (17,592,042) |
| Net Assets of Governmental Activities | | | | | | | | \$ 21,632,396 |

See accompanying notes to the basic financial statements

CITY OF COTATI
Statements of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

| | General Fund | Redevelopment | | | | South Sonoma Business Park Debt Service Fund | Redevelopment Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|--------------|---|------------------------|------------------------------|---|---|---------------------------------------|--------------------------------|--------------------------------|
| | | Redevelopment Agency Tax Increment Fund | Income Housing Fund | Inclusionary Housing Fund | Low and Moderate Income Housing Fund | | | | |
| REVENUES | | | | | | | | | |
| Property taxes | \$ 487,762 | \$ 1,882,075 | \$ 852,675 | \$ - | \$ - | \$ - | \$ - | \$ 3,222,512 | |
| Sales taxes | 1,703,114 | - | - | - | - | - | - | 1,703,114 | |
| Other taxes | 477,460 | - | - | - | - | - | - | 477,460 | |
| Licenses and permits | 18,219 | - | - | - | - | - | - | 18,219 | |
| Fines and forfeits | 114,073 | - | - | - | - | - | - | 114,073 | |
| Intergovernmental | 607,900 | - | - | - | - | - | 548,611 | 1,156,511 | |
| Interest and rents | 124,014 | 75,238 | 144,271 | 49,471 | 3,789 | 4,838 | 92,993 | 494,614 | |
| Charges for services | 264,027 | - | - | 58,563 | 454,762 | - | 83,612 | 860,964 | |
| Miscellaneous | 60,230 | - | - | - | - | - | 39,855 | 100,085 | |
| Total revenues | 3,856,799 | 1,957,313 | 996,946 | 108,034 | 458,551 | 4,838 | 765,071 | 8,147,552 | |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 844,966 | - | - | - | - | - | 3,195 | 848,161 | |
| Planning services | 380,749 | - | - | - | - | - | - | 380,749 | |
| Public safety | 2,822,966 | - | - | - | - | - | 50,375 | 2,873,341 | |
| Community development | - | - | 254,571 | 22,105 | - | - | 500,710 | 777,386 | |
| Parks and recreation | 281,033 | - | - | - | - | - | - | 281,033 | |
| Highways and streets | 271,449 | - | - | - | - | - | 36,034 | 307,483 | |
| Capital outlay | - | - | - | - | - | - | 1,310,955 | 1,310,955 | |
| Debt service: | | | | | | | | | |
| Principal | - | - | - | - | 85,000 | 250,000 | - | 335,000 | |
| Interest | - | - | - | - | 363,842 | 562,354 | - | 926,196 | |
| Total expenditures | 4,601,163 | - | 254,571 | 22,105 | 448,842 | 812,354 | 1,901,269 | 8,040,304 | |
| Excess (deficiency) of revenues over expenditures | (744,364) | 1,957,313 | 742,375 | 85,929 | 9,709 | (807,516) | (1,136,198) | 107,248 | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Transfers in | 503,716 | - | 80,573 | - | - | 811,206 | 1,403,934 | 2,799,429 | |
| Transfers out | (8,150) | (1,395,784) | (72,213) | - | - | (1,400) | (1,239,774) | (2,717,321) | |
| Total other financing sources (uses) | 495,566 | (1,395,784) | 8,360 | - | - | 809,806 | 164,160 | 82,108 | |
| Net change in fund balances | (248,798) | 561,529 | 750,735 | 85,929 | 9,709 | 2,290 | (972,038) | 189,356 | |
| Fund balances, July 1 | 949,475 | 1,846,004 | 3,481,465 | 3,090,336 | 790,226 | 1,101,655 | 3,472,793 | 14,731,944 | |
| Fund balances, June 30 | \$ 700,677 | \$ 2,407,533 | \$ 4,232,190 | \$ 3,176,265 | \$ 799,935 | \$ 1,103,945 | \$ 2,500,755 | \$ 14,921,300 | |

See accompanying notes to the basic financial statements

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, 2009

| | |
|---|---------------------|
| Net Change in Fund Balances - Total Governmental Funds | <u>\$ 189,356</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 exceeded depreciation in the current period. | 701,214 |
| Capital grants provided by other governmental agencies direct to sellers of land parcels which are conveyed in full to the City are contributed capital assets that do not provide current spendable financial resources and are therefore not reported in the governmental funds as current revenues. | 3,139,070 |
| Governmental funds report debt issuance costs and bond discounts as expenditures. However, in the statement of activities, debt issuance costs and bond discounts are capitalized and amortized to expense over the life of the debt | (11,270) |
| 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 | (134,123) |
| Governmental funds report payments on long-term debt as expenditures, but such payments reduce liabilities in the statement of net assets and therefore are not recorded as expenses in the statement of activities | 335,000 |
| Governmental funds report interest expenditures when payment is due, but interest expense is accrued in the statement of activities | 4,433 |
| 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 assets when incurred | <u>23,512</u> |
| Net adjustment to reconcile to changes in net assets | <u>4,057,836</u> |
| Change in Net Assets of Governmental Activities | <u>\$ 4,247,192</u> |

See accompanying notes to the basic financial statements

CITY OF COTATI
Statement of Net Assets
Proprietary Funds
June 30, 2009

| | <u>Enterprise Funds</u> | | |
|---|-------------------------|----------------------|----------------------|
| | <u>Water</u> | <u>Wastewater</u> | <u>Totals</u> |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,290,686 | \$ 1,228,082 | \$ 2,518,768 |
| Accounts receivable | 255,311 | 344,795 | 600,106 |
| Prepayments | 2,039 | 1,812 | 3,851 |
| Total current assets | <u>1,548,036</u> | <u>1,574,689</u> | <u>3,122,725</u> |
| Noncurrent assets: | | | |
| Other assets: | | | |
| Cash and cash equivalents | 518,857 | 6,766,129 | 7,284,986 |
| Net other assets | <u>518,857</u> | <u>6,766,129</u> | <u>7,284,986</u> |
| Capital assets: | | | |
| Reservoirs | 1,160,215 | - | 1,160,215 |
| Pipelines and meters | 3,064,683 | 4,251,861 | 7,316,544 |
| Water wells | 1,278,585 | - | 1,278,585 |
| Improvements | 187,018 | 134,393 | 321,411 |
| Equipment | 294,162 | 342,984 | 637,146 |
| Less accumulated depreciation | <u>(2,182,271)</u> | <u>(1,873,255)</u> | <u>(4,055,526)</u> |
| Construction in progress | 3,802,392 | 2,855,983 | 6,658,375 |
| Net capital assets | <u>4,506,601</u> | <u>3,248,334</u> | <u>7,754,935</u> |
| Total noncurrent assets | <u>5,025,458</u> | <u>10,014,463</u> | <u>15,039,921</u> |
| Total assets | <u>\$ 6,573,494</u> | <u>\$ 11,589,152</u> | <u>\$ 18,162,646</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 75,354 | \$ 6,649 | \$ 82,003 |
| Accrued liabilities | 1,811 | 23 | 1,834 |
| Compensated absences | 120,599 | 64,101 | 184,700 |
| Deposits | 59,343 | - | 59,343 |
| Total current liabilities | <u>257,107</u> | <u>70,773</u> | <u>327,880</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 4,506,601 | 3,248,334 | 7,754,935 |
| Restricted | 518,857 | 6,766,129 | 7,284,986 |
| Unrestricted | 1,290,929 | 1,503,916 | 2,794,845 |
| Total net assets | <u>\$ 6,316,387</u> | <u>\$ 11,518,379</u> | <u>\$ 17,834,766</u> |

See accompanying notes to the basic financial statements

CITY OF COTATI

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2009**

| | Enterprise Funds | | |
|---|-------------------------|---------------|---------------|
| | Water | Wastewater | Totals |
| OPERATING REVENUES | | | |
| Charges for services | \$ 1,285,021 | \$ 2,167,688 | \$ 3,452,709 |
| Other operating revenues | 83,324 | 168,616 | 251,940 |
| Total operating revenues | 1,368,345 | 2,336,304 | 3,704,649 |
| OPERATING EXPENSES | | | |
| Personnel services | 438,752 | 285,145 | 723,897 |
| Contractual services | 60,505 | 20,233 | 80,738 |
| Intergovernmental treatment costs | - | 1,564,927 | 1,564,927 |
| Utilities | 55,703 | 1,627 | 57,330 |
| Purchased water | 308,178 | - | 308,178 |
| Supplies and materials | 75,257 | 50,609 | 125,866 |
| Insurance, claims, and expenses | 34,729 | 32,897 | 67,626 |
| Depreciation | 165,632 | 130,957 | 296,589 |
| Total operating expenses | 1,138,756 | 2,086,395 | 3,225,151 |
| Operating income (loss) | 229,589 | 249,909 | 479,498 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest and investment revenue | 33,739 | 141,918 | 175,657 |
| Net non-operating revenues (expenses) | 33,739 | 141,918 | 175,657 |
| Income before contributions and transfers | 263,328 | 391,827 | 655,155 |
| Contributions and transfers | | | |
| Capital contributions | 29,398 | 18,606 | 48,004 |
| Transfers out | (34,705) | (47,403) | (82,108) |
| Total contributions and transfers | (5,307) | (28,797) | (34,104) |
| Change in net assets | 258,021 | 363,030 | 621,051 |
| Total net assets, July 1 | 6,058,366 | 11,155,349 | 17,213,715 |
| Total net assets, June 30 | \$ 6,316,387 | \$ 11,518,379 | \$ 17,834,766 |

See accompanying notes to the basic financial statements

CITY OF COTATI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

| | <u>Enterprise Funds</u> | | |
|--|-------------------------|---------------------|---------------------|
| | <u>Water</u> | <u>Wastewater</u> | <u>Totals</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 1,407,687 | \$ 2,337,400 | \$ 3,745,087 |
| Payments to suppliers | (623,257) | (1,667,825) | (2,291,082) |
| Payments to employees | (382,736) | (274,653) | (657,389) |
| Net cash provided by (used for) operating activities | <u>401,694</u> | <u>394,922</u> | <u>796,616</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers to other funds | <u>(34,705)</u> | <u>(47,403)</u> | <u>(82,108)</u> |
| Net cash provided by noncapital financing activities | <u>(34,705)</u> | <u>(47,403)</u> | <u>(82,108)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Capital contributions | 19,989 | 18,606 | 38,595 |
| Purchases of capital assets | <u>(146,418)</u> | <u>(7,205)</u> | <u>(153,623)</u> |
| Net cash provided by (used for) capital and related financing activities | <u>(126,429)</u> | <u>11,401</u> | <u>(115,028)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest receipts | <u>33,739</u> | <u>141,918</u> | <u>175,657</u> |
| Net cash provided by investing activities | <u>33,739</u> | <u>141,918</u> | <u>175,657</u> |
| Net increase (decrease) in cash and cash equivalents | 274,299 | 500,838 | 775,137 |
| Cash and cash equivalents-beginning of the year | <u>1,535,244</u> | <u>7,493,373</u> | <u>9,028,617</u> |
| Cash and cash equivalents-end of the year | <u>\$ 1,809,543</u> | <u>\$ 7,994,211</u> | <u>\$ 9,803,754</u> |

See accompanying notes to the basic financial statements

CITY OF COTATI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

| | <u>Enterprise Funds</u> | | |
|--|-------------------------|-------------------|-------------------|
| | <u>Water</u> | <u>Wastewater</u> | <u>Totals</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ 229,589 | \$ 249,909 | \$ 479,498 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation expense | 165,632 | 130,957 | 296,589 |
| Change in assets and liabilities: | | | |
| Receivables, net | 41,695 | (590) | 41,105 |
| Prepayments | (1,950) | (1,730) | (3,680) |
| Accounts payable | (15,820) | 1,175 | (14,645) |
| Other liabilities | (17,452) | 15,201 | (2,251) |
| | <u>\$ 401,694</u> | <u>\$ 394,922</u> | <u>\$ 796,616</u> |
| Net cash provided by (used for) operating activities | | | |

Noncash capital financing activities:
None.

See accompanying notes to the basic financial statements

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

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 Redevelopment Agency of the City of Cotati and the Cotati Facilities Financing Authority are legally separate entities for which the City is financially accountable and it is governed by the elected City Council. The financial activities of the Agency and Authority are blended with those of the City and are reported in the City's governmental funds, and as capital assets of the City and debt obligations of the City.

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

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.

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 *Redevelopment Agency's Tax Increment Fund* (a Capital Projects Type Fund) is maintained to account for the tax increment revenues used to fund debt service and other redevelopment activities. The *Redevelopment Agency's Debt Service Fund* is used to account for payments of principal and interest on tax allocation bonds.

The *Redevelopment Agency's Low and Moderate Income Housing Fund* is maintained to account for the 20% of tax increment revenues required to be used for affordable housing.

The *City's Inclusionary Housing 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 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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 nonoperating 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 nonoperating revenues and expenses.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

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, bankers 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.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

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 is 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

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

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.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

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.

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 Assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that "capital assets are not financial resources and are not reported in the funds." The details of this \$ 16,828,621 difference are as follows:

| | |
|--|----------------------|
| Capital assets | \$ 23,352,381 |
| Less: Accumulated depreciation | <u>(6,523,460)</u> |
| Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i> | <u>\$ 16,828,621</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 \$17,592,042 difference are as follows:

| | |
|--|-------------------------|
| Long-Term Debt Obligations | |
| Tax allocation bonds | \$ 11,660,000 |
| Special assessment bonds | 5,490,000 |
| Compensated absences | <u>442,042</u> |
| Net adjustment to decrease fund balance total governmental Funds to arrive at net assets - governmental activities | <u>\$ (17,592,042)</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 assets 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 \$ 4,057,836 difference and other significant components of the difference are as follows:

| | |
|--|---------------------|
| Capital outlay | \$ 1,338,942 |
| Depreciation expense | (637,728) |
| Land grant by Open Space District | 3,139,070 |
| Repayment of long-term debt principal | 335,000 |
| Other items | <u>(117,448)</u> |
| Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ 4,057,836</u> |

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis of 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. Expenditure budgets were exceeded by the State grant fund (\$10,095) Park in lieu fund (\$220,458) and inclusionary housing fund (\$22,105). The expenditures were funded by available resources.

4. Detailed Notes on All Funds

A. Deposits and Investments

Deposits and investments at June 30, 2009 consisted of the following:

| | |
|------------------------------------|--------------------------|
| Pooled demand deposits | \$ 151,177 |
| Pooled investments | 23,525,154 |
| Investments with trustees | <u>1,093,536</u> |
| Total deposits and investments | <u>\$ 24,769,867</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, 2009, \$49,655 of the City's bank balances of \$ 299,655 was exposed to credit risk as follows:

| | |
|--|------------------|
| Uninsured and collateral held by pledging banks agent but not in the City's name: | <u>\$ 49,655</u> |
|--|------------------|

Investments - At June 30, 2009 the City had the following investments.

| Investment | Maturities | Fair Value |
|--------------------------------------|------------------|--------------------------|
| State Investment Pool(LAIF) | Average 235 days | \$ 22,319,939 |
| Sonoma County Investment Pool | Average 394 days | 373,859 |
| BlackRock Provident T-Fund Shares | Average 120 days | 1,093,536 |
| Prime Money Market Fund RBC Investor | Average 120 days | 324,123 |
| Negotiable Certificates of Deposit | Average 270 days | <u>507,233</u> |
| Totals | | <u>\$ 24,618,690</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 Basic Financial Statements
June 30, 2009

4. Detailed Notes on All Funds (Continued)

A. Deposits 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 \$831,356 investment other than the Pools and mutual funds, the entire \$831,356 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.

Noncurrent Cash and Cash Equivalents – The \$2,664,421 restricted in the governmental activities statement of net assets represents resources in the City's debt service funds and the tax allocation bond proceeds fund. The \$7,284,986 in the business-type activities statement of net assets represents capital improvement funds to be used for funding major capital assets and facilities.

B. 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 |
|-----------------|-------------------|----------------------|-------------------|-----------------------|------------------|-------------------|
| Accounts | \$ 55,507 | \$ 1,027 | \$ 1,243 | \$ 57,777 | \$255,311 | \$ 344,795 |
| Taxes | 143,510 | 7,705 | - | 151,215 | - | - |
| Governments | 17,744 | - | 114,179 | 131,923 | - | - |
| Interest | 2,868 | 6,840 | - | 9,708 | - | - |
| Notes and loans | 53,003 | 2,007,125 | - | 2,060,128 | - | - |
| Assessments | - | 5,490,000 | 1,954 | 5,491,954 | - | - |
| Totals | \$ 272,632 | \$ 7,512,697 | \$ 217,376 | \$ 7,902,705 | \$255,311 | \$ 344,795 |

C. Interfund Transfers, receivables and payables

1. The composition of interfund transfers of June 30, 2009, is as follows:

| | General Fund | Redevelopment Debt Service Fund | Other Governmental Funds | Total Transfers |
|-----------------------|-------------------|---------------------------------------|--------------------------------|---------------------|
| Transfers In: | | | | |
| Transfers Out: | | | | |
| General fund | \$ - | \$ - | \$ 8,150 | \$ 8,150 |
| Tax Increment fund | - | - | 1,395,784 | 1,395,784 |
| Low Moderate fund | - | - | 72,213 | 72,213 |
| Other funds | 421,608 | 811,206 | 8,360 | 1,241,174 |
| Water/wastewater | 82,108 | - | - | 82,108 |
| Totals | \$ 503,716 | \$ 811,206 | \$ 1,484,507 | \$ 2,799,429 |

The primary transfers out of the nonmajor funds were made to fund redevelopment projects, debt service on the tax allocation bonds, and to provide funds to the City's general fund for projects carried out by the general fund. These are recurring types of transfers.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

4. Detailed Notes on All Funds (Continued)

2. The composition of interfund balances was:

| <u>Receivable Fund</u> | <u>Nonmajor Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------------------|------------------|
| General: | | |
| | State grant fund | \$ 10,956 |
| | Public safety fund | 42,916 |
| | Redevelopment project fund | 3,118 |
| | South Sonoma Business Park fund | 3,131 |
| | CDBG Fund | 3,406 |
| | | <u>63,527</u> |
| | Total | <u>\$ 63,527</u> |

The advances were made for cash flow purposes.

D. Capital Assets

Capital asset activity relating to governmental activities for the year ended June 30, 2009 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|--------------------------|---------------------|---------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 4,343,833 | \$ 3,345,842 | \$ - | \$ 7,689,675 |
| Construction in progress | <u>1,317,585</u> | <u>1,133,428</u> | <u>(124,371)</u> | <u>2,326,642</u> |
| Total capital assets, not being depreciated | <u>5,661,418</u> | <u>4,479,270</u> | <u>(124,371)</u> | <u>10,016,317</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 5,440,189 | - | - | 5,440,189 |
| Machinery and equipment | 864,747 | 18,636 | - | 883,383 |
| Vehicles | 449,155 | 101,033 | - | 550,188 |
| Improvements | <u>6,461,560</u> | <u>443</u> | <u>-</u> | <u>6,462,003</u> |
| Total capital assets being depreciated | <u>13,215,651</u> | <u>120,112</u> | <u>-</u> | <u>13,335,763</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (988,117) | (136,005) | - | (1,124,122) |
| Machinery and equipment | (758,732) | (53,145) | - | (811,877) |
| Vehicles | (331,628) | (41,748) | - | (373,376) |
| Improvements | <u>(3,810,255)</u> | <u>(406,829)</u> | <u>3,000</u> | <u>(4,214,084)</u> |
| Total accumulated depreciation | <u>(5,888,732)</u> | <u>(637,727)</u> | <u>3,000</u> | <u>(6,523,459)</u> |
| Total capital assets, being depreciated, net | <u>7,326,919</u> | <u>(517,615)</u> | <u>3,000</u> | <u>6,812,304</u> |
| Governmental activities capital assets, net | <u>\$ 12,988,337</u> | <u>\$ 3,961,655</u> | <u>\$ (121,371)</u> | <u>\$ 16,828,621</u> |

Construction in progress, at June 30, 2009, represents primarily cost incurred related to construction improvements to the city's street system.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

4. Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity relating to business-type activities for the year ended June 30, 2009 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|------------|-------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ - | \$ - | \$ - | \$ - |
| Construction in progress | 953,942 | 148,818 | (6,200) | 1,096,560 |
| Total capital assets, not being depreciated | 953,942 | 148,818 | (6,200) | 1,096,560 |
| Capital assets, being depreciated: | | | | |
| Water wells | 1,278,585 | - | - | 1,278,585 |
| Reservoirs | 1,160,215 | - | - | 1,160,215 |
| Improvements | 321,411 | - | - | 321,411 |
| Pipelines and collection system | 7,315,755 | 789 | - | 7,316,544 |
| Equipment | 619,503 | 17,643 | - | 637,146 |
| Total capital assets being depreciated | 10,695,469 | 18,432 | - | 10,713,901 |
| Less accumulated depreciation for: | | | | |
| Water wells | (681,787) | (28,631) | - | (710,418) |
| Reservoirs | (304,556) | (29,005) | - | (333,561) |
| Improvements | (197,019) | (15,405) | - | (212,424) |
| Pipelines and collection system | (2,160,908) | (177,157) | - | (2,338,065) |
| Equipment | (414,667) | (46,391) | - | (461,058) |
| Total accumulated depreciation | (3,758,937) | (296,589) | - | (4,055,526) |
| Total capital assets, being depreciated, net | 6,936,532 | (278,157) | - | 6,658,375 |
| Business-type activities capital assets, net | \$ 7,890,474 | \$ (129,339) | \$ (6,200) | \$ 7,754,935 |

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

4. Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

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

| | |
|--|-------------------|
| Governmental activities: | |
| General government | \$ 185,087 |
| Public safety | 163,225 |
| Infrastructure-Streets | 109,505 |
| Parks and recreation | <u>179,911</u> |
| | |
| Total depreciation expense-governmental activities | <u>\$ 637,728</u> |
| | |
| Business-type activities: | |
| Water | \$ 165,632 |
| Wastewater | <u>130,957</u> |
| | |
| Total depreciation expense-governmental activities | <u>\$ 296,589</u> |

E. Long-Term Debt

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 is authorized to issue up to \$20 million in tax allocation 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. Because of this special financing arrangement between two component units of the City, the transactions between the Agency and the Authority as well as related receivables and payables have been eliminated from these basic financial statements.

Future debt service requirements are:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|---------------------|---------------------|
| 2010 | \$ 190,000 | \$ 225,395 | \$ 415,395 |
| 2011 | 200,000 | 218,465 | 418,465 |
| 2012 | 205,000 | 210,768 | 415,768 |
| 2013 | 215,000 | 202,362 | 417,362 |
| 2014 | 225,000 | 193,230 | 418,230 |
| 2015-2019 | 1,275,000 | 804,327 | 2,079,327 |
| 2020-2024 | 1,390,000 | 480,388 | 1,870,388 |
| 2025-2029 | - | 307,500 | 307,500 |
| 2030-2034 | 600,000 | 276,751 | 876,751 |
| 2035-2036 | 600,000 | 30,751 | <u>630,751</u> |
| | | | |
| Totals | <u>\$ 4,900,000</u> | <u>\$ 2,949,936</u> | <u>\$ 7,849,936</u> |

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

4. Detailed Notes on All Funds (Continued)

E. Long-Term Debt(Continued)

Tax Allocation refunding Bonds 2004-Series A-(Continued)

Payment of bond debt service on the 2004 tax allocation bonds is secured by a first pledge and lien on all of the Agency's revenues. Such revenues are 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 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:

| Fiscal Year | Principal | Interest | Total |
|-------------|---------------------|---------------------|---------------------|
| 2010 | \$ 65,000 | \$ 327,553 | \$ 392,553 |
| 2011 | 65,000 | 325,310 | 390,310 |
| 2012 | 70,000 | 322,878 | 392,878 |
| 2013 | 80,000 | 319,983 | 399,983 |
| 2014 | 80,000 | 316,783 | 396,783 |
| 2015-2019 | 490,000 | 1,626,301 | 2,116,301 |
| 2020-2024 | 860,000 | 1,376,389 | 2,236,389 |
| 2025-2029 | 2,910,000 | 915,250 | 3,825,250 |
| 2030-2032 | 2,140,000 | 164,000 | 2,304,000 |
| Totals | <u>\$ 6,760,000</u> | <u>\$ 5,694,447</u> | <u>\$12,454,447</u> |

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. 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:

| Fiscal Year | Principal | Interest | Total |
|-------------|---------------------|---------------------|----------------------|
| 2010 | \$ 95,000 | \$ 353,763 | \$ 448,763 |
| 2011 | 100,000 | 347,426 | 445,426 |
| 2012 | 105,000 | 340,763 | 445,763 |
| 2013 | 115,000 | 333,613 | 448,613 |
| 2014 | 120,000 | 328,976 | 448,976 |
| 2015-2019 | 730,000 | 1,496,600 | 2,226,600 |
| 2020-2024 | 995,000 | 1,219,564 | 2,214,564 |
| 2025-2029 | 1,365,000 | 839,314 | 2,204,314 |
| 2030-2033 | 1,865,000 | 317,689 | 2,182,689 |
| Totals | <u>\$ 5,490,000</u> | <u>\$ 5,577,708</u> | <u>\$ 11,067,708</u> |

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

4. Detailed Notes on All Funds (Continued)

Long-Term Debt (Continued)

Tax Allocation Bonds Pledged Revenues

The City's component unit redevelopment agency has pledged future tax increment revenues to pay debt service on the 2001 and 2004 tax allocation bonds. Total principal and interest remaining on the Agency's bonds are \$20,304,383. Debt service on the bonds is expected to require less than 44 percent of tax increment revenues excluding the 20 percent set aside amounts. For the current fiscal year, principal and interest paid by the Agency and the tax increment revenues (excluding the 20 percent set aside) was \$812,354 and \$1,882,075, respectively.

Changes in Long-term liabilities

Long-term debt activity for the 2009 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: | | | | | |
| 2001 tax allocation bonds, series A | \$ 6,825,000 | \$ - | \$ 65,000 | \$ 6,760,000 | \$ 65,000 |
| 2004 tax allocation bonds, series A | 5,085,000 | - | 185,000 | 4,900,000 | 190,000 |
| Special assessment bonds | 5,575,000 | - | 85,000 | 5,490,000 | 95,000 |
| Compensated absences | <u>465,554</u> | <u>36,488</u> | <u>60,000</u> | <u>442,042</u> | <u>60,000</u> |
| Total | <u>\$ 17,950,554</u> | <u>\$ 36,488</u> | <u>\$ 395,000</u> | <u>\$ 17,592,042</u> | <u>\$ 410,000</u> |

5. Other Information

A. 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 the when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The City's only exposure to claim liabilities would be for losses, if any, not covered by REMIF. There have been no significant changes in insurance coverages in fiscal 2009. Settlements have not exceeded coverage for each of the past three fiscal years. The City has no claim liabilities at June 30, 2009.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

5. Other Information (Continued)

B. 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.

Landfill Remediation. The City has been notified by the County that a leachate problem has been identified at a central solid waste landfill site. Under a proposed remediation plan, the City would be required to share in and fund a portion of such environmental remediation costs. Preliminary estimates are that the City's share of such costs could exceed \$ 2 million. This matter has not yet been resolved, and no liability has been recorded in these financial statements pending resolution and determination of the actual remediation costs and how and by whom those costs are to be funded.

Surplus Housing Funds. The component unit Redevelopment Agency had excess funds (as defined in the regulations) of \$34,039 at June 30, 2007, \$566,302 at June 30, 2008 and \$974,157 at June 30, 2009 in its low and moderate income housing fund. The Agency is required under regulations to expend or encumber surplus funds, as defined, within a statutory 3 year period, pay the excess over to another housing agency, or be subject to sanctions imposed under related regulations

C. 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 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

D. Public Employees Retirement System

Plan Description. The City of Cotati contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer, public employee, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by the State statute and City ordinance. The PERS issues publicly available financial report that includes the financial statements and required supplementary information for the PERS Copies of PERS annual financial report may be obtained from their executive office, 400 "P" Street, Sacramento, California 95814.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2009

5. Other Information (Continued)

D. Public Employees Retirement System

Funding Policy and Annual Pension Cost. Non-safety plan members are required to contribute 7 percent of their annual covered salary and safety members are required to contribute 9 percent. The City has voluntarily agreed to fund all of the plan members required contributions. In addition, non-safety members are required to fund a portion of the employer's required contribution that is attributable to an enhancement of the plan benefits for non-safety members. The City is required to contribute at actuarially determined rates. The current rate is 12.072 percent for regular employees and 48.853 percent for safety employees. Contribution requirements of plan members and the City are established by and may be amended by PERS. The City's annual pension cost for the most recent three year period was as follows:

Three-year Trend of Information

| Plan | Year Ending | Annual Pension Cost | Percentage of APC Contributed | Net Pension Obligation |
|--------------------------|-------------|---------------------|-------------------------------|------------------------|
| <i>Regular employees</i> | 6/30/07 | \$ 187,722 | 100% | \$ - |
| | 6/30/08 | \$ 229,410 | 100% | \$ - |
| | 6/30/09 | \$ 168,474 | 100% | \$ - |
| <i>Safety employees</i> | 6/30/07 | \$ 356,641 | 100% | \$ - |
| | 6/30/08 | \$ 551,417 | 100% | \$ - |
| | 6/30/09 | \$ 408,220 | 100% | \$ - |

E. Other Post Employment Benefits

The City provides post employment health insurance benefits to certain former employees pursuant to a local agreement. The agreement is limited to the specified former employees and does not cover other former employees, current employees, or future employees. There are four former employees receiving such medical insurance benefits. The City funds these costs on a pay as you go basis. For the fiscal year ended June 30, 2009, the City paid \$19,566 for such benefits.

F. Restricted Net Assets and Designated Fund Balances

The \$ 15,558,585 restricted amount in the governmental activities and the \$7,284,986 in the business-type activities statement net assets represent amounts to be used only for specific purposes which restrictions are imposed by laws, formal agreements or other governments.

Reserved fund balances consisted of the following:

| Purpose | General Fund | Other Funds |
|----------------------------|-------------------|---------------------|
| Debt service | \$ - | \$ 1,903,880 |
| Prepayments | 53,795 | |
| Long-term notes receivable | 53,003 | - |
| | <u>\$ 106,798</u> | <u>\$ 1,903,880</u> |

**Required Supplementary Information
CITY OF COTATI
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2009**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual Amounts</u> | |
| Fund Balance, July 1 | \$ 791,235 | \$ 949,475 | \$ 949,475 | \$ - |
| Resources (inflows): | | | | |
| Property taxes | 519,363 | 503,791 | 487,762 | (16,029) |
| Sales taxes | 2,069,000 | 1,705,962 | 1,703,114 | (2,848) |
| Transfer taxes | 85,000 | 67,495 | 64,875 | (2,620) |
| Other taxes | 410,580 | 415,891 | 412,585 | (3,306) |
| License permits | 8,550 | 12,290 | 18,219 | 5,929 |
| Fines and forfeits | 100,000 | 101,225 | 114,073 | 12,848 |
| Interest and rents | 113,304 | 120,073 | 124,014 | 3,941 |
| Intergovernmental | 612,206 | 573,086 | 607,900 | 34,814 |
| Charges for services | 159,095 | 141,262 | 264,027 | 122,765 |
| Miscellaneous | 68,400 | 60,232 | 60,230 | (2) |
| Transfers in | 251,624 | 467,761 | 503,716 | 35,955 |
| | <u>5,188,357</u> | <u>5,118,543</u> | <u>5,309,990</u> | <u>191,447</u> |
| Amounts available for charges to appropriations | | | | |
| Charges to appropriations: | | | | |
| General government: | | | | |
| Legislative | 76,724 | 97,920 | 94,389 | 3,531 |
| Clerk | 230,783 | 229,897 | 216,574 | 13,323 |
| Finance | 110,749 | 103,387 | 96,785 | 6,602 |
| Legal | 113,000 | 116,826 | 137,115 | (20,289) |
| Nondepartmental | 232,392 | 272,900 | 219,663 | 53,237 |
| Public info | 6,965 | 1,550 | 475 | 1,075 |
| Government buildings | 132,540 | 98,410 | 79,965 | 18,445 |
| Community development and planning | 342,460 | 324,529 | 380,749 | (56,220) |
| Public safety: | | | | |
| Police | 2,915,035 | 2,827,298 | 2,822,966 | 4,332 |
| Highways and streets | | | | |
| Streets | 271,196 | 282,969 | 245,254 | 37,715 |
| Engineering | 22,142 | 24,587 | 26,195 | (1,608) |
| Parks and recreation | | | | |
| Recreation | 111,432 | 99,926 | 98,702 | 1,224 |
| Park maintenance | 226,007 | 194,844 | 182,331 | 12,513 |
| Capital outlay | 27,778 | - | - | - |
| Transfers out | - | 13,499 | 8,150 | 5,349 |
| | <u>4,819,203</u> | <u>4,688,542</u> | <u>4,609,313</u> | <u>79,229</u> |
| Total charges to appropriations | | | | |
| Fund Balance, June 30 | <u>\$ 369,154</u> | <u>\$ 430,001</u> | <u>\$ 700,677</u> | <u>\$ 270,676</u> |

Required Supplementary Information
CITY OF COTATI
Budgetary Comparison Schedule - General Fund
Note to RSI
For the Fiscal Year Ended June 30, 2009

Note A. 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: | \$ 5,309,990 |
| 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 | (949,475) |
| Transfers in are a budgetary resource but are not a current year revenue for financial reporting purposes | <u>(503,716)</u> |
| Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds | <u><u>\$ 3,856,799</u></u> |

Uses/outflows of resources:

| | |
|---|----------------------------|
| Actual amounts "total charges to appropriations" from the budgetary comparison schedule | \$ 4,609,313 |
| Differences - budget to GAAP: | |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes | <u>(8,150)</u> |
| Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds | <u><u>\$ 4,601,163</u></u> |

Required Supplementary Information
CITY OF COTATI
Budgetary Comparison Schedule - Inclusionary Housing Fund
For the Fiscal Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|----------------------------|----------------------------|----------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual Amounts</u> | |
| Fund Balance, July 1 | \$ 3,099,061 | \$ 3,090,336 | \$ 3,090,336 | \$ - |
| Resources (inflows): | | | | |
| Interest and rents | 105,000 | 105,000 | 49,471 | (55,529) |
| Charges for services: | | | | |
| Inclusionary housing fees | 20,000 | 20,000 | 58,563 | 38,563 |
| Transfers in | - | - | - | - |
| Amounts available for charges to appropriations | <u>3,224,061</u> | <u>3,215,336</u> | <u>3,198,370</u> | <u>(16,966)</u> |
| Charges to appropriations: | | | | |
| Community development: | | | | |
| Legal | - | - | 22,105 | (22,105) |
| Transfers out | - | - | - | - |
| Total charges to appropriations | <u>-</u> | <u>-</u> | <u>22,105</u> | <u>(22,105)</u> |
| Fund Balance, June 30 | <u><u>\$ 3,224,061</u></u> | <u><u>\$ 3,215,336</u></u> | <u><u>\$ 3,176,265</u></u> | <u><u>\$ (39,071)</u></u> |

Note A.

**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 above: \$ 3,198,370

Difference - 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 (3,090,336)

Total revenues as reported in the statement of
revenues, expenditures and changes in fund
balances - governmental funds

\$ 108,034

Required Supplementary Information
CITY OF COTATI
Budgetary Comparison Schedule - Redevelopment Low and Moderate Income Housing Fund
For the Fiscal Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|---------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual Amounts</u> | |
| Fund Balance, July 1 | \$ 2,904,140 | \$ 3,481,455 | \$ 3,481,455 | \$ - |
| Resources (inflows): | | | | |
| Property taxes | 902,457 | 848,149 | 852,675 | 4,526 |
| Interest and rents | 220,000 | 220,000 | 144,271 | (75,729) |
| Miscellaneous | 1,000 | 1,000 | - | (1,000) |
| Transfers in | 80,573 | 80,573 | 80,573 | - |
| Amounts available for charges to appropriations | <u>4,108,170</u> | <u>4,631,177</u> | <u>4,558,974</u> | <u>(72,203)</u> |
| Charges to appropriations: | | | | |
| Community Development: | | | | |
| Administration: | | | | |
| Salaries and benefits | 101,862 | 95,164 | 97,018 | (1,854) |
| Legal | 5,000 | 5,000 | 98,312 | (93,312) |
| Property tax admin fees | 11,500 | 11,500 | 11,654 | (154) |
| Other administrative costs | 4,678 | 4,678 | 3,480 | 1,198 |
| Housing Loans | 100,000 | 100,000 | 20,000 | 80,000 |
| Contract services | 75,600 | 75,600 | 600 | 75,000 |
| Other projects | 19,228 | 19,228 | 23,507 | (4,279) |
| Transfers out | <u>72,213</u> | <u>72,213</u> | <u>72,213</u> | <u>-</u> |
| Total charges to appropriations | <u>390,081</u> | <u>383,383</u> | <u>326,784</u> | <u>56,599</u> |
| Fund Balance, June 30 | <u>\$ 3,718,089</u> | <u>\$ 4,247,794</u> | <u>\$ 4,232,190</u> | <u>\$ (15,604)</u> |

Note A.

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

Sources/inflows resources:

Actual amounts available for appropriation from budgetary comparison schedule above: \$ 4,558,974

Difference - 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 (3,481,455)

Transfers in are budgetary resources but also are not a current year revenue for financial reporting purposes (80,573)

Total revenues as reported in the statement of revenues, expenditures and changes in fund balances \$ 996,946

Total charges to appropriations in budgetary comparison schedule above \$ 326,784

Transfers out are a use of budgetary resources but are not reported as expenditures of resources for financial reporting purposes (72,213)

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances \$ 254,571

City of Cotati
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

| Special Revenue Funds | | | | | | | | | | |
|--|------------------------|------------------|----------------------|-------------------|-------------------|-------------------|--------------------|------------------|------------------|-----------------|
| | Landscape and Lighting | Gas Tax | Parks and Recreation | Park in Lieu | Community Service | MTC Street | Traffic Mitigation | Recycling | State Grant | CDBG |
| Assets | | | | | | | | | | |
| Cash and investments | \$ 39,499 | \$ 66,755 | \$ - | \$ 630,464 | \$ 39 | \$ 479,033 | \$ 132,325 | \$ 64,774 | \$ - | \$ - |
| Receivables: | | | | | | | | | | |
| Receivables from other governments | - | 26,610 | - | - | - | - | - | - | 21,122 | 3,437 |
| Accounts | - | - | - | - | - | - | - | 1,243 | - | - |
| Prepayments | - | - | - | - | - | - | - | - | - | - |
| Assessments receivable | 1,954 | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 41,453 | \$ 93,365 | \$ - | \$ 630,464 | \$ 39 | \$ 479,033 | \$ 132,325 | \$ 66,017 | \$ 21,122 | \$ 3,437 |
| Liabilities and Fund Balances | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts payable | \$ 1,179 | \$ - | \$ - | \$ 13,186 | \$ 39 | \$ - | \$ - | \$ - | \$ 10,095 | \$ 31 |
| Advances from other funds | - | - | - | - | - | - | - | - | 10,956 | 3,406 |
| Total liabilities | 1,179 | - | - | 13,186 | 39 | - | - | - | 21,051 | 3,437 |
| Fund balances: | | | | | | | | | | |
| Unreserved | 40,274 | 93,365 | - | 617,278 | - | 479,033 | 132,325 | 66,017 | 71 | - |
| Total fund balances | 40,274 | 93,365 | - | 617,278 | - | 479,033 | 132,325 | 66,017 | 71 | - |
| Total liabilities and fund balances | \$ 41,453 | \$ 93,365 | \$ - | \$ 630,464 | \$ 39 | \$ 479,033 | \$ 132,325 | \$ 66,017 | \$ 21,122 | \$ 3,437 |

**City of Cotati
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009**

| | Special Revenue | | | | | Capital Projects | | | | Total Nonmajor Governmental Funds |
|--|------------------|---------------|------------------|-------------|-----------------|------------------------|-----------------------|----------------------------|---|-----------------------------------|
| | Police Volunteer | Public Safety | Asset Forfeiture | K-9 Program | Police Explorer | Redevelopment Projects | City Capital Projects | South Sonoma Business Park | Redevelopment 2001 Tax Allocation Bonds Project | |
| Assets | | | | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ 32,541 | \$ 3,571 | \$ 1,885 | \$ - | \$ 365,310 | \$ - | \$ 760,720 | \$ 2,576,916 |
| Receivables: | | | | | | | | | | |
| Receivables from other governments | - | 55,511 | 7,499 | - | - | - | - | - | - | 114,179 |
| Accounts | - | - | - | - | - | - | - | - | - | 1,243 |
| Prepayments | - | - | - | - | - | 3,204 | - | - | - | 3,204 |
| Assessments receivable | - | - | - | - | - | - | - | - | - | 1,954 |
| Total assets | \$ - | \$ 55,511 | \$ 40,040 | \$ 3,571 | \$ 1,885 | \$ 3,204 | \$ 365,310 | \$ - | \$ 760,720 | \$ 2,697,496 |
| Liabilities and Fund Balances | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 574 | \$ 4,715 | \$ - | \$ 86 | \$ 480 | \$ - | \$ 102,819 | \$ 133,214 |
| Advances from other funds | - | 42,916 | - | - | - | 3,118 | - | 3,131 | - | 63,527 |
| Total liabilities | - | 42,916 | 574 | 4,715 | - | 3,204 | 480 | 3,131 | 102,819 | 196,741 |
| Fund balances: | | | | | | | | | | |
| Unreserved | - | 12,595 | 39,466 | (1,144) | 1,885 | - | 364,820 | (3,131) | 657,901 | 2,500,755 |
| Total fund balances | - | 12,595 | 39,466 | (1,144) | 1,885 | - | 364,820 | (3,131) | 657,901 | 2,500,755 |
| Total liabilities and fund balances | \$ - | \$ 55,511 | \$ 40,040 | \$ 3,571 | \$ 1,885 | \$ 3,204 | \$ 365,310 | \$ - | \$ 760,720 | \$ 2,697,496 |

CITY OF COTATI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009

Special Revenue Funds

| | Landscaping and Lighting | Gas Tax | Parks and Recreation | Park in Lieu | Community Service | MTC Street | Traffic Mitigation | Recycling | State Grant | CDBG |
|--|--------------------------|------------------|----------------------|-------------------|-------------------|-------------------|--------------------|------------------|---------------|--------------|
| Revenues: | | | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 193,009 | - | - | - | 45,282 | - | - | 10,095 | 3,437 |
| Charges for services | 31,466 | - | - | 25,165 | 2,180 | - | 1,500 | 16,985 | - | - |
| Interest | - | 673 | - | 15,888 | - | 7,024 | 2,440 | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | 24 | - | - |
| Total revenues | 31,466 | 193,682 | - | 41,053 | 2,180 | 52,306 | 3,940 | 17,009 | 10,095 | 3,437 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | - | - | - | - | 3,195 | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | 6,000 | - | - |
| Highways and streets | - | - | - | - | - | - | - | - | - | - |
| Community development | 31,915 | 4,119 | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | 348,595 | - | - | - | - | 10,095 | 3,437 |
| Total expenditures | 31,915 | 4,119 | - | 348,595 | 3,195 | - | - | 6,000 | 10,095 | 3,437 |
| Excess (deficiency) of revenues over (under) expenditures | (449) | 189,563 | - | (307,542) | (1,015) | 52,306 | 3,940 | 11,009 | - | - |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | 6,331 | - | - | - | 1,015 | - | - | - | - | - |
| Transfers out | (982) | (126,042) | - | - | - | (117,676) | - | - | - | - |
| Total other financing sources (uses) | 5,349 | (126,042) | - | - | 1,015 | (117,676) | - | - | - | - |
| Net change in fund balances | 4,900 | 63,521 | - | (307,542) | - | (65,370) | 3,940 | 11,009 | - | - |
| Fund balances, July 1 | 35,374 | 28,844 | - | 924,820 | - | 544,403 | 128,385 | 55,008 | 71 | - |
| Fund balances, June 30 | \$ 40,274 | \$ 93,365 | \$ - | \$ 617,278 | \$ - | \$ 479,033 | \$ 132,325 | \$ 66,017 | \$ 71 | \$ - |

CITY OF COTATI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009

| | Special Revenue | | | | | Capital Projects | | | | Total Nonmajor Governmental Funds |
|---|------------------|---------------|------------------|-------------|-----------------|------------------------|-----------------------|----------------------------|---|-----------------------------------|
| | Police Volunteer | Public Safety | Asset Forfeiture | K-9 Program | Police Explorer | Redevelopment Projects | City Capital Projects | South Sonoma Business Park | Redevelopment 2001 Tax Allocation Bonds Project | |
| Revenues: | | | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 100,000 | - | - | - | - | 196,788 | - | - | 548,611 |
| Charges for services | - | - | - | 6,316 | - | - | - | - | - | 83,612 |
| Interest | - | - | 907 | - | - | - | - | - | 66,061 | 92,993 |
| Miscellaneous | - | - | 4,578 | 35,253 | - | - | - | - | - | 39,855 |
| Total revenues | - | 100,000 | 5,485 | 41,569 | - | - | 196,788 | - | 66,061 | 765,071 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - | 3,195 |
| Public safety | 804 | - | - | 43,571 | - | - | - | - | - | 50,375 |
| Highways and streets | - | - | - | - | - | - | - | - | - | 36,034 |
| Community development | - | - | - | - | - | 500,710 | - | - | - | 500,710 |
| Capital outlay | - | - | 18,635 | - | - | - | 32,671 | - | 897,522 | 1,310,955 |
| Total expenditures | 804 | - | 18,635 | 43,571 | - | 500,710 | 32,671 | - | 897,522 | 1,901,269 |
| Excess (deficiency) of revenues over (under) expenditures | (804) | 100,000 | (13,150) | (2,002) | - | (500,710) | 184,117 | - | (831,461) | (1,136,198) |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | 804 | - | - | - | - | 1,395,784 | - | - | - | 1,403,934 |
| Transfers out | - | (100,000) | - | - | - | (895,074) | - | - | - | (1,239,774) |
| Total other financing sources (uses) | 804 | (100,000) | - | - | - | 500,710 | - | - | - | 164,160 |
| Net change in fund balances | - | - | (13,150) | (2,002) | - | - | 184,117 | - | (831,461) | (972,038) |
| Fund balances, July 1 | - | 12,595 | 52,616 | 858 | 1,885 | - | 200,703 | (3,131) | 1,489,362 | 3,472,793 |
| Fund balances, June 30 | \$ - | \$ 12,595 | \$ 39,466 | \$ (1,144) | \$ 1,885 | \$ - | \$ 384,820 | \$ (3,131) | \$ 657,901 | \$ 2,500,755 |