



CITY OF COTATI, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018



City of Cotati, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



Prepared by the Administrative Services Department

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CITY OF COTATI, CALIFORNIA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018
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CITY OF
COTATI



INTRODUCTORY SECTION

City Council, Management Team, City Organization Chart, and Letter of Transmittal.

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City of Cotati City Council



Mark Landman
Mayor
mlandman@cotaticity.org
(ext. 195)
Elected Term:(2014-2018)



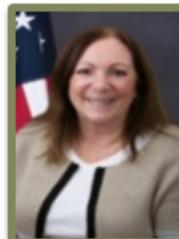
John Dell'Osso
Vice Mayor
jdelloso@cotaticity.org
(ext.194)
Elected Term:(2016-2020)



Wendy Skillman
Council Member
wskillman@cotaticity.org
(ext. 196)
Elected Term:(2016-2020)



John Moore
Council Member
jmoore@cotaticity.org
(ext.192)
Elected Term:(2014-2018)



Susan Harvey
Council Member
sharvey@cotaticity.org
(ext. 193)
Elected Term:(2016-2020)

Other Commissions or Committees:

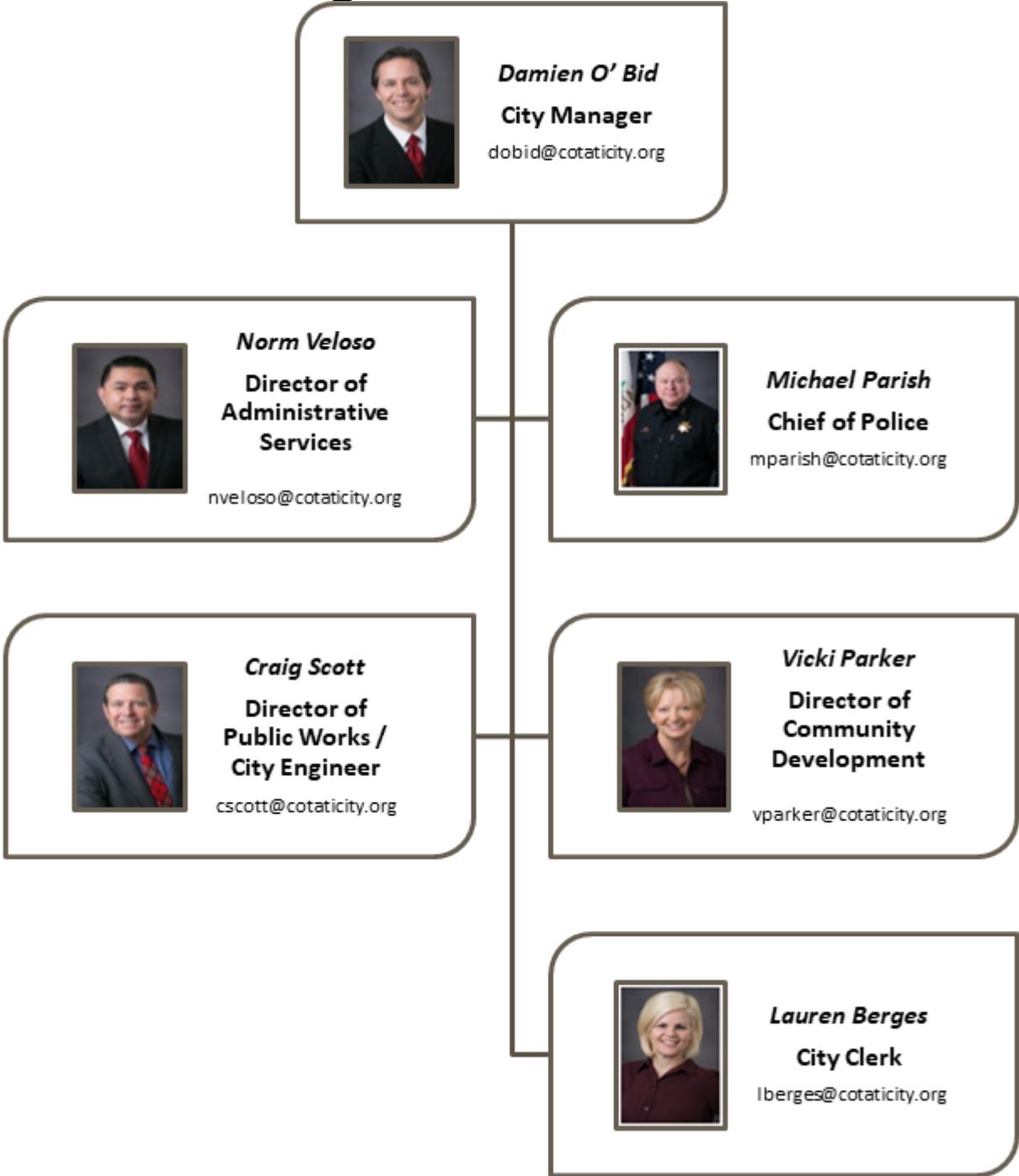
Planning Commission
Design Review Committee
Measure G Citizen Oversight Committee

201 West Sierra Ave.
Cotati, California 94931
www.cotaticity.org
Phone: 707-792-4600
Email: info@cotaticity.org

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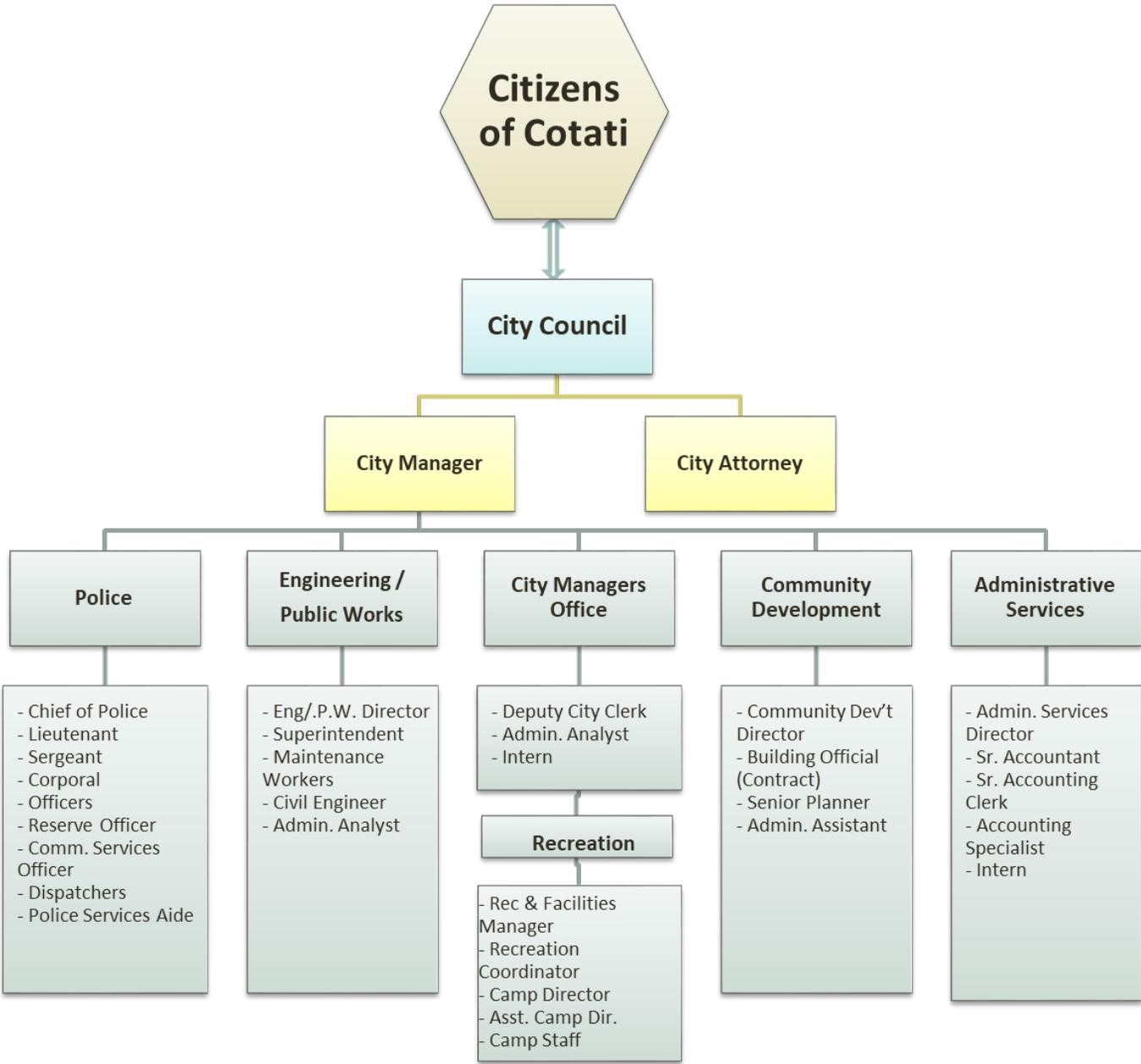
Meet the Cotati Management Team



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Fiscal Year 2017-18 City Organization Chart





Incorporated in 1963

November 27, 2018
The Honorable City Council
Cotati, California

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

The City is pleased to present its Comprehensive Annual Financial Report (CAFR) of the City of Cotati (the City) for the fiscal year ended June 30, 2018. The fiscal year covers financial transactions from July 1, 2017 to June 30, 2018 on a modified or full accrual basis, depending on the fund type. The City follows a policy of preparing a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America after the end of each fiscal year. An independent licensed certified public accounting firm audits these financial statements.

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

Auditor's Report Summary

Terry Krieg, a licensed certified public accountant, has audited the City of Cotati's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Cotati for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by the management; and evaluating the overall financial presentation. Terry Krieg has concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified audit opinion that the City of Cotati's financial statements for the fiscal year ended June 30, 2018 are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Management Discussion and Analysis

Included within the financial section of the CAFR is the management's discussion and analysis (MD&A) which provides additional information regarding management of the City's finances and should be read in conjunction with the transmittal letter.

The Reporting Entity and Services Provided

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



City Council: The City is established as a Council-Manager form of local government and governed by a five member City Council. The Mayor and Vice Mayor are selected by the City Council each year from among the five City Council members. The Council is elected on a non-partisan at-large basis. Council members serve four year staggered terms, with two or three members elected every two years.

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

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



Demographic Information*

Size: 1.88 square miles

Population: 7,455 (expected to rise 3.6% by 2021)

Population Ranking CA cities: 405 out of 482 cities

Male Population: 46%

Female Population: 54%

Race & Ethnicity: White-69.9%, Hispanic-18.1%, Asian-3.2%, African American-3.4%, Two or More Races-4.9%, Others-0.5%

Age: Median age is 36.4 years and 61.4% of population is between the ages of 18 to 64.

Median Household Income: \$64,754 (State: \$64,500)

Estimated Median House: \$565,000 (Zillow: June 2018, June 2017 \$533,000, 6.6% increase)

Homeowner Vacancy Rate: 1.5%

Rental Vacancy Rate: Less than 1%

*Obtained from <https://datausa.io/profile/geo/cotati-ca/> which pulls information from aggregate visualization engine with public datasets from many different sources including those from official US departments as well as educational institutions.



Accounting System and Budgetary Control



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

The City's annual budget starts with an annual strategic planning session with the City Council and the public. Following this strategic planning process, the departments take these priorities to develop initial operating budget requests. The City Manager reviews these requests with the Administrative Services Department and the respective department heads. The City Manager and Director of Administrative Services then make recommendations to the City Council regarding the development of the City's annual budget. After public discussion and evaluation of their recommendations, the City Council adopts a budget. After adoption, the Council periodically reviews the financial activity in relationship to the original budget, and amends the original budget as necessary to reflect changing conditions.

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

Long-Term Financial Planning

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

Since the great recession, the City Council has approved various strategies to reduce the costs of salaries and benefits, including "classic" employees paying their own CalPERS contribution, a portion of the City contribution, and creating a second pension tier. The state also implemented PEPR, a third tier which became effective January 1, 2013.

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

Since the voter approval of Measure G, the City has continued to focus on revenue growth and stability. This includes revenue diversification through a voter approved cannabis business tax and developing lodging facilities in Cotati to tap into the substantial tourism industry in Sonoma County and begin collecting transit occupancy taxes.

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

Economic Overview of the City and Region

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

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

Employment

The U.S. and regional job market continues to be strong, as evidenced by the most recent labor reports which continue to show low unemployment numbers. With State payroll employment exhibiting strong growth, industry analysts expect the State unemployment rate to remain steady in the fall of FY 18-19.

Unemployment Rate:

United States 3.9%
California 4.3%

Sonoma County 2.7%
Cotati 3.0%



Inflation

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



Inflation Rate Fiscal Year Change

Bay Area CPI 3.9%

Oil Prices (as of 6/30/18) \$72/barrel - 56% increase from prior year

Personal Saving Rate



The personal saving rate is calculated as the ratio of personal saving to disposable personal income. In August 2018, the personal saving rate in the U.S. amounted to 6.8% . In 2017, the personal saving rate was 6.6% and in 1970, personal saving rate was 12.9%. The personal saving rate is a significant economic indicator as it refers to the accumulation of capital for future use and people who are financially ready for retirement and unexpected expenses.

Consumer Spending Rate

Consumer Spending in the United States increased to \$12,842 USD Billion in the second quarter of 2018 from \$12,722 USD Billion in the first quarter of 2018. Consumer Spending in the United States averaged \$5,739 USD Billion from 1950 until 2018, reaching an all-time high of \$12,842 USD Billion in the second quarter of 2018

Sales Tax

Sales tax revenue (combined Bradley Burns and Measure G) accounts for approximately 60% of General Fund revenues. Total Sales Tax revenues remained flat from FY 2016-2017 levels.

- **Bradley Burns-State Sales Tax:** The Bradley-Burns Uniform Sales and Use Tax Law provide the State a 6% rate and a city/county rate of 1.25%. Out of the 1.25% city/county rate, one-quarter cent of the levy is sent to the county transportation fund and the 1% balance goes to support local government general funds. The uniform tax must be levied countywide and individual cities cannot levy the tax unless it has been first adopted by the county in which the city is located.

- **Measure G-Local Sales Tax:** In the June 2014 elections, the City passed a ballot measure, Measure G, to increase sales tax by 1%, to help ensure the City's financial viability as a full-service city and at the same time protecting the small town quality of life. For FY 17-18, the City collected approximately \$2.1 million in Measure G sales tax revenues. The revenue collected was used to maintain current service and operation levels in the General Fund as well as fund City's recreation, public safety, and capital projects including parks, and streets.



- **Sales Tax Breakdown:** As of June 30, 2018, the total sales tax rate in Cotati was 9.125% and is broken down as follows:

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

* County-wide sales tax measures include: Sonoma Marin Area Rail Transit [SMART] (0.25%), the Agricultural Preservation and Open Space District (0.25%), Sonoma County Measures M (Transportation) (0.25%) & Measure Y (Libraries) (0.125%). Combined, they total 0.875% of the overall sales tax rate in Cotati.



Property Taxes

In Fiscal Year 2017-18, Cotati experienced a net taxable value increase of 6.5%, which was higher than the County's increase of 5.66%. Of the property taxes collected, the City receives approximately 11% of the property taxes generated within Cotati.

The assessed value of properties increased in Cotati by \$64.8 million between the fiscal years 2016-2017 and 2017-2018. The change attributed to Proposition 13 was \$15.3 million, which accounted for 24% of all growth experienced in the City. Approximately \$18 million of the increase in 2017-18 was due to reversals of prior Proposition 8 reductions. The sale of homes also increased the assessed property values by \$16.6 million, while commercial & industrial values increased by \$3.7 million and vacant land values increased by \$1.4 million.



The housing market has fully recovered from the recent recession in many urban and coastal areas of the State while housing recovery has tended to lag in more rural and inland areas. Current median home prices are at or above the pre-recession peak value in many areas. Inventory constraints are the main contributor to increases in home prices over the last year and a lack of significant new home construction in both Northern and Southern California is one of the main factors affecting supply.

The median sale price of a detached single family residential home in Cotati from January through September 2017 increased 9.6% from 2016. In addition, there is still \$22.2 million of assessed value representing Proposition 8 reductions on 257 single family homes that could be recovered in the future should housing prices continue to increase.

Housing/Building Permits

Housing sales continue to remain strong within the City. Building permits for housing increased by 67% in Fiscal Year 2017-18 due to the continued development of the Village Walk property which includes 56 new housing units, consisting of 30 duplex/triplex units, and 26 single-family detached homes.

Economic Condition and Outlook for the General Fund

The City's estimated ending General Fund Balance for FY18-19 budget is \$4.6 million which is equivalent to 72% of total budgeted operating expenditures. This estimated balance in reserve far exceeds the required 25%. The significant increase in the reserve is primarily due to the City's ability to efficiently manage costs while it continues to improve the services provided to its citizens while implementing strategic plans to diversify the City's revenue sources.

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

- Property tax growth of 2.5%
- Sales tax growth of 1.4%
- New cannabis business tax approximating \$250,000
- A median growth of 7.9% or \$88,000 for other revenue
- Personnel vacancy rate of 0% in each City department
- Salary increases contained in the approved MOUs through 2019
- Health care cost increases

Vision for Cotati

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

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

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

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

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

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

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

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

Significant Events and Accomplishments

Financial and Operational Stability

- 1) Long term financial planning gives the City the opportunity to plan for and address any potential financial challenges with a long-term approach.
- 2) Mid-Year Budget Review and Update: Provided an assessment of the City's budget condition and updated the FY 2017-18 adopted budget to reflect revisions to address projected revenues and expenditure variances due to changes in economics and policies.
- 3) Updated the City's Investment Policy to address environmentally ethical investments.
- 4) Received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award and the California Society of Municipal Finance Officers (CSFMO) Operating Budget Excellence Award for the 2017/18 budget.
- 5) Expanded communication with our citizens on Facebook to communicate directly and more effectively with the public.
- 6) Went live with a redesigned City website to provide information in a better organized format that functions across all platform types in use today.
- 7) Completed water and sewer rate study and implemented updated rate structure.
- 8) Created initial Community Facilities District (CFD) and a City-wide annexation area to ensure revenue neutral housing development.
- 9) Selected an operator for the Veronda-Falletti Demonstration Ranch.

Economic Development

- 1) Implemented Cannabis land use regulations and the citizen approval of a cannabis business tax.
- 2) City Council awarded first group of cannabis business permits.
- 3) Executed a property sale agreement for a potential hotel development in the City's northern gateway area.

Community Safety

- 1) Police Enforcement: Continue efforts to maintain a safe community.
- 2) Maintain and build relationships with residents through support of "National Night Out" and "Coffee with a Cop".
- 3) Expanded public safety dispatch services to include Sonoma State University police department. Assisted partner agencies with police and dispatch assistance during the October 2017 wildfires.
- 4) Expanded police patrols in neighborhoods with the creation of assigned police beats.

Infrastructure

- 1) Completed major infrastructure projects with significant grant funding, including the Old Redwood Highway South Preservation, and the Downtown Specific Plan Project.
- 2) Received a \$675,000 federal paving grant & began design for E. Cotati Avenue Paving Project.
- 3) Completed the bi-annual pavement management plan update.
- 4) Initiated design on School Street Pathway extension & completed Cator Field Accessibility Project
- 5) Repaired and resurfaced the tennis courts at Sunflower Park.
- 6) Initiated the Parks Master Plan.
- 7) Began design of building improvements at Veronda-Falletti Ranch.
- 8) Began construction of the City-Wide lighting project, including new lighting along McGinnis pathway, Marsh pathway, School Street Tunnel, and La Plaza Park.
- 9) Initiated the City-wide wayfinding signage program.
- 10) Remodeled Planning and Engineering offices to improve work flow and customer service.
- 11) Replaced sewer main on St. Joseph Way.
- 12) Installed various traffic safety improvements throughout the City, including speed feedback signage and red lights for stop controlled intersections.

Acknowledgments

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

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

Respectfully submitted,



Damien O'Bid
City Manager

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CITY OF
COTATI

FINANCIAL SECTION





Terry E. Krieg, CPA

Certified Public Accountant

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

The City in fiscal 2018 adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and GASB Statement Number 87, Leases.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, the Budgetary Comparison Schedules on pages 50 through 54, the schedule of the City's total OPEB liability on page 55, and the schedules of proportionate share of net pension liability and retirement plan contributions on pages 56 and 57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

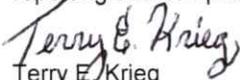
Other Information

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

The nonmajor fund combining financial statements, budget and actual schedules, schedule of capital assets and the schedule of Measure G revenues and uses are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the nonmajor fund combining financial statements, budget and actual schedules, schedule of capital assets, and schedule of Measure G revenues and uses are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report, dated November 19, 2018, on my consideration of the City of Cotati's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cotati's internal control over financial reporting and compliance.


Terry E. Krieg
Certified Public Accountant
Santa Rosa, California
November 19, 2018

Management Discussion & 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, 2018. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- At the close of the fiscal year, the City's total net position was \$43.4 million.
- As of June 30, 2018, the City's governmental activities reported a net position of \$27.1 million (See Table 2).
- As of June 30, 2018, the City's business-type activities reported a net position of \$16.3 million (See Table 2).

Fund Financial Statements

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$12.7 million.
- Within the governmental funds ending fund balance, \$0.7 million was restricted for capital projects, \$3.3 million is reserved for housing, and \$4.3 million is unassigned. (See Governmental Funds Balance Sheet June 30, 2018).

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

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



OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of five parts – (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) required supplementary information, (4) supplementary informational section that presents combining statements for non-major governmental funds, budgetary comparison schedules for the non-major funds and budgetary schedule for the City's one debt service fund as well as the schedule of Measure G Revenues and Uses, and the (5) statistical section. The financial statements include two kinds of statements that present different views of the City:

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

Management Discussion & Analysis

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 the City's non-major funds, each of which are added together and presented in single columns in the basic financial statements.

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

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

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

Government-Wide Statements:

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

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

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

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

Management Discussion & Analysis

Fund Financial Statements:

The fund financial statements provide detailed information about the City's significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The more significant governmental funds in fiscal year 2017-2018 were.

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

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

The City has two kinds of funds:

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

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



Management Discussion & Analysis

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE - GOVERNMENT WIDE

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

TABLE 2
Government Wide - Summary of Net Position
 As of June 30, 2017 and 2018
 (in million dollars)

	Governmental Activities			Business Type Activities			TOTAL		Change	
	2018	2017	\$ Change	2018	2017	\$ Change	2018	2017	%	\$
ASSETS										
Current and Other Assets	\$ 13.1	\$ 10.9	\$ 2.2	\$ 9.3	\$ 9.1	\$ 0.2	\$ 22.4	\$ 20.0	12.0%	\$ 2.4
Long Term Receivables	5.6	5.7	(0.1)	-	-	-	5.6	5.7	-1.5%	(0.1)
Capital Assets	19.9	18.2	1.7	9.1	9.3	(0.2)	29.0	27.4	5.7%	1.6
Total Assets	38.6	34.8	3.8	18.4	18.3	0.1	57.0	53.1	7.3%	3.9
DEFERRED OUTFLOWS OF RESOURCES										
Pension Plan Deferred Contributions and Actuarial Deferrals	2.8	2.9	(0.1)	0.6	0.6	-	3.4	3.5	-3.2%	(0.1)
LIABILITIES										
Current Liabilities	0.8	0.7	0.1	0.4	0.4	-	1.2	1.1	9.1%	0.1
Noncurrent Liabilities	13.2	12.9	0.3	2.2	1.9	0.3	15.4	14.8	4.1%	0.6
Total Liabilities	14.0	13.2	0.4	2.6	2.4	0.2	16.6	15.9	4.4%	0.7
DEFERRED INFLOWS OF RESOURCES										
Pension and OPEB Plan Actuarial Deferrals	0.2	0.4	(0.2)	0.1	0.1	-	0.3	0.5	-40.0%	(0.2)
NET POSITION										
Invested in Capital Assets	19.9	18.2	1.7	9.1	9.3	(0.2)	29.0	27.4	5.8%	1.6
Restricted	7.5	6.8	0.7	4.5	3.8	0.7	12.0	10.6	13.2%	1.4
Unrestricted	(0.3)	(1.3)	1.0	2.7	3.5	(0.8)	2.4	2.2	9.1%	0.2
Total Net Position	\$ 27.1	\$ 23.7	\$ 3.4	\$ 16.3	\$ 16.5	\$ (0.2)	\$ 43.4	\$ 40.2	8.0%	\$ 3.2

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

The combined net position for all City activities, governmental and business alike, has increased by \$3.2 million or 8.0% over the prior year. Total assets for all activities increased by \$3.9 million in the current year. This increase is primarily due to increased investments in current and other assets of \$2.4 million or 12.0% over prior year, and capital assets of \$1.7 million or 6.0% over prior year. Total liabilities increased over the prior year, with an increase in current liability of \$0.7 million or 4.4%, and an increase in noncurrent liability of \$0.6 million or 4.1%. Deferred outflows of resources decreased \$0.1 million and deferred inflows of resources decreased \$0.2 million due to changes in pension plan contributions and future liabilities.

Governmental activities:

Net position of the City's governmental activities increased by \$3.4 million to \$27.1 million in the current year. This increase is primarily due to contributed fixed assets, investments in capital assets, and strategic planning for future infrastructure projects along with a \$0.3 million prior period adjustment to Noncurrent liabilities and fund balance due to the adoption of GASB Statement Number 75 and further discussed in Note 16 within the notes to the basic financial statements.

Business-type activities:

The net position of the business-type activities was \$16.3 million as of June 30, 2018. This is a decrease of \$0.2 million over the prior fiscal year. These resources cannot be used for governmental activities, as they are restricted to finance the continuing operations of the water and wastewater systems and for capital improvements to those systems.

Management Discussion & Analysis

TABLE 3
Government Wide - Changes in Net Position
 For the Fiscal Years Ended June 30, 2017 and 2018
 (in million dollars)

	Governmental Activities				Business Type Activities				TOTAL			
	2018	2017	% Change	\$ Change	2018	2017	% Change	\$ Change	2018	2017	% Change	\$ Change
REVENUES												
<u>Program Revenues</u>												
Charges for Services	\$ 1.7	\$ 1.6		\$ 0.1	\$ 3.9	\$ 3.6		\$ 0.3	\$ 5.6	\$ 5.2	7.7%	\$ 0.4
Operating Grants and Contributions	0.4	0.7		(0.3)	-	-		-	0.4	0.7	-42.9%	(0.3)
Capital Grants and Contributions	2.1	0.7		1.4	0.6	0.7		(0.1)	2.7	1.4	92.9%	1.3
<u>General Revenues</u>												
Property Taxes	1.5	1.5		-	-	-		-	1.5	1.5	0.0%	-
Other Taxes	5.0	4.9		0.1	-	-		-	5.0	4.9	2.0%	0.1
Other	0.1	0.1		-	-	-		-	0.1	0.1	0.0%	-
Total Revenues	10.8	9.5	13.7%	1.3	4.5	4.3	4.7%	0.2	15.3	13.8	10.9%	1.5
EXPENSES												
General Government	1.4	1.3		0.1	-	-		-	1.4	1.3	7.7%	0.1
Public Safety	3.7	2.5		1.2	-	-		-	3.7	2.5	48.0%	1.2
Public Works	1.8	1.7		0.1	-	-		-	1.8	1.7	5.9%	0.1
Community Development	0.4	0.4		-	-	-		-	0.4	0.4	0.0%	-
Water	-	-		-	1.8	1.6		0.2	1.8	1.6	10.8%	0.2
Sewer	-	-		-	2.7	2.4		0.3	2.7	2.4	11.5%	0.3
Interest	0.3	0.3		-	-	-		-	0.3	0.3	0.0%	-
Total Expenses	7.6	6.2	22.6%	1.4	4.5	4.0	11.2%	0.5	12.1	10.2	18.1%	1.9
Revenue over (under) expenses	3.2	3.3		(0.1)	-	0.3		(0.3)	3.2	3.6	-10.0%	(0.4)
Special Items	-	-		-	-	-		-	-	-		-
Transfers	0.2	-		0.3	(0.2)	(0.1)		0.1	-	(0.2)		0.2
Change in net position	3.4	3.2	6.3%	0.2	(0.2)	0.2	(230)%	(0.4)	3.2	3.4	-4.6%	(0.2)
Net position, beginning of period,	23.7	20.5		3.2	16.5	16.3		0.2	40.2	36.8	9.1%	3.4
Net position, end of period	\$ 27.1	\$ 23.7	14.3%	\$ 3.4	\$ 16.3	\$ 16.5	(1.2)%	\$ (0.2)	\$ 43.4	\$ 40.2	8.0%	\$ 3.2

Analysis of the changes in net position

Total government-wide revenues of the primary government increased \$1.5 million, a 10.9% increase from prior year and total expenses increased by \$1.9 million, an 18.1% increase. These changes are discussed in more detail.

Governmental activities Revenues

Total revenues for governmental activities increased \$1.3 million from the prior year, a 13.7% increase. The primary reason for the increase in revenue is due to the increase in capital grants and contributions from \$0.7 million to approximately \$2.1 million in the current year, an increase of \$1.4 million or 214.3%.

The increase in capital grants and contributions were due to contributions of landscaping and lighting within the Village Walk development as well as the negotiated transfer of ownership for the St. Josephs park and ride lot. Charges for services remained fairly consistent in total, however there was an increase of \$0.3 million or 73% related to public works development permit fees. This increase was partially offset by the decrease in community development permit fees which decreased \$0.2 million or 23%. Operating grants decreased due to loss of operating grants for community development projects which totaled \$0.3 million in the prior year.

Property Tax revenue in 2018 is slightly higher as compared to 2017 due to the new residential development at Village Walk as well as the continued recovering real estate market and increasing assessed property valuations.

Other taxes increased by \$0.1 million, a 2% increase from prior year primarily due to collection of new cannabis business taxes.

Management Discussion & Analysis

Expenses

Total expenses for governmental activities increased \$1.4 million from the prior year, an 22.6% increase. Primary reasons for these increases were due to the increased pension contribution requirements as well as increases in personnel costs and capital improvements projects.

Business Type Activities

Revenues

Total revenues for business-type activities increased \$0.2 million or 4.7% from the prior year primarily due to an increase in charges for services of approximately \$0.3 million, partially offset by decreases in capital grants and contributions by approximately \$0.1 million.

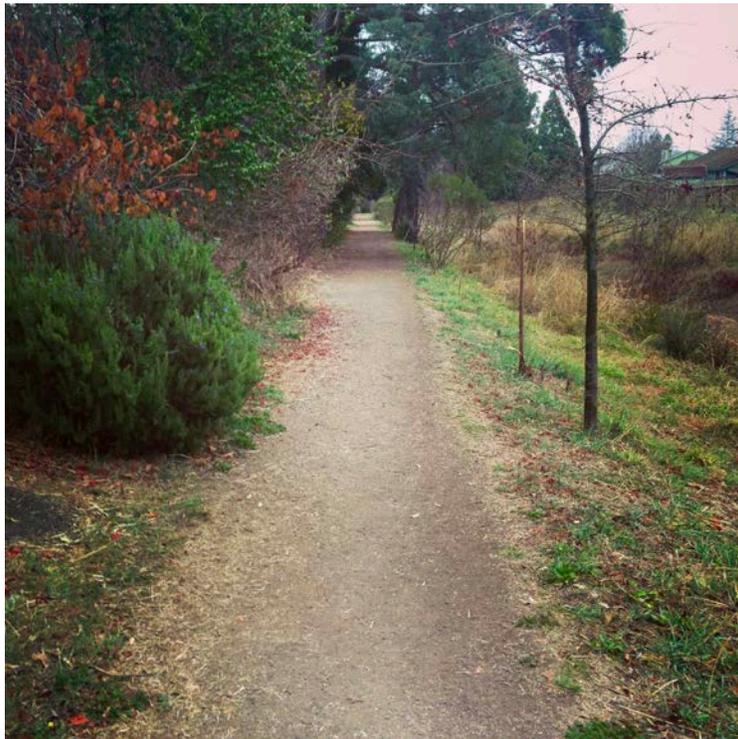
The increased charges for services were primarily caused by the implementation of new customer usage rates obtained by means of an independent rate study which applies a method of increasing both base and usage rates in order to support required new infrastructure capital projects as well as administration costs.

Charges for services also increased in regards to customer usage primarily caused by increased water usage after coming out of the drought period in the prior years. Additionally there is a correlary increase in wastewater as calculated through the customer sewer re-averaging of sewer usage. Re-averaging was based on the actual water usage for the two lowest billing periods during fiscal year 2016/2017.

Expenses

Total expenses for business-type activities increased \$0.5 million or 11.2% from the prior year.

Both Water and Wastewater expenses increased primarily due to increased demand on the system and increased water payments made to the Sonoma County Water Agency for water and the City of Santa Rosa for wastewater treatment. Other increases were primarily due to contract services pertaining to the rate study performed and design and construction work performed on capital projects.



Management Discussion & Analysis

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

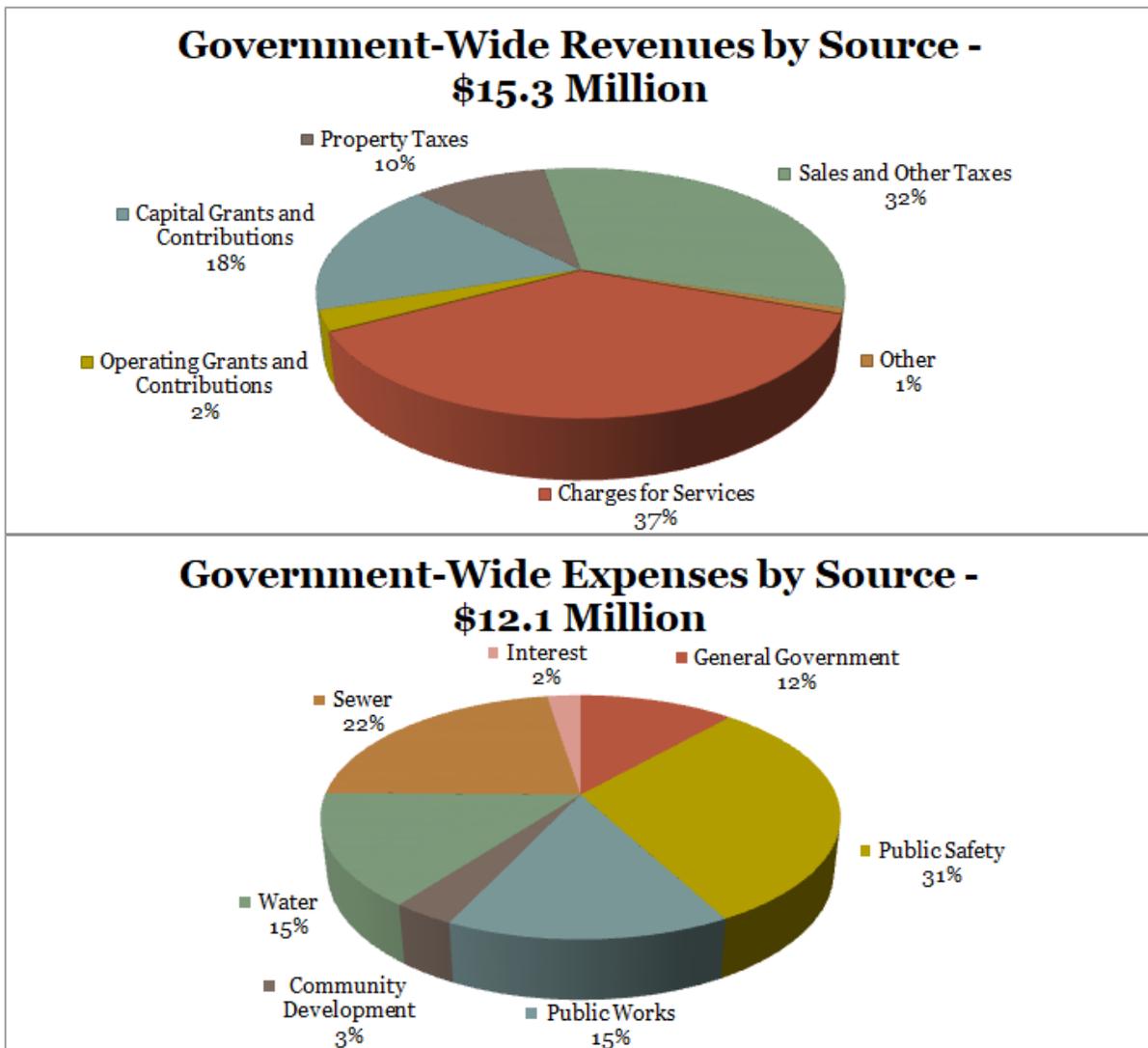


TABLE 5
CITY OF COTATI
Government Wide - Governmental Activities Within the Statement of Activities
 For the Fiscal Years Ended June 30, 2017 and 2018
 (in million dollars)

	TOTAL		Change	
	2018	2017	%	\$
General Government	\$ 1.4	\$ 1.3	7.7%	\$ 0.1
Public Safety	3.7	2.5	48.0%	1.2
Public Works	1.8	1.7	5.9%	0.1
Community Development	0.4	0.4	0.0%	0.0
Interest	0.3	0.3	0.0%	-
TOTAL	\$ 7.6	\$ 6.2	22.6%	\$ 1.4

Management Discussion & Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUND STATEMENTS

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

Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported a combined fund balance at June 30, 2018, of \$12.7 million, an increase of \$2.1 million over the end of the previous fiscal year. (See Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2018).

The General Fund is the chief operating fund of the City has an ending fund balance of \$5.7 million which reflects a slight increase of \$1.2 million. This increase is mostly attributed to the increased sales tax from Measure G and decreased expenditures due to capital project timing..

The City's other major funds includes Inclusionary Housing Fund with a year-end fund balance of \$3.2 million, South Sonoma Business Park with a year-end fund balance of approximately \$0.9 million, and Grants Fund with a \$0.0 year end fund balance. (See Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2018).

The City's non-major funds ended the fiscal year 2017-2018 with a fund balance of \$2.8 million, a increase of \$0.84 million over the prior fiscal year. Most of these resources are restricted for use on street projects, community development projects, and other special purposes. (See Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2018).

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

There were no significant, unexpected budget variances. For the general fund, the actual "amount available for charges for appropriations" exceeded the budget by \$163,705; and the total charges to appropriations were less than budget by \$153,321. general fund resources exceeded charges by approximately \$5.7M leading to a total favorable general fund budget variance of \$317,026.

For a more detailed description of budgetary changes and variances, please see the budgetary comparison schedule for the general fund, included within the Required Supplementary Information section of this report.

Management Discussion & Analysis

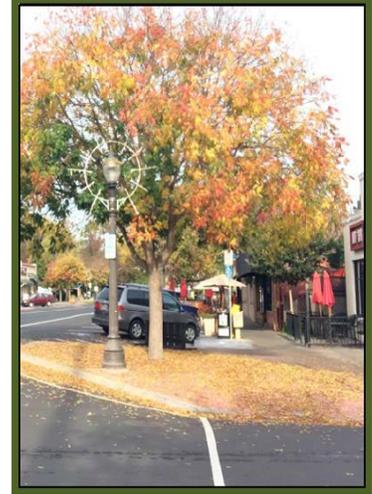
CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the City had invested \$29.0 million (net of accumulated depreciation) in a broad range of capital assets, including equipment, vehicles, buildings, park facilities, and water and wastewater systems (See Table 6).

This year's major capital assets additions included:

- Cator Field Access \$100,000
- Planning and Engineering Department Improvements \$192,000
- East Cotati Ave. Paving Project \$64,000
- Street Improvements and Traffic Safety \$76,000
- City Hall Vehicles and Equipment approximately \$37,000
- Police Vehicles approximately \$42,000
- Donated Landscaping & Lighting \$882,000
- St. Josephs Park and Ride Lot \$1,240,000



Below is a table of the City's Capital Assets as of June 30, 2017 and 2018. Additional information relative to capital assets is contained in Note 1 Section D of the general-purpose financial statements.

TABLE 6
CITY OF COTATI
Capital Assets
As of June 30, 2017 and 2018
(in million dollars)

	Governmental Activities		Business Type Activities		TOTAL			
	2018	2017	2018	2017	2018	2017	% Change	\$ Change
Capital assets								
Land	\$ 7.1	\$ 5.9	\$ -	\$ -	\$ 7.1	\$ 5.9	20%	\$ 1.2
Construction in progress	0.2	3.8	0.2	0.5	0.4	4.3	-91%	(3.9)
Buildings	8.6	8.6	-	-	8.6	8.6	0%	-
Vehicles	0.8	0.8	0.6	0.6	1.4	1.4	0%	-
Equipment	1.0	0.9	0.6	0.3	1.6	1.2	33%	0.4
Water and Sewer Lines	-	-	13.5	13.3	13.3	13.3	0%	-
Improvements	16.3	11.2	1.3	1.2	17.6	12.4	42%	5.2
Leased Assets	-	-	-	-	-	-	0%	-
Total Capital Assets	\$ 34.0	\$ 31.2	\$ 16.2	\$ 15.9	\$ 50.0	\$ 47.1	6%	\$ 2.9

* This table does not include accumulated depreciation or amortization.
For further financial data see footnote 7 within the Comprehensive Annual Financial Reports.

Management Discussion & Analysis

Long-Term Obligations

South Sonoma Business Park

As of June 30, 2018, special assessment bonds for \$4.4 million were outstanding, of which approximately \$165,000 is considered a current liability. The purpose of these bonds is to facilitate a wetlands mitigation project and is secured by assessments levied against property owners within the assessment districts.

Compensated Absences:

As of June 30, 2018, approximately \$0.6 million was owed to government employees for vacation leave and other compensated absences. These benefits are recorded as a liability to the City as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Net Pension and Other Post Employment Benefits Liability

GASB Statement No. 68 and now Statement 75 have significantly revamped the accounting and financial reporting for government employers that provide pension benefits and other post employment benefits. Statement 68 as it pertains to the CalPERS Pension benefit has required a "net pension liability" of \$10.6 to be reported on the statement of net position for the City as of June 30, 2018.

For the City's other post employment benefits, as now defined for reporting under GASB Statement No. 75, a \$0.3 million liability was also reported within the total other post employment benefits liability as of June 30, 2018 (See Statement of Net Position). Additionally the prior years other post employment benefits liability and related net iposition was retated to properly include the liability as of June 30, 2017. (See Note 16 within the Notes to the Basic Financial Statements). More detailed information about long-term debt activity is included in note 8, "Long-term obligations".

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

- Property Tax-The budget projection for 2018-19 assumes slight increases in property tax collections, due to improved resale market as well as the new development at Village Walk.
- Sales Tax-The budget projection for 2018-19 assumes continued growth in the area due to higher collections from the Measure G transactions and use tax. Measure G replaced the Measure A tax and set the sales tax rate at 9.125% for nine years ending 2023. Measure G supports the full range of municipal services.



CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF COTATI
Government-Wide Financial Statements
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 10,373,345	\$ 3,831,484	\$ 14,204,829
Net receivables	1,047,975	908,825	1,956,800
Prepayments	51,017	31,587	82,604
Total current assets	<u>11,472,337</u>	<u>4,771,896</u>	<u>16,244,233</u>
Noncurrent assets:			
Non current cash and cash equivalents	1,634,096	4,517,050	6,151,146
Long-term notes receivable	1,165,840	-	1,165,840
Other long-term receivables	4,390,000	-	4,390,000
Net capital assets	<u>19,924,868</u>	<u>9,087,878</u>	<u>29,012,746</u>
Total noncurrent assets	<u>27,114,804</u>	<u>13,604,928</u>	<u>40,719,732</u>
Total assets	<u>38,587,141</u>	<u>18,376,824</u>	<u>56,963,965</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan related items	<u>2,751,750</u>	<u>645,562</u>	<u>3,397,312</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 362,994	\$ 110,050	\$ 473,044
Accrued liabilities	5,279	-	5,279
Due to other governments	12,066	-	12,066
Compensated absences	60,000	235,242	295,242
Deposits	135,438	80,725	216,163
Accrued interest payable	95,117	-	95,117
Lease liability due within one year	6,330	-	6,330
Bonds due within one year	<u>165,000</u>	<u>-</u>	<u>165,000</u>
Total current liabilities	<u>842,224</u>	<u>426,017</u>	<u>1,268,241</u>
Long-term liabilities due in more than one year:			
Special assessment bonds	4,225,000	-	4,225,000
Lease liability	25,522	-	25,522
Compensated absences	268,321	-	268,321
Net pension liability	8,375,750	2,201,660	10,577,410
Total other post employment benefit liability	<u>289,755</u>	<u>-</u>	<u>289,755</u>
Total long-term liabilities	<u>13,184,368</u>	<u>2,201,660</u>	<u>15,386,028</u>
Total liabilities	<u>14,026,592</u>	<u>2,627,677</u>	<u>16,654,269</u>
DEFERRED INFLOWS OF RESOURCES			
Other post-employment benefit deferrals	67,169	-	67,169
Pension plan related items	<u>160,023</u>	<u>53,816</u>	<u>213,839</u>
Total deferred inflows of resources	<u>227,192</u>	<u>53,816</u>	<u>281,008</u>
NET POSITION			
Net investment in capital assets	19,893,016	9,087,878	28,980,894
Restricted for:			
Capital projects	689,995	4,517,050	5,207,045
Housing	4,341,925	-	4,341,925
Debt service	943,984	-	943,984
Public safety	113,934	-	113,934
Parks	281,825	-	281,825
Streets	1,055,063	-	1,055,063
Public communications	23,325	-	23,325
Unrestricted	<u>(257,960)</u>	<u>2,735,965</u>	<u>2,478,005</u>
Total net position	<u>\$ 27,085,107</u>	<u>\$ 16,340,893</u>	<u>\$ 43,426,000</u>

The notes to the financial statements are an integral part of this statement.

CITY OF COTATI
Government-Wide Financial Statements
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
Primary Government:					Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 1,382,139	\$ 166,571	\$ 4,436	\$ -	\$ (1,211,132)	\$ -	\$ \$(1,211,132)
Public safety	3,733,774	95,170	142,663	-	(3,495,941)	-	(3,495,941)
Community development	439,133	734,913	-	-	295,780	-	295,780
Public works	1,830,007	679,712	281,865	2,122,200	1,253,770	-	1,253,770
Interest on long-term debt	288,074	-	-	-	(288,074)	-	(288,074)
Total governmental activities	<u>7,673,127</u>	<u>1,676,366</u>	<u>428,964</u>	<u>2,122,200</u>	<u>(3,445,597)</u>	<u>-</u>	<u>(3,445,597)</u>
Business-Type Activities							
Water	1,816,050	1,694,915	-	216,942	-	95,807	95,807
Wastewater	2,723,348	2,214,960	-	393,732	-	(114,656)	(114,656)
Total Business-Type Activities	<u>4,539,398</u>	<u>3,909,875</u>	<u>-</u>	<u>610,674</u>	<u>-</u>	<u>(18,849)</u>	<u>(18,849)</u>
Total Primary Government	<u>\$ 12,212,525</u>	<u>\$ 5,586,241</u>	<u>\$ 428,964</u>	<u>\$ 2,732,874</u>	<u>(3,445,597)</u>	<u>(18,849)</u>	<u>(3,464,446)</u>
General revenues and transfers:							
Property taxes					1,544,849	-	1,544,849
Sales taxes					4,145,877	-	4,145,877
Other taxes					829,535	-	829,535
Interest and rents					136,321	-	136,321
Transfers					161,053	(161,053)	-
Total general revenues and transfers					<u>6,817,635</u>	<u>(161,053)</u>	<u>6,656,582</u>
Change in Net Position					<u>3,372,038</u>	<u>(179,902)</u>	<u>3,192,136</u>
Net Position - Beginning of Year					<u>23,713,069</u>	<u>16,520,795</u>	<u>40,233,864</u>
Net Position - End of Year					<u>\$ 27,085,107</u>	<u>\$ 16,340,893</u>	<u>\$ 43,426,000</u>

The notes to the financial statements are an integral part of this statement.

CITY OF COTATI
Governmental Funds
Balance Sheet
June 30, 2018

	General Fund	Inclusionary Housing Fund	South Sonoma Business Park Debt Service Fund	Grant Fund	Low Income Housing Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 5,191,720	\$ 3,174,493	\$ 932,912	\$ (120,362)	\$ -	\$ 2,828,678	\$ 12,007,441
Accounts receivables (net)	135,557	-	-	-	-	-	135,557
Taxes receivable	699,390	-	-	-	-	5,909	705,299
Due from other governments	3,779	-	11,072	145,762	-	46,506	207,119
Assessments receivables	-	-	4,390,000	-	-	-	4,390,000
Notes receivable	28,000	-	-	-	1,069,476	68,364	1,165,840
Prepayments	51,017	-	-	-	-	-	51,017
Total assets	\$ 6,109,463	\$ 3,174,493	\$ 5,333,984	\$ 25,400	\$ 1,069,476	\$ 2,949,457	\$ 18,662,273
LIABILITIES							
Liabilities:							
Accounts payable	\$ 230,785	\$ -	\$ -	\$ 25,400	\$ -	\$ 106,809	\$ 362,994
Accrued liabilities	5,279	-	-	-	-	-	5,279
Due to other governments	-	-	-	-	-	12,066	12,066
Deposits	135,438	-	-	-	-	-	135,438
Total liabilities	371,502	-	-	25,400	-	118,875	515,777
DEFERRED INFLOWS OF RESOURCES:							
Long-term receivables	-	-	4,390,000	-	1,069,476	-	5,459,476
Fund balances:							
Nonspendable	51,017	-	-	-	-	-	51,017
Restricted for affordable housing	-	3,174,493	-	-	-	97,956	3,272,449
Restricted for public safety	-	-	-	-	-	113,934	113,934
Restricted for streets	-	-	-	-	-	1,055,063	1,055,063
Restricted for parks	-	-	-	-	-	281,825	281,825
Restricted for public education	-	-	-	-	-	23,325	23,325
Restricted for debt service	-	-	943,984	-	-	-	943,984
Restricted for capital projects	-	-	-	-	-	689,995	689,995
Committed for capital projects	-	-	-	-	-	568,484	568,484
Committed for emergencies	1,400,254	-	-	-	-	-	1,400,254
Unassigned	4,286,690	-	-	-	-	-	4,286,690
Total fund balances	5,737,961	3,174,493	943,984	-	-	2,830,582	12,687,020
Total liabilities, deferred inflows of resources and fund balances	\$ 6,109,463	\$ 3,174,493	\$ 5,333,984	\$ 25,400	\$ 1,069,476	\$ 2,949,457	\$ 18,662,273
Total Governmental Fund Balances							\$ 12,687,020
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds							19,893,481
Right of use leased assets used in governmental activities are not current financial resources and are therefore not reported in the funds							31,387
Other long-term assets are not available to pay for current-period expenditures and are therefore reported as deferred inflows of resources in the funds							5,459,476
The net pension liability does not require the use of current financial resources and is therefore not reported in the funds							(8,375,750)
The deferred inflows and outflows related to the net pension liability do not require the use of current financial resources and are not reported in the funds							2,591,727
Interest payable is accrued as a liability in the statement of net position but is reported as a liability in the funds only when due							(95,117)
The total liability for other post employment benefits does not require the use of current financial resources and is therefore not reported in the funds							(289,775)
Deferred inflows related to the net post employment benefit obligation does not require the use of current financial resources and is therefore not reported in the funds							(67,169)
Some liabilities including bonds, claims and compensated absences are not due and payable in the current period and therefore are not reported in the funds							(4,750,173)
Net Position of Governmental Activities							\$ 27,085,107

The notes to the financial statements are an integral part of this statement.

CITY OF COTATI
Governmental Funds
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	General Fund	Inclusionary Housing Fund	South Sonoma Business Park Debt Service Fund	Grants Fund	Low Income Housing Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 1,544,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,544,847
Sales taxes	4,145,877	-	-	-	-	115,575	4,261,452
Other taxes	163,569	-	-	-	-	9,550	173,119
Licenses and permits	544,780	-	-	-	-	-	544,780
Intergovernmental	12,050	-	-	27,866	-	383,983	423,899
Charges for services	422,403	400	460,912	-	-	632,132	1,515,847
Interest and rents	136,321	37,666	11,503	973	-	21,390	207,853
Miscellaneous	218,476	-	-	-	-	3,628	222,104
Total revenues	<u>7,188,323</u>	<u>38,066</u>	<u>472,415</u>	<u>28,839</u>	<u>-</u>	<u>1,166,258</u>	<u>8,893,901</u>
EXPENDITURES							
Current:							
Community development	439,133	-	-	-	-	-	439,133
General government	853,295	-	13,138	-	-	13,421	879,854
Public safety	3,332,198	-	-	-	-	17,244	3,349,442
Public works	1,046,388	-	-	-	-	28,434	1,074,822
Capital outlay	34,874	-	-	130,388	-	630,486	795,748
Debt service:							
Principal	3,022	-	155,000	-	-	-	158,022
Interest	1,044	-	290,388	-	-	-	291,432
Total expenditures	<u>5,709,954</u>	<u>-</u>	<u>458,526</u>	<u>130,388</u>	<u>-</u>	<u>689,585</u>	<u>6,988,453</u>
Excess/(deficiency) of revenues over expenditures	<u>1,478,369</u>	<u>38,066</u>	<u>13,889</u>	<u>(101,549)</u>	<u>-</u>	<u>476,673</u>	<u>1,905,448</u>
OTHER FINANCING SOURCES (USES)							
Right of use lease financing	34,874	-	-	-	-	-	34,874
Transfers in	160,000	-	-	125,023	-	625,763	910,786
Transfers out	(489,939)	-	-	-	-	(259,794)	(749,733)
Total other financing sources (uses)	<u>(295,065)</u>	<u>-</u>	<u>-</u>	<u>125,023</u>	<u>-</u>	<u>365,969</u>	<u>195,927</u>
Net change in fund balances	1,183,304	38,066	13,889	23,474	-	842,642	2,101,375
Fund balances, July 1	<u>4,554,657</u>	<u>3,136,427</u>	<u>930,095</u>	<u>(23,474)</u>	<u>-</u>	<u>1,987,940</u>	<u>10,585,645</u>
Fund balances, June 30	<u>\$ 5,737,961</u>	<u>\$ 3,174,493</u>	<u>\$ 943,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,830,582</u>	<u>\$ 12,687,020</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF COTATI
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 2,101,375</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 (\$786,126) exceeded depreciation (\$1,122,762) in the current period.	(336,636)
Contributions of capital assets do not provide current financial resources and are not reported in the funds	2,122,200
Losses from the disposals of capital assets do not use current financial resources and are not reported in the funds	(53,556)
Financing of right to use lease assets provide current financial resources, but are reported as a liability in the statement of net position	(34,874)
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	(131,989)
Changes in the net pension liability and related deferred inflows and deferred outflows do not use or provide current financial resources and are therefore nor reported in the funds	(511,040)
Governmental funds report payments on long-term debt as expenditures, but such payments reduce liabilities in the statement of net position and therefore are not recorded as expenses in the statement of activities	158,022
The total liability for other post employment benefits does not require the use of current financial resources and is therefore not reported in the funds	4,718
Governmental funds report interest expenditures when payment is due, but interest expense is accrued in the statement of activities	3,358
Long-term obligations such as claims and compensated absences are recorded in the governmental funds only when due, but are recorded as liabilities in the statement of net position when incurred	<u>50,460</u>
Net adjustment to reconcile to changes in net position	<u>1,270,663</u>
Change in Net Position of Governmental Activities	<u>\$ 3,372,038</u>

The notes to the financial statements are an integral part of this statement.

CITY OF COTATI
Proprietary Funds
Statement of Net Position
June 30, 2018

	<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,035,135	2,796,349	3,831,484
Accounts receivable	409,826	498,999	908,825
Prepayments	26,581	5,006	31,587
Total current assets	<u>1,471,542</u>	<u>3,300,354</u>	<u>4,771,896</u>
Noncurrent assets:			
Other assets:			
Internal balances	(1,167,062)	1,167,062	-
Cash and cash equivalents	592,746	3,924,304	4,517,050
Net other assets	<u>(574,316)</u>	<u>5,091,366</u>	<u>4,517,050</u>
Capital assets:			
Reservoirs	1,651,274	-	1,651,274
Pipelines and meters	5,521,908	4,881,170	10,403,078
Water wells	1,461,917	-	1,461,917
Improvements	1,080,149	235,538	1,315,687
Equipment	478,799	676,114	1,154,913
Less accumulated depreciation	<u>(4,061,746)</u>	<u>(3,067,373)</u>	<u>(7,129,119)</u>
Capital assets net of accumulated depreciation	6,132,301	2,725,449	8,857,750
Construction in progress	-	230,128	230,128
Net capital assets	<u>6,132,301</u>	<u>2,955,577</u>	<u>9,087,878</u>
Total noncurrent assets	<u>5,557,985</u>	<u>8,046,943</u>	<u>13,604,928</u>
Total assets	<u>7,029,527</u>	<u>11,347,297</u>	<u>18,376,824</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan deferrals	<u>332,383</u>	<u>313,179</u>	<u>645,562</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 90,916	19,134	110,050
Compensated absences	117,831	117,411	235,242
Deposits	80,725	-	80,725
Total current liabilities	<u>289,472</u>	<u>136,545</u>	<u>426,017</u>
Long-term Liabilities			
Net Pension Liability	<u>1,133,575</u>	<u>1,068,085</u>	<u>2,201,660</u>
Total liabilities	<u>1,423,047</u>	<u>1,204,630</u>	<u>2,627,677</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan deferrals	<u>27,708</u>	<u>26,108</u>	<u>53,816</u>
NET POSITION			
Net investment in capital assets	6,132,301	2,955,577	9,087,878
Restricted for capital projects	592,746	3,924,304	4,517,050
Unrestricted	<u>(813,892)</u>	<u>3,549,857</u>	<u>2,735,965</u>
Total net position	<u>\$ 5,911,155</u>	<u>10,429,738</u>	<u>16,340,893</u>

The notes to the financial statements are an integral part of this statement.

CITY OF COTATI
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 1,658,332	2,033,749	3,692,081
Other operating revenues	16,803	81,429	98,232
	<u>1,675,135</u>	<u>2,115,178</u>	<u>3,790,313</u>
OPERATING EXPENSES			
Personnel services	615,200	740,115	1,355,315
Contractual services	107,854	35,111	142,965
Intergovernmental treatment costs	-	1,681,649	1,681,649
Utilities	71,118	11,536	82,654
Purchased water	462,284	-	462,284
Supplies and materials	197,918	94,351	292,269
Depreciation	331,654	160,586	492,240
	<u>1,786,028</u>	<u>2,723,348</u>	<u>4,509,376</u>
Total operating expenses			
	<u>(110,893)</u>	<u>(608,170)</u>	<u>(719,063)</u>
Operating income (loss)			
	<u>(110,893)</u>	<u>(608,170)</u>	<u>(719,063)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	19,780	99,782	119,562
Interest expense	(18,315)	-	(18,315)
Loss on disposal of capital assets	(11,707)	-	(11,707)
	<u>(10,242)</u>	<u>99,782</u>	<u>89,540</u>
Net non-operating revenues (expenses)			
	<u>(10,242)</u>	<u>99,782</u>	<u>89,540</u>
Income before contributions and transfers			
	<u>(121,135)</u>	<u>(508,388)</u>	<u>(629,523)</u>
Contributions and transfers			
Capital contributions	216,942	393,732	610,674
Transfers out	(80,525)	(80,528)	(161,053)
	<u>136,417</u>	<u>313,204</u>	<u>449,621</u>
Total contributions and transfers			
	<u>136,417</u>	<u>313,204</u>	<u>449,621</u>
Change in net position			
	15,282	(195,184)	(179,902)
Total net position, July 1			
	<u>5,895,873</u>	<u>10,624,922</u>	<u>16,520,795</u>
Total net position, June 30			
	<u>\$ 5,911,155</u>	<u>10,429,738</u>	<u>16,340,893</u>

The notes to the financial statements are an integral part of this statement.

CITY OF COTATI
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Water</u>	<u>Wastewater</u>	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,612,032	\$ 2,098,608	\$ 3,710,640
Payments to suppliers	(839,654)	(1,853,933)	(2,693,587)
Payments to employees	(567,296)	(538,222)	(1,105,518)
Net cash provided by (used for) operating activities	<u>205,082</u>	<u>(293,547)</u>	<u>(88,465)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	(80,525)	(80,528)	(161,053)
Interfund interest	(18,315)	18,315	-
Repayment interfund balance	(86,154)	339,205	253,051
Net cash provided by (used for) noncapital financing activities	<u>(184,994)</u>	<u>276,992</u>	<u>91,998</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	216,942	393,732	610,674
Purchases of capital assets	(108,577)	(232,739)	(341,316)
Net cash provided by (used for) capital and related financing activities	<u>108,365</u>	<u>160,993</u>	<u>269,358</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest receipts	19,780	81,467	101,247
Net cash provided by investing activities	<u>19,780</u>	<u>81,467</u>	<u>101,247</u>
Net increase in cash and cash equivalents	148,233	225,905	374,138
Cash and cash equivalents-beginning of the year	<u>1,479,648</u>	<u>6,494,748</u>	<u>7,974,396</u>
Cash and cash equivalents-end of the year	<u>\$ 1,627,881</u>	<u>\$ 6,720,653</u>	<u>\$ 8,348,534</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF COTATI
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018**

	Enterprise Funds		Totals
	Water	Wastewater	
Reconciliation of operating income/(loss) to net cash provided by operating activities:			
Operating income/(loss)	\$ (110,893)	\$ (608,170)	\$ (719,063)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	311,654	160,586	492,240
Change in assets and liabilities:			
Receivables, net	(71,727)	(16,570)	(88,297)
Prepayments	(1,835)	(1,263)	(3,098)
Accounts payable	2,885	(30,023)	(27,138)
Net pension liability	43,318	168,990	212,308
Other liabilities	11,680	32,903	44,583
	<u>\$ 205,082</u>	<u>\$ (293,547)</u>	<u>\$ (88,465)</u>
Net cash provided by (used for) operating activities	<u>\$ 205,082</u>	<u>\$ (293,547)</u>	<u>\$ (88,465)</u>
Noncash capital financing activities:			
None.			

The notes to the financial statements are an integral part of this statement.

CITY OF COTATI
Statement of Fiduciary Net Position
June 30, 2018

	<u>Private Purpose Trust</u>
ASSETS:	
Cash and cash equivalents	\$ 858,339
Cash with trustees	700,265
Prepayments	2,372
Notes receivable	1,366,071
Capital assets: Land	287,048
Discount on sale bonds	<u>81,971</u>
Total assets	<u><u>3,296,066</u></u>
LIABILITIES:	
Accounts payable	4,311
Interest payable	147,468
Tax allocation bonds	<u>8,900,000</u>
Total liabilities	<u>9,051,779</u>
NET POSITION (DEFICIT)	
Held in trust for successor agency	<u>(5,755,713)</u>
Total Net Position (deficit)	<u><u>\$ (5,755,713)</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF COTATI
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Private Purpose Trust</u>
ADDITIONS	
Net investment income (loss)	\$ 42,265
Interest on long-term notes	1,387
Distributions for enforceable obligations	<u>1,151,646</u>
Total additions	<u>1,195,298</u>
DEDUCTIONS:	
Bond interest	450,368
Administrative costs	255,403
Payments on pass through agreements	<u>51,824</u>
Total deductions	<u>757,595</u>
Increase (decrease) in net position	437,703
Total net position, July 1	<u>(6,193,416)</u>
Total net position (deficit), June 30	<u><u>\$ (5,755,713)</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the 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, 2018

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

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

2. Receivables and Payables

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

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

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

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

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when used or consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the consumption method of accounting for prepaid items in which the cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

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 \$5,000 (\$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, donated works of art and similar items, and capital asset received in a service concession arrangement are reported at acquisition value at the date of donation. Under the GASB 34 Implementation Rules, the City is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 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. Contracts (leases) that convey control of the right to use another entity's nonfinancial asset for a period of time exceeding one year, are capitalized as a lease asset and amortized to expense over the term of the lease.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30
Public domain infrastructure	50
System infrastructure	10-40
Vehicles and equipment	5-10

5. Compensated Absences and Other Post-Employment Benefits

The City records a liability to recognize the financial effect of the unused vacation and other compensated leaves. The City typically uses the General fund, Water and Wastewater funds to liquidate the majority of its compensated absences. The City obtains an actuarial valuation for the purpose of measuring the City's total liability for post-employment benefits other than pensions (OPEB), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense.

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.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

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

7. Fund Balances – Governmental Funds

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

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

8. Comparative Data

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

9. Pensions

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

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets are not financial resources and are not reported in the funds.” The details of this \$19,924,868 difference are as follows:

Capital assets	\$ 34,015,139
Less: Accumulated depreciation	<u>(14,090,271)</u>
 Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	 <u>\$ 19,924,868</u>

Another element of the reconciliation explains that "long-term liabilities" are not due and payable in the current period and are therefore not reported in the funds. The details of this \$4,750,173 difference are as follows:

Long-Term Debt Obligations:	
Special assessment bonds	\$ (4,390,000)
Lease obligation	(31,852)
Compensated absences	<u>(328,321)</u>
 Net adjustment to decrease fund balance total governmental funds to arrive at net position - governmental activities	 <u>\$ (4,750,173)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,270,663 difference and other significant components of the difference are as follows:

Capital outlay	\$ 786,126
Depreciation and amortization	(1,221,762)
Contributed capital assets	2,122,200
Change in long-term notes receivable	158,022
Changes in net pension liability and related items	(511,040)
Repayment of long-term debt principal	158,022
Other items	<u>(220,905)</u>
 <i>Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	 <u><u>\$ 1,270,663</u></u>

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 3. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted for all governmental fund types on a basis consistent with accounting principles generally accepted in the United States of America. The City's budget ordinance requires that in June of each fiscal year the City Manager submit a preliminary budget that includes projected expenditures and the means of financing them, to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council. After adoption of the final budget, transfers of appropriations within a general fund department, or within other funds, can be made by the City Manager. Budget modifications between funds; increases or decreases to a fund's overall budget; transfers between general fund departments; or transfers that affect capital projects, must be approved by the City Council. Numerous properly authorized amendments are made during the fiscal year.

Budgetary control is enhanced by integrating the budget into the general ledger accounts. Encumbrance accounting (e.g., purchase orders) is employed by the City.

B. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year end are reported as a restriction, commitment or assignment of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year. Unexpended appropriations lapse at year end and must be reappropriated in the following year.

Note 4. Cash and Investments

Deposits and investments at June 30, 2018 consisted of the following:

Pooled demand deposits	\$ 1,705,655
Pooled investments	18,181,902
Investments with trustees	<u>468,418</u>
Total deposits and investments	<u>\$ 20,355,975</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, 2018, \$2,278,716 of the City's bank balances of \$2,752,539 was exposed to credit risk as follows:

Uninsured and collateral held by pledging banks agent but not in the City's name:	<u>\$ 2,278,716</u>
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CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 4. Cash and Investments (Continued)

Investments at June 30, 2018 consisted of the following:

Investment	Maturities	Fair Value
State Investment Pool (LAIF)	Average 194 days	\$ 16,971,565
Sonoma County Investment Pool	Average 533 days	573,211
BlackRock Provident T-Fund Shares	Average 120 days	468,418
Negotiable Certificates of Deposit	Average 479 days	637,126
Totals		<u>\$ 18,650,320</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.

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 \$637,126 investment made in other than the Pools and mutual funds, the entire \$637,126 in underlying securities are held by the investment's counterparty in the name of the City. The City's investment policy specifies that securities are to be held by a third party, other than the counterparty, in the City's name, whenever possible. The investment in the State and County Pool and mutual funds are not subject to custodial credit risk because the investments are not evidenced by specific securities.

The City also holds \$858,339 in demand deposits and \$700,265 in money market funds in a fiduciary capacity for the successor agency to the City's former redevelopment agency.

Fair Value Measurements - The City categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, and Level 3 inputs are other significant unobservable inputs. The City's investments are valued using Level 1 inputs for both the negotiable certificates of deposit; and the Sonoma County Investment Pool and the State of California Local Agency Investment Fund pool are valued using Level 1 pricing methods. Contributed capital assets and declines in capital asset values are based upon the use of Level 2 inputs.

Noncurrent Cash and Cash Equivalents - The \$1,634,096 restricted in the governmental activities statement of net position represents resources in the City's debt service fund, \$932,912 and unexpended bond proceeds, \$701,184. The \$4,517,050 in the business-type activities statement of net position represents capital improvement funds to be used for funding major capital assets and facilities.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 5. Receivables

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

	General Fund	Other Major Funds	Nonmajor Funds	Total Governmental	Water	Wastewater
Taxes	\$ 699,390	\$ 5,909	\$ -	\$ 705,299	\$ -	\$ -
Accounts	135,557	-	-	135,557	266,469	314,365
Governments	3,779	156,834	46,506	207,119	30,000	-
Notes and loans	28,000	1,069,476	68,364	1,165,840	113,357	184,634
Assessments	-	4,390,000	-	4,390,000	-	-
Totals	<u>\$ 866,726</u>	<u>\$ 5,622,219</u>	<u>\$ 114,870</u>	<u>\$ 6,603,815</u>	<u>\$ 409,826</u>	<u>\$ 498,999</u>

The majority of the notes receivable consist of two notes with original principal of \$767,000 plus \$302,476 in deferred interest payable at maturity. The notes bear interest at 3 percent deferred until maturity of 2041 (\$370,000) and 2058 (\$397,000) and are secured by deeds of trust on housing projects.

Note 6. Interfund Transfers, Receivables and Payables

The composition of interfund transfers as of June 30, 2018, is as follows:

Transfers In:	General Fund	Grants Fund	Other Governmental Funds	Totals
Transfers Out:				
General fund	\$ -	\$ 125,023	\$ 364,916	\$ 489,939
Other funds	160,000	-	260,847	420,847
Totals	<u>\$ 160,000</u>	<u>\$ 125,023</u>	<u>\$ 625,763</u>	<u>\$ 910,786</u>

The primary transfers out of the nonmajor funds were made to provide funds to the City's general fund for projects carried out by the general fund. The \$125,023 transfers into the grants fund were made for the purpose of providing City matching funds for certain grants and capital projects.

The composition of interfund balances as of June 30, 2018 was as follows:

Receivable Fund	Payable Fund	Amount
Wastewater	Water fund	<u>\$ 1,167,062</u>
	Total	<u>\$ 1,167,062</u>

The internal amounts were made for temporary cash flow purposes and to finance a meter upgrade system for the City's water fund. The \$1,167,062 payable to the wastewater fund is due in quarterly payments of \$26,117 through September 30, 2030

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 7. Capital Assets

Capital asset activity relating to governmental activities for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 5,863,899	\$ 1,240,000	\$ -	\$ 7,103,899
Construction in progress	3,838,220	672,164	(4,265,188)	245,196
Total capital assets, not being depreciated	<u>9,702,119</u>	<u>1,912,164</u>	<u>(4,265,188)</u>	<u>7,349,095</u>
Capital assets, being depreciated or amortized:				
Buildings	8,595,081	-	-	8,595,081
Machinery and equipment	886,271	124,954	(36,719)	974,506
Vehicles	758,265	79,089	(29,794)	807,560
Improvements	11,231,590	5,022,433	-	16,254,023
Leased assets	-	34,874	-	34,874
Total capital assets being depreciated or amortized	<u>21,471,207</u>	<u>5,261,350</u>	<u>(66,513)</u>	<u>26,666,044</u>
Less accumulated depreciation and amortization for:				
Buildings	(2,369,905)	(214,877)	-	(2,584,782)
Machinery and equipment	(715,826)	(66,215)	-	(782,041)
Vehicles	(442,593)	(58,270)	12,957	(487,906)
Improvements	(9,452,142)	(779,913)	-	(10,232,055)
Leased assets	-	(3,487)	-	(3,487)
Total accumulated depreciation and amortization	<u>(12,980,466)</u>	<u>(1,122,762)</u>	<u>12,957</u>	<u>(14,090,271)</u>
Total capital assets, being depreciated/amortized, net	<u>8,490,741</u>	<u>4,138,588</u>	<u>(53,556)</u>	<u>12,575,773</u>
Governmental activities capital assets, net	<u>\$ 18,192,860</u>	<u>\$ 6,050,752</u>	<u>\$ (4,318,744)</u>	<u>\$ 19,924,868</u>

Construction in progress, at June 30, 2018, primarily represents cost incurred related to construction improvements to the City's street system.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 7. Capital Assets (Continued)

Capital asset activity relating to business-type activities for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 548,396	\$ 341,450	\$ (659,718)	\$ 230,128
Total capital assets, not being depreciated	548,396	341,450	(659,718)	230,128
Capital assets, being depreciated:				
Water wells	1,461,917	-	-	1,461,917
Reservoirs	1,651,274	-	-	1,651,274
Improvements	1,224,741	146,842	(55,896)	1,315,687
Pipelines and collection system	10,221,279	181,799	-	10,403,078
Equipment	835,939	331,077	(12,103)	1,154,913
Total capital assets being depreciated	15,395,150	659,718	(67,999)	15,986,869
Less accumulated depreciation for:				
Water wells	(953,060)	(28,720)	-	(981,780)
Reservoirs	(899,041)	(78,111)	-	(977,152)
Improvements	(404,250)	(46,889)	44,189	(406,950)
Pipelines and collection system	(3,873,693)	(254,196)	-	(4,127,889)
Equipment	(563,127)	(84,324)	12,103	(635,348)
Total accumulated depreciation	(6,693,171)	(492,240)	56,292	(7,129,119)
Total capital assets, being depreciated, net	8,701,979	167,478	(11,707)	8,857,750
Business-type activities capital assets, net	<u>\$ 9,250,375</u>	<u>\$ 508,928</u>	<u>\$ (671,425)</u>	<u>\$ 9,087,878</u>

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

Governmental activities:	
General government	\$ 332,392
Public safety	44,807
Infrastructure -Streets	745,563
Total depreciation expense-governmental activities	<u>\$ 1,122,762</u>
Business-type activities:	
Water	\$ 331,654
Wastewater	160,586
Total depreciation expense-business-type activities	<u>\$ 492,240</u>

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 8. Long-Term Debt

Special Assessment Bonds with Governmental Commitment

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

Fiscal Year	Principal	Interest	Total
2019	\$ 165,000	\$ 279,988	\$ 444,988
2020	175,000	268,938	443,938
2021	185,000	257,238	442,238
2022	200,000	244,726	444,726
2023	210,000	231,400	441,400
2024-2028	1,280,000	925,278	2,205,278
2029-2033	1,755,000	423,042	2,178,042
2034	420,000	13,650	433,650
Totals	<u>\$ 4,390,000</u>	<u>\$ 2,644,260</u>	<u>\$ 7,034,260</u>

Lease Obligation

The City in fiscal 2018 entered into a \$34,874 lease agreement for the use of two copy machines. The lease arrangement is a right to use arrangement and ownership of the assets does not pass to the City. The term is for 5 years, bears interest at 6.215 percent and is payable in monthly installments of \$678. There were no variable payments, residual value guarantee payments or penalty payments not previously included in the lease arrangement. Future payments on the lease are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 6,330	\$ 1,802	\$ 8,132
2020	6,736	1,396	8,132
2021	7,167	965	8,132
2022	7,632	500	8,132
2023	3,987	80	4,067
Totals	<u>\$ 31,852</u>	<u>\$ 4,743</u>	<u>\$ 36,595</u>

Long-term debt activity for the 2018 fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Special assessment bonds	\$ 4,545,000	\$ -	\$ 155,000	\$ 4,390,000	\$ 155,000
Lease obligation	-	34,874	3,022	\$ 31,852	6,330
Compensated absences	378,781	9,540	60,000	328,321	60,000
Total	<u>\$ 4,923,781</u>	<u>\$ 44,414</u>	<u>\$ 218,022</u>	<u>\$ 4,750,173</u>	<u>\$ 221,330</u>

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 9. Risk Management

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

Liabilities of the City are reported in the statement of net assets for when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The City's only exposure to claim liabilities would be for losses, if any, not covered by REMIF. There have been no significant changes in insurance coverages in fiscal 2018. Settlements have not exceeded coverage for each of the past three fiscal years. The City has no material claim liabilities at June 30, 2018.

Note 10. Contingencies and Commitments

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

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

Note 11. Jointly Governed Organizations and Operating Agreements

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

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

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 12. Public Employee Pension Plans

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

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

Contributions – Section 20814 of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ending June 30, 2017 (the measurement date), the active employee contribution rate to the PERF-C cost sharing plan ranged from 2 percent to 15.25 percent of annual pay, and the employer contribution rates ranged from 4.13 percent to 1,011.38 percent of annual pay.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions - At June 30, 2018 the City reported a liability of \$10,577,410 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2018, the City's proportion was 0.106657 percent compared to 0.1112137 percent at June 30, 2017.

For the measurement period ending June 30, 2017 (June 30, 2018 fiscal year), the City recognized pension expense of \$1,876,554. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (43,437)
Changes in assumptions	1,314,553	(100,527)
Net difference between projected and actual earnings on pension plan investments	292,286	-
Changes in employer's proportion	238,416	(69,875)
Differences between employer's contributions and the employer's proportionate share of contributions	398,854	-
City contributions subsequent to the measurement period	1,153,203	-
Totals	<u>\$ 3,397,312</u>	<u>\$ (213,839)</u>

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 12. Public Employee Pension Plans (Continued)

City contributions subsequent to the measurement period of \$1,153,203 are reported as deferred outflows of resources related to pensions from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows

<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>	
2019	\$	694,878
2020		935,204
2021		572,569
2022		(172,380)
2023		-
Thereafter		-

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.0 percent
Investment rate of return	7.15 percent, net of pension plan investment expense, including inflation

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at the CalPERS website under Forms and Publications.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension cash flows. The expected rate of return was then set equivalent to a single equivalent rate calculated by CalPERS and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Years 11+</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure & Foerestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40)%	(0.90)%

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 12. Public Employee Pension Plans (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent will be applied to all plans in the Public Employee Retirement Fund.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15 percent) or 1-percentage higher (8.15 percent) than the current rate:

	-1% Decrease (6.15%)	Current Discount Rate (7.15%)	+1% Increase (8.15%)
City's proportionate share of the net pension liability	\$ 14,915,058	\$ 10,577,410	\$ 7,006,846
Totals	\$ 14,915,058	\$ 10,577,410	\$ 7,006,846

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

Note 13. Other Post-Employment Benefits

Plan Description.

The City's defined benefit OPEB Plan provides OPEB for all eligible full-time general and public safety employees of the City. The City's plan is a single-employer defined benefit OPEB Plan administered by the City. The City Council through resolutions and regulations has the authority to establish and amend the benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement Number 75.

Benefits Provided.

The City's OPEB plan provides healthcare benefits to eligible retirees and their dependents. Benefits are provided through third party insurers, and the full cost of the benefits is provided by the Plan Participants.

Employees Covered by the Benefit Terms.

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	44
	47

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 13. Other Post-Employment Benefits (Continued)

The City's OPEB Plan is closed to new entrants.

Contributions

The City's plan is affiliated with the Redwood Empire Municipal Insurance Fund (REMIF) in so far as the City's health insurance premium payments are paid to the REMIF. The REMIF through an aggregation of single employer plans pools administrative functions in regard to purchases of commercial health insurance policies and coverages. City regulations grant authority to the City Council to establish and amend contribution requirements. Employees are not required to contribute to the plan. Plan contributions are based upon an actuarially determined rate. For the year end June 30, 2018, the City's average contribution rate was .008 percent of covered employee payroll. The amount contributed for fiscal 2018 was \$25,489 which amount was the amount of City paid benefit payments.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.0 percent
Salary increases	3.0 percent, average, including inflation
Discount rate	3.87 percent
Healthcare cost trend rates	9.0 percent for 2018, decreasing 0.5 percent per year to an ultimate rate of 5 percent for 2025 and later years
Retiree's share of benefit costs	None or 100 percent

Mortality rates were based on the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience study for the period July 1, 2005 - April 30, 2017.

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 13. Other Post-Employment Benefits (Continued)

Changes in total OPEB Liability

	Total OPEB Liability
Balances at 6/30/2017	\$ 361,662
Changes for the year:	
Service cost	13,394
Interest	12,975
Differences between expected and actual experience	(57,987)
Changes in assumptions	(14,780)
Benefit payments	(25,489)
Net changes	(71,887)
Balances at 6/30/2018	\$ 289,775

Sensitivity of the total OPEB Liability to changes in the discount rate and health-care cost trend rates

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage point higher (4.87 percent) than the current discount rate.

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability/(Asset)	\$ 316,432	\$ 289,775	\$ 266,248

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 13. Other Post-Employment Benefits (Continued)

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates

	1% decrease	Healthcare Cost Trend Rate	1% increase
	8%	9%	10%
	decreasing to 4%	decreasing to 5%	decreasing to 6%
Total OPEB liability/(asset)	\$ 264,725	\$ 289,775	\$ 318,611

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$20,771. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ -	\$ (53,526)
Changes in assumptions	-	(13,643)
Totals	\$ -	\$ (67,169)

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

Fiscal year ended June 30	Amounts
2019	\$ (5,598)
2020	(5,598)
2021	(5,598)
2022	(5,598)
2023	(5,598)
Thereafter	(39,179)

Payable to the OPEB Plan at June 30, 2018: None

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

Note 14. Restricted Net Position and Nonspendable Fund Balances

The \$7,450,051 restricted amount in the governmental activities and the \$4,517,050 in the business-type activities statement net position represent amounts to be used only for specific purposes which restrictions are imposed by laws, formal agreements or other governments.

Nonspendable fund balances consisted of the following:

Purpose	General Fund	Other Funds
Prepayments	\$ 51,017	\$ -

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

A. The Dissolution Process

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the financial reporting entity of the City of Cotati that previously had reported a redevelopment agency within the financial reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the successor agency to hold assets until they are distributed to other units of State and local government. The City Council of Cotati elected to have the City become the Successor Agency for the former redevelopment agency.

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

In future fiscal years, successor agencies will only be allocated revenues in the amount that is necessary to pay the annual estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior agency have been paid in full and all assets have been liquidated.

The bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

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

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

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

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

B. Enforceable Obligations

Tax Allocation Refunding Bonds 2004-Series A

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

Future debt service requirements are:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 280,000	\$ 136,855	\$ 416,855
2020	290,000	123,388	413,388
2021	270,000	109,750	379,750
2022	270,000	96,250	366,250
2023	280,000	82,500	362,500
2024-2028	280,000	314,500	594,500
2029-2033	300,000	299,812	599,812
2034-2036	<u>900,000</u>	<u>69,187</u>	<u>969,187</u>
Totals	<u>\$ 2,870,000</u>	<u>\$ 1,232,242</u>	<u>\$ 4,102,242</u>

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

Tax Allocation Bonds 2001 Series A

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 120,000	\$ 296,268	\$ 416,268
2020	135,000	290,530	425,530
2021	155,000	283,928	438,928
2022	170,000	276,431	446,431
2023	190,000	267,750	457,750
2024-2028	2,475,000	1,049,875	3,524,875
2029-2032	<u>2,785,000</u>	<u>287,125</u>	<u>3,072,125</u>
Totals	<u>\$6,030,000</u>	<u>\$ 2,751,907</u>	<u>\$8,781,907</u>

CITY OF COTATI
Notes to the Basic Financial Statements
June 30, 2018

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

Tax Allocation Bonds Pledged Revenues

The former redevelopment agency had pledged future tax increment revenues to pay debt service on the 2001 and 2004 tax allocation bonds. Total principal and interest remaining on the successor agency's bonds is \$12,884,149.

Changes in enforceable obligations for the year ended June 30, 2018 were as follows:

Private Purpose Trust Fund:	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>	<u>Due in One Year</u>
2001 tax allocation bonds, series A	\$ 6,135,000	\$ -	\$ 105,000	\$ 6,030,000	\$ 120,000
2004 tax allocation bonds, series A	3,135,000	-	265,000	2,870,000	280,000
Total	<u>\$ 9,270,000</u>	<u>\$ -</u>	<u>\$ 370,000</u>	<u>\$ 8,900,000</u>	<u>\$ 400,000</u>

C. Cash and Investments Held in Trust

The Cash and investments of the Successor Agency at June 30, 2018 consisted of \$858,339 in bank deposits held by the City of Cotati. In addition, there was \$700,265 held by a bank trustee primarily in a reserve account for the 2001 tax allocation bonds.

Note 16. Change in Accounting Principles

The City in fiscal 2018 adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and Statement Number 87, Leases. The adoption of GASB Statement 87 had no impact on the City's beginning of year net position because the City had no right to use asset leases prior to fiscal 2018. The impact of the adoption of GASB Statement 75 on the City's beginning of year net position was as follows:

Governmental activities net position as Originally reported June 30, 2017	\$ 24,010,357
Change in accounting principle: Implement GASB Statement 75, Post-Employment Benefits other Than Pensions	<u>(297,288)</u>
Governmental activities net position June 30, 2017, as restated	<u>\$ 23,713,069</u>

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CITY OF
COTATI

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF COTATI
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Fund Balance, July 1	\$ 3,872,974	\$ 4,554,657	\$ 4,554,657	\$ -
Resources (inflows):				
Property taxes	1,491,000	1,522,000	1,544,847	22,847
Sales taxes	4,055,000	4,323,000	4,145,877	(177,123)
Other taxes	32,250	132,500	163,569	31,069
Licenses and permits	483,000	476,500	544,780	68,280
Intergovernmental	186,000	5,800	12,050	6,250
Charges for services	507,995	305,315	422,403	117,088
Interest and rents	56,500	77,500	136,321	58,821
Miscellaneous	110,500	216,877	218,476	1,599
Lease liability	-	-	34,874	34,874
Transfers in	160,000	160,000	160,000	-
Amounts available for charges to appropriations	10,955,219	11,774,149	11,937,854	163,705
Charges to appropriations:				
General government:				
City Council	149,062	138,582	135,347	3,235
City Manager/City Clerk	470,768	491,358	467,767	23,591
Administrative services	248,600	237,515	250,181	(12,666)
Non-Departmental	240,000	-	-	-
Community development	287,319	412,988	439,133	(26,145)
Recreation	220,544	184,203	185,871	(1,668)
Public safety:				
Police	3,310,847	3,321,362	3,332,198	(10,836)
Public works:				
Public works, parks, building	869,551	813,423	859,866	(46,443)
Debt service				
Principal	-	-	3,022	(3,022)
Interest	-	-	1,044	(1,044)
Other uses	23,000	-	651	(651)
Right of use lease asset	-	-	34,874	(34,874)
Transfers out	927,400	753,783	489,939	263,844
Total charges to appropriations	6,747,091	6,353,214	6,199,893	153,321
Fund Balance, June 30	\$ 4,208,128	\$ 5,420,935	\$ 5,737,961	\$ 317,026

CITY OF COTATI
Required Supplementary Information
Notes to Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2018

Explanation of Difference Between Budgetary Inflows and Outflows and GAAP

Revenues and Expenditures:

Sources/inflows resources:

Actual amounts "available for appropriation" from budgetary comparison schedule:	\$ 11,937,854
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	(4,554,657)
Lease liabilities provides current financial resources, but are not revenues for financial reporting purposes and are reported as other financing sources	(34,874)
Transfers in are a budgetary resource but are not a current year revenue for financial reporting purposes	<u>(160,000)</u>
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 7,188,323</u></u>

Uses/outflows of resources:

Actual amounts "total charges to appropriations" from the budgetary comparison schedule	\$ 6,199,893
Differences - budget to GAAP:	
Transfers out are a budgetary use, but are not current year expenditures for financial reporting purposes	<u>(489,939)</u>
Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 5,709,954</u></u>

CITY OF COTATI
Required Supplementary Information
Budgetary Comparison Schedule
Inclusionary Housing Fund
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fund Balance, July 1	\$ 3,128,640	\$ 3,136,427	\$ 3,136,427	\$ -
Resources (inflows):				
Interest and rents	15,000	27,000	37,666	10,666
In-lieu housing fee	<u>-</u>	<u>400</u>	<u>400</u>	<u>-</u>
Amounts available for charges to appropriations	<u>3,143,640</u>	<u>3,163,827</u>	<u>3,174,493</u>	<u>10,666</u>
Charges to appropriations:				
Legal	5,000	-	-	-
Subsidy costs	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 3,038,640</u>	<u>\$ 3,163,827</u>	<u>\$ 3,174,493</u>	<u>\$ 10,666</u>

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Actual amounts available for appropriation:	\$ 3,174,493
The fund balance at the beginning of the year is a budgetary financial resource, but is not current revenue for budgetary financial resources	<u>(3,136,427)</u>
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances	<u>\$ 38,066</u>

CITY OF COTATI
Required Supplementary Information
Budgetary Comparison Schedule
Grant Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Fund Balance, July 1	\$ -	\$ (23,474)	\$ (23,474)	\$ -
Resources (inflows):				
Intergovernmental				
Wayfinding signage grant	90,000	90,000	27,866	(62,134)
Interest	-	-	973	973
Transfers in	87,500	63,475	125,023	61,548
Amounts available for charges to appropriations	177,500	130,001	130,388	387
Charges to appropriations:				
Capital outlay				
Downtown specific plan	-		38,642	(38,642)
Old redwood highway preservation	-		188	(188)
Wayfinding signage	90,000	90,000	27,866	62,134
East Cotati paving	87,500	87,500	63,692	23,808
Total charges to appropriations	177,500	177,500	130,388	47,112
Fund Balance, June 30	\$ -	\$ (47,499)	\$ -	\$ 47,499

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Actual amounts available for appropriation:	\$ 130,388
Transfers in are a budgetary resource but are not a current year revenue for financial reporting purposes	(125,023)
The fund balance at the beginning of the year is a budgetary financial use, but is not current revenue for budgetary financial resources	23,474
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances	\$ 28,839

CITY OF COTATI
Required Supplementary Information
Budgetary Comparison Schedule
Low Income Housing Fund
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fund Balance, July 1	\$ -	\$ 1,046,465	\$ 1,046,465	\$ -
Resources				
Interest	-	23,011	23,011	-
Amounts available for charges to appropriations	-	1,069,476	1,069,476	-
Charges to appropriations: (n/a)	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ 1,069,476</u>	<u>\$ 1,069,476</u>	<u>\$ -</u>

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Actual amounts available for appropriation:	\$ 1,069,476
The fund balance at the beginning of the year is a budgetary financial use, but is not current revenue for budgetary financial resources	(1,046,465)
Revenues accrued on long-term notes receivable are not a current financial resource and are deferred until collected in cash	<u>(23,011)</u>
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances	<u>\$ -</u>

Explanation of differences between the budgetary fund balance and fund balance for financial reporting purposes:

Fund balance: budgetary basis	\$ 1,069,476
Fund balances consisting solely of long-term notes receivable are not a current funds until collected in cash	<u>(1,069,476)</u>
Fund balance as reported in the statement of revenues, expenditures, and changes in fund balances	<u>\$ -</u>

CITY OF COTATI
Required Supplemental Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
June 30, 2018
(Last Ten Fiscal Years)

	2018
Total OPEB liability	
Service cost	\$ 13,394
Interest	12,975
Changes of benefit terms	-
Differences between expected and actual experience	(57,987)
Changes of assumptions	(14,780)
Benefit payments	(25,489)
	(71,887)
Net change in total OPEB Liability	(71,887)
Total OPEB, beginning	361,662
Total OPEB liability, ending	\$ 289,775
Covered employee payroll	\$ 3,143,993
City's total OPEB liability as a percentage of covered payroll	9.2%

Notes:

Plan assets: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement Number 75 to pay related benefits.

Benefit changes: In fiscal 2018 there were no changes.

Changes of assumptions: In fiscal 2018, there were no changes.

Ten years of Data: Fiscal 2018 was the first year of implementation of the GASB statement Number 75 therefore only one year of data is presented. Additional years information will be presented as it becomes available.

CITY OF COTATI
Required Supplemental Information
Schedule of The City's Proportionate Share of the Net Pension Liability
June 30, 2018
(Last Ten Fiscal Years)

	Fiscal Year End			
	2015	2016	2017	2018
<i>Measurement Date</i>	6/30/2014	6/30/2015	6/30/2016	6/30/2017
City's proportion of the net pension liability	0.11983%	0.12248%	0.11214%	0.10666%
City's proportionate share of the net pension liability	\$ 7,456,420	\$ 8,406,983	\$ 9,703,297	\$ 10,577,410
City's covered employee payroll (plan year)	\$ 2,224,998	\$ 2,789,822	\$ 2,935,345	\$ 2,921,800
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	335.12%	301.34%	330.57%	362.02%
Plan's fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%

Notes to the schedule:

Benefit changes: In fiscal 2018, there were no benefit changes.

Changes in assumptions: In fiscal 2017, the plan's discount rate was changed from 7.5% to 7.65%, and in fiscal 2018, the plan's discount rate was changed from 7.65% to 7.15%.

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

CITY OF COTATI
Required Supplemental Information
Schedule of The City's Pension Contributions
June 30, 2018
(Last Ten Fiscal Years)

<u>Contributions for the fiscal year ending</u>	June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 771,201	\$ 1,004,742	\$ 1,069,601	\$ 1,153,203
Contributions in relation to the contractually required contribution	\$ (771,201)	\$(1,004,742)	\$(1,069,601)	\$ (1,153,203)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll (City fiscal year)	\$ 2,789,822	\$ 2,935,345	\$ 2,921,800	\$ 3,066,402
Contributions as a percentage of covered employee payroll	27.64%	34.23%	36.61%	37.61%

Notes to the schedule:

Plan valuation date: June 30, 2016

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

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CITY OF
COTATI

OTHER SUPPLEMENTARY INFORMATION



Non-Major Funds' Combining Financial Statements, Budget to Actuals,
And Schedule of Measure G Revenues and Expenses

CITY OF COTATI
Other Supplementary Information
June 30, 2018

Summary of Non-Major Funds

Special Revenue Funds:

Special Revenue Funds are a group of accounts established by a government for restricted use to ensure that certain revenue sources are used or earmarked only for their specific purpose. This Special Revenue Fund type may be used to account for the proceeds of specific revenue sources that are legally restricted or restricted by City Council policy for a specified purpose.

Landscaping and Lighting Fund

Funds received through parcel tax assessments are used for the purpose of financing the costs and expenses of each district landscaping and lighting projects.

Gas Taxes Fund

Funds are received from City of Cotati's share of the Highway User Tax collected by the State from gasoline sales. The Highway Users Tax is also known as the "Motor Vehicle Fuel Tax" and "Gasoline Excise Tax". Proceeds are restricted to the operation and maintenance of city streets.

Bed Tax

Bed tax is a building permit fee which is required to be used for the acquisition, improvement, expansion, and maintenance of public parks, playgrounds, open spaces, recreation facilities and community facilities.

Park In-Lieu Fund

Funds are received from development and used for park development and improvements as specified in the fee program.

MTC Street Fund

This fund is utilized for revenues received for transportation and streets programs and funded by the Metropolitan Transportation Commission (MTC) or the Sonoma County Transportation Authority (SCTA). The MTC is the transportation planning, financing and coordinating agency for the nine-county San Francisco Bay Area. In November of 2004, Sonoma County passed the Traffic Relief Act (Measure M) which provides 0.25% sales tax that is used to maintain local streets, accelerate the widening of Hwy 101, restore and enhance transit services, support the development of passenger rail service and build safe bicycle and pedestrian routes. The Sonoma County Transportation Authority (SCTA) administers the sales tax receipts and distributions of the Sonoma County Measure M revenues.

Traffic Mitigation Fund

Funds are received from development and used for street improvements as specified in the fee program.

Road Maintenance Rehabilitation Account Fund

The Road Maintenance & Rehabilitation Account is a fund used to account for funding received from the state related to Senate Bill 1 – The Road Repair and Accountability Act of 2017. This new fuel tax, which began on November 1, 2017, is to be used to fund local streets and roads maintenance and rehabilitation projects including streets, traffic signals, and drainage improvements.

Community Development Special Projects Fund

This is a special revenue fund that holds restricted funding for less significant funding sources.

CDBG

Community Development Block Grant funds are administered by the County and may be used for projects that benefit low and moderate income residents or increase accessibility. The funding is used to improve accessibility or remove barriers to accessibility in public facilities, streets, and parks.

Police Volunteer

This fund is designated to maintain a citizen volunteer program within the Police Department.

Public Safety Fund

The Citizens Option for Public Safety (COPS) program provides funding to local agencies for the purpose of public safety. The funds are to supplement and not supplant existing funding for front line services. This fund also includes other Public Safety related grants.

CITY OF COTATI
Other Supplementary Information
June 30, 2018

Special Revenue Funds, (Continued):

Asset Seizures & Forfeitures Fund

This fund is utilized for the express purpose to receive the proceeds of seizures and forfeitures, and to pay the costs associated with such forfeitures including; the costs of managing and disposing of property, satisfying valid liens, mortgages, and other innocent owner claims, and costs associated with accomplishing the legal forfeiture of the property.

K-9 Program

Funds received from private donations are utilized for the Police Department k9 program which provides for police officer safety, narcotics enforcement and community relations.

Affordable Housing-Linkage

Non-Residential Affordable housing linkage fee.

PEG Grant Fund

Public Education and Government access (PEG) grant funding are special funds received by the City to support public, educational and government transparency by broadcasting public meetings.

Capital Projects:

Capital Project Funds are established by a government to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds.) Not all government's capital acquisitions need to be accounted for in that fund, such as police vehicles or copiers.

City Capital Projects Fund

The Capital Projects fund consists of various types of financial resources that are utilized to build, renovate or purchase equipment, property, or facilities, including buildings, parks, and non water/sewer infrastructure and information technology systems which are to be used to benefit the public.

Capital Projects Unspent Bond Proceeds

To account for excess funds available from previously issued bonds. Used for strategic one-time investments for economic development.

CITY OF COTATI
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue								
	Landscape and Lighting	Gas Tax	Bed Tax	Park In Lieu	MTC Street	Traffic Mitigation	Road Maintenance Rehabilitation Administration	Community Development Projects	CDBG
Assets									
Cash and investments	\$ 169,384	\$ 158,579	\$ 9,680	\$ 271,984	\$ 167,624	\$ 444,273	\$ 28,301	\$ 3,291	\$ 88
Receivables:									
Taxes receivable	-	-	-	-	5,909	-	-	-	-
Receivables from other governments	106	-	-	-	-	-	15,413	-	-
Notes receivable	-	-	-	161	-	68,203	-	-	-
Total assets	<u>\$ 169,490</u>	<u>\$ 158,579</u>	<u>\$ 9,680</u>	<u>\$ 272,145</u>	<u>\$ 173,533</u>	<u>\$ 512,476</u>	<u>\$ 43,714</u>	<u>\$ 3,291</u>	<u>\$ 88</u>
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 2,729	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88
Due to other governments	-	-	-	-	-	-	-	-	-
Total liabilities	<u>2,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88</u>
Fund balances:									
Restricted for affordable housing	-	-	-	-	-	-	-	3,291	-
Restricted for public safety	-	-	-	-	-	-	-	-	-
Restricted for streets	166,761	158,579	-	-	173,533	512,476	43,714	-	-
Restricted for parks	-	-	9,680	272,145	-	-	-	-	-
Restricted public education	-	-	-	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-	-	-	-
Committed for capital projects	-	-	-	-	-	-	-	-	-
Total fund balances	<u>166,761</u>	<u>158,579</u>	<u>9,680</u>	<u>272,145</u>	<u>173,533</u>	<u>512,476</u>	<u>43,714</u>	<u>3,291</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 169,490</u>	<u>\$ 158,579</u>	<u>\$ 9,680</u>	<u>\$ 272,145</u>	<u>\$ 173,533</u>	<u>\$ 512,476</u>	<u>\$ 43,714</u>	<u>\$ 3,291</u>	<u>\$ 88</u>

Continued on next page.

CITY OF COTATI
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue					Capital Projects		Total Nonmajor Governmental Funds	
	Police Volunteer	Public Safety	Asset Forfeiture	K-9 Program	Affordable Housing Linkage	PEG	City Capital Projects		Capital Projects Unspent Bond Proceeds
Assets									
Cash and investments	\$ -	\$ 87,442	\$ 16,346	\$ 9,722	\$ 94,665	\$ 18,245	\$ 647,870	\$ 701,184	\$ 2,828,678
Receivables:									
Taxes receivable	-	-	-	-	-	-	-	-	5,909
Receivables from other governments	-	13,387	-	-	-	5,080	12,520	-	46,506
Notes receivable	-	-	-	-	-	-	-	-	68,364
Total assets	<u>\$ -</u>	<u>\$ 100,829</u>	<u>\$ 16,346</u>	<u>\$ 9,722</u>	<u>\$ 94,665</u>	<u>\$ 23,325</u>	<u>\$ 660,390</u>	<u>\$ 701,184</u>	<u>\$ 2,949,457</u>
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ 897	\$ -	\$ -	\$ 91,906	\$ 11,189	\$ 106,809
Due to other governments	-	-	12,066	-	-	-	-	-	12,066
Total liabilities	<u>-</u>	<u>-</u>	<u>12,066</u>	<u>897</u>	<u>-</u>	<u>-</u>	<u>91,906</u>	<u>11,189</u>	<u>118,875</u>
Fund balances:									
Restricted for affordable housing	-	-	-	-	94,665	-	-	-	97,956
Restricted for public safety	-	100,829	4,280	8,825	-	-	-	-	113,934
Restricted for streets	-	-	-	-	-	-	-	-	1,055,063
Restricted for parks	-	-	-	-	-	-	-	-	281,825
Restricted public education	-	-	-	-	-	23,325	-	-	23,325
Restricted for capital projects	-	-	-	-	-	-	-	689,995	689,995
Committed for capital projects	-	-	-	-	-	-	568,484	-	568,484
Total fund balances	<u>-</u>	<u>100,829</u>	<u>4,280</u>	<u>8,825</u>	<u>94,665</u>	<u>23,325</u>	<u>568,484</u>	<u>689,995</u>	<u>2,830,582</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 100,829</u>	<u>\$ 16,346</u>	<u>\$ 9,722</u>	<u>\$ 94,665</u>	<u>\$ 23,325</u>	<u>\$ 660,390</u>	<u>\$ 701,184</u>	<u>\$ 2,949,457</u>

CITY OF COTATI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Special Revenue								
	Landscape and Lighting	Gas Tax	Bed Tax	Park In Lieu	MTC Street	Traffic Mitigation	Road Maintenance Rehabilitation Administratio	Community Development Projects	CDBG
Revenues									
Sales and other taxes	\$ -	\$ -	\$ 9,550	\$ -	\$ 58,928	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	160,085	-	-	-	-	42,611	-	46,035
Charges for services	46,857	-	-	6,735	-	306,524	-	2,652	-
Interest and rents	791	1,379	130	3,480	1,785	4,128	1,103	639	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	47,648	161,464	9,680	10,215	60,713	310,652	43,714	3,291	46,035
Expenditures									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	23,975	4,459	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	114,673
Total expenditures	23,975	4,459	-	-	-	-	-	-	114,673
Excess (deficiency) of revenues over (under) expenditures	23,673	157,005	9,680	10,215	60,713	310,652	43,714	3,291	(68,638)
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	68,638
Transfers out	-	(20,828)	-	(52,931)	(10,138)	-	-	-	-
Total other financing sources (uses)	-	(20,828)	-	(52,931)	(10,138)	-	-	-	68,638
Net change in fund balances	23,673	136,177	9,680	(42,716)	50,575	310,652	43,714	3,291	-
Fund balances, July 1	143,088	22,402	-	314,861	122,958	201,824	-	-	-
Fund balances, June 30	\$ 166,761	\$ 158,579	\$ 9,680	\$ 272,145	\$ 173,533	\$ 512,476	\$ 43,714	\$ 3,291	\$ -

Continued on next page.

CITY OF COTATI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Special Revenue						Capital Projects		Total Nonmajor Governmental Funds
	Police Volunteer	Public Safety	Asset Forfeiture	K-9 Program	Affordable Housing Linkage	PEG	City Capital Projects	Capital Projects Unspent Bond Proceeds	
Revenues									
Sales taxes	\$ -	\$ 56,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,125
Intergovernmental	-	135,252	-	-	-	-	-	-	383,983
Charges for services	-	-	-	-	94,600	20,889	153,875	-	632,132
Interest and rents	-	1,228	458	124	65	192	5,888	-	21,390
Miscellaneous	64	-	-	3,564	-	-	-	-	3,628
Total revenues	64	193,127	458	3,688	94,665	21,081	159,763	-	1,166,258
Expenditures									
Current:									
General government	-	-	-	-	-	13,421	-	-	13,421
Public safety	-	12,861	-	4,383	-	-	-	-	17,244
Public works	-	-	-	-	-	-	-	-	28,434
Capital outlay	-	-	55,563	-	-	-	449,061	11,189	630,486
Total expenditures	-	12,861	55,563	4,383	-	13,421	449,061	11,189	689,585
Excess (deficiency) of revenues over (under) expenditures	64	180,266	(55,105)	(695)	94,665	7,660	(289,298)	(11,189)	476,673
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	557,125	-	625,763
Transfers out	-	(160,000)	-	-	-	-	(15,897)	-	(259,794)
Total other financing sources (uses)	-	(160,000)	-	-	-	-	541,228	-	365,969
Net change in fund balances	64	20,266	(55,105)	(695)	94,665	7,660	251,930	(11,189)	842,642
Fund balances, July 1	(64)	80,563	59,385	9,520	-	15,665	316,554	701,184	1,987,940
Fund balances, June 30	\$ -	\$ 100,829	\$ 4,280	\$ 8,825	\$ 94,665	\$ 23,325	\$ 568,484	\$ 689,995	\$ 2,830,582

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Landscape and Lighting Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ 46,806	\$ 46,857	\$ 51
Interest and rents	-	-	791	791
Total revenues	-	46,806	47,648	842
EXPENDITURES				
Public works	-	87,390	23,975	63,415
Miscellaneous Expense	-	400	-	400
Total expenditures	-	87,790	23,975	63,815
Net change in fund balance	<u>\$ -</u>	<u>\$ (40,984)</u>	23,673	<u>\$ 64,657</u>

FUND BALANCES:

Fund balance - July 1	<u>143,088</u>
Fund balance, end of year	<u>\$ 166,761</u>

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Gas Tax Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 158,166	\$ 158,342	\$ 160,085	\$ 1,743
Charges for services	8,313	8,267	-	(8,267)
Interest and rents	-	-	1,379	1,379
	<u>166,479</u>	<u>166,609</u>	<u>161,464</u>	<u>(5,145)</u>
Total revenues				
EXPENDITURES				
Public works	4,500	4,500	4,459	41
Total expenditures	<u>4,500</u>	<u>4,500</u>	<u>4,459</u>	<u>41</u>
Revenues over (under) expenditures	<u>161,979</u>	<u>162,109</u>	<u>157,005</u>	<u>(5,104)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(200,000)	(29,000)	(20,828)	8,172
Total other financing sources (uses)	<u>(200,000)</u>	<u>(29,000)</u>	<u>(20,828)</u>	<u>8,172</u>
NET CHANGE IN FUND BALANCE	<u>\$ (38,021)</u>	<u>\$ 133,109</u>	136,177	<u>\$ 3,068</u>
FUND BALANCES:				
			Fund balance - July 1	<u>22,402</u>
			Fund balance, end of year	<u>\$ 158,579</u>

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Bed Tax Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Sales and other taxes	\$ -	\$ 9,550	\$ 9,550	\$ -
Interest and rents	-	-	130	130
Total revenues	<u>-</u>	<u>9,550</u>	<u>9,680</u>	<u>130</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 9,550</u>	9,680	<u>\$ 130</u>

FUND BALANCES:

Fund balance - July 1	<u>-</u>
Fund balance, end of year	<u>\$ 9,680</u>

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Park In Lieu Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 72,879	\$ 6,500	\$ 6,735	\$ 235
Interest and rents	-	2,500	3,480	980
Total revenues	<u>72,879</u>	<u>9,000</u>	<u>10,215</u>	<u>1,215</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(215,240)</u>	<u>(140,240)</u>	<u>(52,931)</u>	<u>87,309</u>
Total other financing sources (uses)	<u>(215,240)</u>	<u>(140,240)</u>	<u>(52,931)</u>	<u>87,309</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (142,361)</u></u>	<u><u>\$ (131,240)</u></u>	<u>(42,716)</u>	<u><u>\$ 88,524</u></u>
FUND BALANCES:				
			<u>314,861</u>	
			<u>\$ 272,145</u>	

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
MTC Street Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Sales and other taxes	\$ 55,000	\$ 55,000	\$ 58,928	\$ 3,928
Interest and rents	300	1,200	1,785	585
Total revenues	<u>55,300</u>	<u>56,200</u>	<u>60,713</u>	<u>4,513</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(150,000)</u>	<u>(14,500)</u>	<u>(10,138)</u>	<u>4,362</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>(14,500)</u>	<u>(10,138)</u>	<u>4,362</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (94,700)</u></u>	<u><u>\$ 41,700</u></u>	<u>50,575</u>	<u><u>\$ 8,875</u></u>
FUND BALANCES:				
			Fund balance - July 1	<u>122,958</u>
			Fund balance, end of year	<u><u>\$ 173,533</u></u>

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Traffic Mitigation Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 789,902	\$ 240,000	\$ 306,524	\$ 66,524
Interest and rents	1,000	3,000	4,128	1,128
Total revenues	790,902	243,000	310,652	67,652
OTHER FINANCING SOURCES (USES)				
Transfers out	(27,000)	-	-	-
Total other financing sources (uses)	(27,000)	-	-	-
 NET CHANGE IN FUND BALANCE	 \$ 763,902	 \$ 243,000	 310,652	 \$ 67,652
 FUND BALANCES:				
		Fund balance - July 1	201,824	
		Fund balance, end of year	\$ 512,476	

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Road Maintenance Rehabilitation Administration Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 42,463	\$ 42,611	\$ 148
Interest and rents	-	-	1,103	1,103
Total revenues	-	42,463	43,714	1,251
 NET CHANGE IN FUND BALANCE	 <u>\$ -</u>	 <u>\$ 42,463</u>	 43,714	 <u>\$ 1,251</u>

FUND BALANCES:

Fund balance - July 1	-
Fund balance, end of year	\$ 43,714

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Community Development Projects Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ 2,500	\$ 2,652	\$ 152
Interest and rents	-	-	639	639
Total revenues	<u>-</u>	<u>2,500</u>	<u>3,291</u>	<u>791</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 2,500</u>	3,291	<u>\$ 791</u>

FUND BALANCES:

Fund balance - July 1	<u>-</u>
Fund balance, end of year	<u>\$ 3,291</u>

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
CDBG Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 146,365	\$ 56,035	\$ 46,035	\$ (10,000)
Total revenues	<u>146,365</u>	<u>56,035</u>	<u>46,035</u>	<u>(10,000)</u>
EXPENDITURES				
Capital outlay	<u>246,365</u>	<u>120,300</u>	<u>114,673</u>	<u>5,627</u>
Total expenditures	<u>246,365</u>	<u>120,300</u>	<u>114,673</u>	<u>5,627</u>
Revenues over (under) expenditures	<u>(100,000)</u>	<u>(64,265)</u>	<u>(68,638)</u>	<u>(4,373)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>100,000</u>	<u>64,265</u>	<u>68,638</u>	<u>4,373</u>
Total other financing sources (uses)	<u>100,000</u>	<u>64,265</u>	<u>68,638</u>	<u>4,373</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES:				
			Fund balance - July 1	<u>-</u>
			Fund balance, end of year	<u>\$ -</u>

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Police Volunteer Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 64	\$ 64
Total revenues	-	-	64	64
 NET CHANGE IN FUND BALANCE	 \$ -	 \$ -	 64	 \$ 64

FUND BALANCES:

Fund balance - July 1	(64)
Fund balance, end of year	\$ -

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Public Safety Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Sales and other taxes	\$ -	\$ -	\$ 56,647	\$ 56,647
Intergovernmental	160,000	160,000	135,252	(24,748)
Interest and rents	-	-	1,228	1,228
	160,000	160,000	193,127	33,127
EXPENDITURES				
Public safety	-	15,000	12,861	2,139
Total expenditures	-	15,000	12,861	2,139
Revenues over (under) expenditures	160,000	145,000	180,266	35,266
OTHER FINANCING SOURCES (USES)				
Transfers out	(160,000)	(160,000)	(160,000)	-
Total other financing sources (uses)	(160,000)	(160,000)	(160,000)	-
NET CHANGE IN FUND BALANCE	\$ -	\$ (15,000)	20,266	\$ 35,266
FUND BALANCES:				
		Fund balance - July 1	80,563	
		Fund balance, end of year	\$ 100,829	

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Asset Forfeiture Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 5,000	\$ -	\$ -	\$ -
Interest and rents	700	400	458	58
Total revenues	<u>5,700</u>	<u>400</u>	<u>458</u>	<u>58</u>
EXPENDITURES				
Capital outlay	-	55,563	55,563	-
Total expenditures	<u>-</u>	<u>55,563</u>	<u>55,563</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,700</u>	<u>\$ (55,163)</u>	(55,105)	<u>\$ 58</u>

FUND BALANCES:

Fund balance - July 1	<u>59,385</u>
Fund balance, end of year	<u>\$ 4,280</u>

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
K-9 Program Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Interest and rents	\$ 50	\$ -	\$ 124	\$ 124
Miscellaneous	4,000	4,000	3,564	(436)
Total revenues	<u>4,050</u>	<u>4,000</u>	<u>3,688</u>	<u>(312)</u>
EXPENDITURES				
Public safety	4,500	5,500	4,383	1,117
Miscellaneous Expense	1,000	1,000	-	1,000
Total expenditures	<u>5,500</u>	<u>6,500</u>	<u>4,383</u>	<u>2,117</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,450)</u>	<u>\$ (2,500)</u>	(695)	<u>\$ 1,805</u>

FUND BALANCES:

Fund balance - July 1	<u>9,520</u>
Fund balance, end of year	<u>\$ 8,825</u>

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Linkage - Affordable Housing Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ 94,600	\$ 94,600	\$ -
Interest and rents	-	-	65	65
Total revenues	-	94,600	94,665	65
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 94,600</u>	94,665	<u>\$ 65</u>

FUND BALANCES:

Fund balance - July 1	<u>-</u>
Fund balance, end of year	<u>\$ 94,665</u>

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
PEG Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 19,000	\$ 19,000	\$ 20,889	\$ 1,889
Interest and rents	-	125	192	67
Total Revenues	<u>19,000</u>	<u>19,125</u>	<u>21,081</u>	<u>1,956</u>
EXPENDITURES				
General government	<u>14,000</u>	<u>19,000</u>	<u>13,421</u>	<u>5,579</u>
Total expenditures	<u>14,000</u>	<u>19,000</u>	<u>13,421</u>	<u>5,579</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,000</u>	<u>\$ 125</u>	7,660	<u>\$ 7,535</u>

FUND BALANCES:

Fund balance - July 1	<u>15,665</u>
Fund balance, end of year	<u>\$ 23,325</u>

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Capital Projects
City Capital Projects Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 150,240	\$ 150,240	\$ 153,875	\$ 3,635
Interest and rents	2,000	2,000	5,888	3,888
Total revenues	152,240	152,240	159,763	7,523
EXPENDITURES				
Capital outlay	1,457,380	922,025	449,061	472,964
Total expenditures	1,457,380	922,025	449,061	472,964
Revenues over (under) expenditures	(1,305,140)	(769,785)	(289,298)	480,487
OTHER FINANCING SOURCES (USES)				
Transfers in	1,563,480	1,022,025	557,125	(464,900)
Transfers out	(150,000)	(21,750)	(15,897)	5,853
Total other financing sources (uses)	1,413,480	1,000,275	541,228	(459,047)
NET CHANGE IN FUND BALANCE	\$ 108,340	\$ 230,490	251,930	\$ 21,440
FUND BALANCES:				
		Fund balance - July 1	316,554	
		Fund balance, end of year	\$ 568,484	

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Capital Projects Fund
Capital Project Unspent Bond Proceeds Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
EXPENDITURES				
Capital outlay	\$ 701,184	\$ 75,000	\$ 11,189	\$ 63,811
Total expenditures	701,184	75,000	11,189	63,811
 NET CHANGE IN FUND BALANCE	\$ (701,184)	\$ (75,000)	(11,189)	\$ 63,811
 FUND BALANCES:				
		Fund balance - July 1	701,184	
		Fund balance, end of year	\$ 689,995	

CITY OF COTATI
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
South Sonoma Business Park Debt Service Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 461,000	\$ 461,000	\$ 460,912	\$ (88)
Interest and rents	-	2,000	11,503	9,503
Total revenues	<u>461,000</u>	<u>463,000</u>	<u>472,415</u>	<u>9,415</u>
EXPENDITURES				
Principal	155,000	155,000	155,000	-
Interest	290,387	290,388	290,388	-
General government	18,000	11,000	13,138	(2,138)
Total expenditures	<u>463,387</u>	<u>456,388</u>	<u>458,526</u>	<u>(2,138)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (387)</u>	<u>\$ 6,612</u>	<u>13,889</u>	<u>\$ 7,276</u>

FUND BALANCES:

Fund balance - July 1	<u>930,095</u>
Fund balance, end of year	<u>\$ 943,984</u>

CITY OF COTATI
Schedule of Measure G Revenue and Uses
Fiscal Year Ended June 30, 2018

Revenues:	
Measure G revenues	<u>\$ 2,148,886</u>
Total Measure G revenue	<u>\$ 2,148,886</u>
Use:	
Operations and maintenance:	
Street, sidewalk and storm drain program	324,765
Public safety program	896,550
Recreation program	187,557
Park and landscape program	183,399
Public building program	146,481
Capital improvements and equipment	
Street, sidewalk and storm drain program	242,215
Public safety program	55,813
Park and landscape program	49,238
Public building program	50,318
State administrative fees	<u>12,550</u>
Total Measure G uses	<u>\$ 2,148,886</u>

City of Cotati
Comparative Schedule of Capital Assets Used In Governmental Activities
By Source

	June 30	
	2018	2017
Capital assets used in governmental activities:		
Land	\$ 7,103,899	\$ 5,863,899
Construction in progress	245,196	3,838,219
Buildings	8,595,081	8,595,082
Machinery & equipment	974,506	886,271
Vehicles	807,560	758,265
Improvements	16,254,023	11,231,590
Leased assets	34,874	-
	<u>\$ 34,015,139</u>	<u>\$ 31,173,326</u>
 Investment in capital assets from:		
General fund	\$ 19,469,634	\$ 18,961,941
Special revenue funds	6,661,465	6,498,179
Capital projects	5,761,840	5,713,206
Contributed assets	2,122,200	-
	<u>\$ 34,015,139</u>	<u>\$ 31,173,326</u>
 Total investment in capital assets used in governmental activities	<u>\$ 34,015,139</u>	<u>\$ 31,173,326</u>

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

Total Governmental Fund related capital assets, gross	\$ 34,015,139
Total Governmental Fund related accumulated depreciation and amortization	14,090,271
 Total capital assets shown on Statement of Net Assets under the Governmental Activities column	<u>\$ 19,924,868</u>

City of Cotati
Schedule of Changes in Capital Assets Used In Governmental Activities
By Source
For the Fiscal Year Ended June 30, 2018

	Land	Construction in progress	Buildings	Machinery & equipment	Vehicles	Improvements	Leased assets	Total Cost
General capital assets June 30, 2017	\$ 5,863,899	\$ 3,838,220	\$ 8,595,081	\$ 886,271	\$ 758,265	\$ 11,231,590	\$ -	\$ 31,173,326
Add:								
Expenditures from:								
General fund	-	502,181	-	67,790	37,152	-	34,874	641,997
Special revenue funds	-	163,286	-	57,164	-	-	-	220,450
Public Works	-	-	-	-	-	-	-	-
Capital projects	-	6,697	-	-	41,937	-	-	48,634
Donated	1,240,000	-	-	-	-	882,200	-	2,122,200
Deduct:								
Retirements and transfers	-	(4,265,188)	-	(36,719)	(29,794)	4,140,233	-	(191,468)
General capital assets June 30, 2018	<u>\$ 7,103,899</u>	<u>\$ 245,196</u>	<u>\$ 8,595,081</u>	<u>\$ 974,506</u>	<u>\$ 807,560</u>	<u>\$ 16,254,023</u>	<u>\$ 34,874</u>	<u>\$ 34,015,139</u>

City of Cotati
Schedule of Capital Assets Used in Governmental Activities
By Function and Activity
June 30, 2018

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in progress</u>	<u>Buildings</u>	<u>Machinery & equipment</u>	<u>Vehicles</u>	<u>Improvements</u>	<u>Leased assets</u>	<u>Total Cost</u>
General government:								
Parks	\$ 4,379,302	\$ 25,762	\$ 603,135	\$ 69,765	\$ -	\$ 1,689,720	\$ -	\$ 6,767,684
Roads	-	202,565	-	-	-	11,462,767	-	11,665,332
Recreation	-	-	-	17,752	-	115,717	-	133,469
Public Works	-	-	-	135,906	248,522	-	-	384,428
Administration	1,214,325	16,869	978,771	332,411	208,623	2,424,490	34,874	5,210,363
Total general government	<u>5,593,627</u>	<u>245,196</u>	<u>1,581,907</u>	<u>555,834</u>	<u>457,145</u>	<u>15,692,694</u>	<u>34,874</u>	<u>24,161,276</u>
Public safety:								
Emergency services	27,138	-	4,135,881	418,672	350,415	7,575	-	4,939,681
Transportation	-	-	2,877,294	-	-	45,785	-	2,923,079
Parking	1,483,134	-	-	-	-	507,969	-	1,991,103
Total general fixed assets	<u>\$ 7,103,899</u>	<u>\$ 245,196</u>	<u>\$ 8,595,081</u>	<u>\$ 974,506</u>	<u>\$ 807,560</u>	<u>\$ 16,254,023</u>	<u>\$ 34,874</u>	<u>\$ 34,015,139</u>

City of Cotati
Schedule of Changes in Capital Assets Used In Governmental Activities
By Function and Activity
For the Fiscal Year Ended June 30, 2018

<u>Function and Activity</u>	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
General government:				
Parks	\$ 6,660,598	\$ 107,086	\$ -	\$ 6,767,684
Roads	10,429,412	1,235,920	-	11,665,332
Recreation	133,469	-	-	133,469
Public Works	284,291	100,137	-	384,428
Administration	4,984,282	226,081	-	5,210,363
Total general government	<u>22,492,052</u>	<u>1,669,224</u>	<u>-</u>	<u>24,161,276</u>
Public safety:				
Emergency services	<u>4,907,092</u>	<u>99,102</u>	<u>(66,513)</u>	<u>4,939,681</u>
Transportation	<u>2,923,079</u>	<u>-</u>	<u>-</u>	<u>2,923,079</u>
Parking	<u>751,103</u>	<u>1,240,000</u>	<u>-</u>	<u>1,991,103</u>
Total general fixed assets	<u>\$ 31,073,326</u>	<u>\$ 3,008,326</u>	<u>\$ (66,513)</u>	<u>\$ 34,015,139</u>



CITY OF
COTATI

STATISTICAL SECTION

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Statistical Section

Summary of Contents

This part of the City of Cotati's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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

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

Contents

Financial Trends

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

Table 1 - Net Position by Component

Table 2 - Changes in Net Position

Table 3 - Fund Balances of Governmental Funds

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

Revenue Capacity

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

Table 5 - Property Tax Assessed Value and Estimates

Table 6 - Property Tax Assessed Value Percentage Change

Table 7 - Property Tax Rates - Direct and Overlapping Governments

Table 8 - Principal Property Tax Payers

Table 9 - Property Tax Levies and Collections

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

Debt Capacity

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

Table 11 - Direct and Overlapping Governmental Activities Debt

Demographic and Economic Information

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

Table 12 - Demographic and Economic Statistics

Demographic and Economic Information

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

Table 13 - Full-Time and Part-Time Employees by Function

Table 14 - Operating Indicators by Function

Table 15 - Capital Asset Statistics by Function

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

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THE CITY OF COTATI
TABLE 1
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Governmental Activities										
Net Investment in capital assets	\$ 5,450,356	\$ 5,794,719	\$ 5,786,571	\$ 12,235,549	\$ 11,663,498	\$ 13,276,973	\$ 13,863,366	\$ 16,517,962	\$ 18,192,860	\$ 19,893,016
Restricted	15,558,585	15,911,365	15,815,856	5,959,294	6,242,975	6,013,891	5,253,384	5,648,440	6,775,373	7,450,051
Unrestricted	623,455	362,301	1,205,257	1,900,287	2,413,751	3,410,860	(2,719,089)	(1,392,655)	(957,876)	(257,960)
Total governmental activities net position	21,632,396	22,068,385	22,807,684	20,095,130	20,320,224	22,701,724	16,397,661	20,773,747	24,010,357	27,085,107
Business-type activities										
Net Investment in capital assets	\$ 7,754,935	\$ 7,679,258	\$ 7,918,301	\$ 7,664,543	\$ 7,493,636	\$ 7,290,428	\$ 7,474,048	\$ 9,001,287	\$ 9,250,509	\$ 9,087,878
Restricted	7,284,986	7,397,555	7,342,283	7,380,087	7,152,866	6,797,239	6,153,822	4,535,027	3,783,904	4,517,050
Unrestricted	2,794,845	2,688,862	2,121,842	2,165,644	2,520,053	3,223,345	2,463,815	2,753,618	3,486,382	2,735,965
Total business-type activities net position	\$ 17,834,766	\$ 17,765,675	\$ 17,382,426	\$ 17,210,274	\$ 17,166,555	\$ 17,311,012	\$ 8,617,637	\$ 16,289,932	\$ 16,520,795	\$ 16,340,893
Primary government										
Net Investment in capital assets	\$ 13,205,291	\$ 13,473,977	\$ 13,704,872	\$ 19,900,092	\$ 19,157,134	\$ 20,567,401	\$ 21,337,414	\$ 25,519,249	\$ 27,443,369	\$ 28,980,894
Restricted	22,843,571	23,308,920	23,158,139	13,339,381	13,395,841	12,811,130	11,407,206	10,183,467	10,559,277	11,967,101
Unrestricted	3,418,300	3,051,163	3,327,099	4,065,931	4,933,804	6,634,205	(255,274)	1,360,963	2,528,506	2,478,005
Total primary government net position	\$ 39,467,162	\$ 39,834,060	\$ 40,190,110	\$ 37,305,404	\$ 37,486,779	\$ 40,012,736	\$ 32,489,346	\$ 37,063,679	\$ 40,531,152	\$ 43,426,000

Source of information: Audited financial statements.

THE CITY OF COTATI

TABLE 2

CHANGES IN NET POSITION

Last Ten Fiscal Year
(accrual basis of accounting)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Expenses:										
Governmental Activities										
General government	\$ 1,021,006	\$ 2,273,571	\$ 1,204,048	\$ 1,097,181	\$ 1,222,940	\$ 1,357,022	\$ 1,837,502	\$ 1,729,742	\$ 1,311,401	\$ 1,382,139
Public safety	3,008,579	2,394,485	2,793,397	2,722,133	2,834,205	2,680,871	3,041,510	2,676,142	2,480,262	3,733,774
Community development	1,292,258	1,011,235	1,127,536	770,350	376,010	349,845	610,472	1,070,087	427,963	439,133
Public works	877,932	946,261	954,405	853,392	1,119,012	944,288	1,258,811	1,844,032	1,736,094	1,830,007
Interest on long-term debt	921,763	917,052	899,070	657,695	339,014	329,055	315,034	306,313	-	288,074
Total governmental activities expenses	\$ 7,121,538	\$ 7,542,604	\$ 6,978,456	\$ 6,100,751	\$ 5,891,181	\$ 5,661,081	\$ 7,063,329	\$ 7,626,316	\$ 5,955,720	\$ 7,673,127
Business-type activities										
Water	\$ 1,138,756	\$ 1,216,171	\$ 1,363,463	\$ 1,466,013	\$ 1,367,089	\$ 1,490,030	\$ 1,289,046	\$ 1,422,854	\$ 1,623,862	\$ 1,816,050
Wastewater	2,086,395	2,252,156	2,300,601	2,285,533	2,036,743	2,116,443	2,153,501	2,224,574	2,421,786	2,723,348
Total business-type activities expenses	\$ 3,225,151	\$ 3,468,327	\$ 3,664,064	\$ 3,751,546	\$ 3,403,832	\$ 3,606,473	\$ 3,442,547	\$ 3,647,428	\$ 4,045,648	\$ 4,539,398
Total primary government expenses	\$ 10,346,689	\$ 11,010,931	\$ 10,642,520	\$ 9,852,297	\$ 9,295,013	\$ 9,267,554	\$ 10,505,876	\$ 11,273,744	\$ 10,001,368	\$ 12,212,525
Program revenues:										
Governmental Activities										
Charges for services										
General government	\$ 15,509	\$ 53,972	\$ 61,939	\$ 49,887	\$ 150,419	\$ 172,858	\$ 457,148	\$ 112,018	\$ 165,292	\$ 166,571
Public safety	169,315	146,861	104,112	96,196	92,409	65,070	92,496	121,292	120,841	95,170
Community development	923,403	744,980	684,096	565,132	362,140	333,856	198,539	783,105	919,141	734,913
Public works	96,807	51,682	22,895	65,780	65,026	254,078	567,312	94,862	394,040	679,712
Operating grants and contributions	550,492	419,163	413,725	496,473	460,346	390,886	342,433	431,468	679,146	428,964
Capital grants and contributions	3,335,858	569,374	152,622	147,580	29,543	1,587,557	136,500	4,113,824	697,062	2,122,200
Total governmental activities program revenues	\$ 5,091,384	\$ 1,986,032	\$ 1,439,389	\$ 1,421,048	\$ 1,159,883	\$ 2,804,305	\$ 1,794,428	\$ 5,656,569	\$ 2,975,522	\$ 4,227,530
Business-type activities										
Charges for services										
Water	\$ 1,402,084	\$ 1,267,592	\$ 1,263,439	\$ 1,282,834	\$ 1,317,859	\$ 1,365,452	\$ 1,301,372	\$ 1,371,858	\$ 1,559,828	\$ 1,694,915
Wastewater	2,478,222	2,211,720	2,075,923	2,313,416	2,071,736	2,194,823	2,101,749	2,360,902	2,048,481	2,214,960
Operating grants and contributions	-	-	-	-	-	-	-	-	30,000	-
Capital grants and contributions	48,004	30,808	-	41,683	29,058	251,155	90,457	112,915	701,166	610,674
Total business-type activities program revenues	\$ 3,928,310	\$ 3,510,120	\$ 3,339,362	\$ 3,637,933	\$ 3,418,653	\$ 3,811,430	\$ 3,493,578	\$ 3,845,675	\$ 4,339,475	\$ 4,520,549
Total primary government revenues	\$ 9,019,694	\$ 5,496,152	\$ 4,778,751	\$ 5,058,981	\$ 4,578,536	\$ 6,615,735	\$ 5,288,006	\$ 9,502,244	\$ 7,314,997	\$ 8,748,079
Net revenues (expenses)										
Governmental Activities	\$ (2,030,154)	\$ (5,556,572)	\$ (5,539,067)	\$ (4,679,703)	\$ (4,731,298)	\$ (2,856,776)	\$ (5,268,901)	\$ (1,969,747)	\$ (2,980,198)	\$ (3,445,597)
Business-type activities	703,159	41,793	(324,702)	(113,613)	14,821	204,957	51,031	198,247	293,827	(18,849)
Total net revenues (expenses)	\$ (1,326,995)	\$ (5,514,779)	\$ (5,863,769)	\$ (4,793,316)	\$ (4,716,477)	\$ (2,651,819)	\$ (5,217,870)	\$ (1,771,500)	\$ (2,686,371)	\$ (3,464,446)

Source of information: Audited financial statements.

THE CITY OF COTATI

TABLE 2

CHANGES IN NET POSITION

Last Ten Fiscal Year
(accrual basis of accounting)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
General revenues and other changes in net position										
Governmental Activities										
Taxes:										
Property taxes	\$ 1,070,808	\$ 1,084,823	\$ 946,675	\$ 1,130,535	\$ 1,000,165	\$ 1,673,084	\$ 1,266,681	\$ 1,652,877	\$ 1,472,627	\$ 1,544,849
Sales taxes	1,703,114	1,412,656	2,119,243	2,629,442	2,519,645	2,902,504	3,616,732	4,075,204	4,222,473	4,145,877
Other taxes	477,460	510,184	500,008	480,642	479,163	598,985	567,114	603,792	678,955	829,535
Incremental property taxes	2,734,750	2,627,492	2,459,630	2,328,360	-	-	-	-	-	-
Interest and rents	182,411	159,821	148,231	121,390	98,180	104,179	92,831	44,094	76,785	136,321
Other general revenues	26,695	86,701	46,032	39,118	225,000	179,822	31,169	-	-	-
Special item	-	-	-	147,071	-	(420,000)	-	-	-	-
Extraordinary item	-	-	-	(4,967,948)	575,699	-	-	-	-	-
Transfers	82,108	110,884	58,547	58,539	58,540	60,500	90,500	-	62,964	161,053
Total governmental activities	\$ 6,277,346	\$ 5,992,561	\$ 6,278,366	\$ 1,967,149	\$ 4,956,392	\$ 5,099,074	\$ 5,665,027	\$ 6,375,967	\$ 6,513,804	\$ 6,817,635
Business-type activities										
Other revenues										
Transfers	(82,108)	(110,884)	(58,547)	(58,539)	(58,540)	(60,500)	(90,500)	-	(62,964)	(161,053)
Total business-type activities	\$ (82,108)	\$ (110,884)	\$ (58,547)	\$ (58,539)	\$ (58,540)	\$ (60,500)	\$ (90,500)	\$ -	\$ (62,964)	\$ (161,053)
Total primary government	\$ 6,195,238	\$ 5,881,677	\$ 6,219,819	\$ 1,908,610	\$ 4,897,852	\$ 5,038,574	\$ 5,574,527	\$ 6,375,967	\$ 6,450,840	\$ 6,656,582
Changes in net position										
Governmental Activities	\$ 4,247,192	\$ 435,989	\$ 739,299	\$ (2,712,554)	\$ 225,094	\$ 2,242,298	\$ 396,126	\$ 4,406,220	\$ 3,236,610	\$ 3,372,038
Business-type activities	621,051	(69,091)	(383,249)	(172,152)	(43,719)	144,457	(39,469)	198,247	230,863	(179,902)
Total primary government	\$ 4,868,243	\$ 366,898	\$ 356,050	\$ (2,884,706)	\$ 181,375	\$ 2,386,755	\$ 356,657	\$ 4,604,467	\$ 3,467,473	\$ 3,192,136

Source of information: Audited financial statements.

CITY OF COTATI
TABLE 3
FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Year
(modified accrual basis of accounting)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
General fund:										
Reserved	\$ 106,798	\$ 60,979	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	593,879	751,576	-	-	-	-	-	-	-	-
Nonspendable	-	-	36,856	35,549	5,004	55,152	60,517	42,311	26,778	51,017
Committed for special projects	-	-	45,000	45,000	45,000	45,000	45,000	45,000	45,000	-
Committed for emergencies	-	-	120,000	120,000	120,000	120,000	120,000	120,000	120,000	1,400,254
Unassigned	-	-	980,375	1,704,264	2,008,296	2,951,695	2,738,671	3,753,034	4,362,879	4,286,690
Total general fund	\$ 700,677	\$ 812,555	\$ 1,182,231	\$ 1,904,813	\$ 2,178,300	\$ 3,171,847	\$ 2,964,188	\$ 3,960,345	\$ 4,554,657	\$ 5,737,961
All other governmental funds:										
Reserved	1,903,880	1,909,816	-	-	-	-	-	-	-	-
Unreserved	12,316,743	12,134,003	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted for affordable housing	-	-	8,483,445	3,385,764	3,434,024	3,446,494	3,252,244	3,101,038	3,136,427	3,272,449
Restricted for community development	-	-	1,758,288	-	-	-	-	-	-	-
Restricted for public safety	-	-	48,631	86,484	141,664	88,827	44,420	141,656	149,404	113,934
Restricted for streets	-	-	460,502	572,409	361,514	481,733	350,947	332,857	490,272	1,055,063
Restricted for parks	-	-	613,657	610,625	2,948	472	2,108	2,317	314,861	281,825
Restricted for public education	-	-	-	-	-	65,535	2,332	7,214	15,665	23,325
Restricted for debt services	-	-	1,906,873	824,793	679,140	764,912	850,397	919,278	930,095	943,984
Restricted for recycling	-	-	87,395	97,676	97,676	115,283	115,283	5,310	-	-
Restricted for capital projects	-	-	1,089,271	414,515	610,557	633,476	637,761	1,141,087	701,184	689,995
Restricted for special projects	-	-	-	-	444,963	534,791	1,044,483	754,678	293,080	-
Committed for capital projects	-	-	-	-	-	-	-	-	-	568,484
Unassigned	-	-	(8,382)	(1,460)	-	-	-	-	-	-
Total other governmental funds	\$ 14,220,623	\$ 14,043,819	\$ 14,439,680	\$ 5,990,806	\$ 5,772,486	\$ 6,131,523	\$ 6,299,975	\$ 6,405,435	\$ 6,030,988	\$ 6,949,059
Total governmental funds	\$ 14,921,300	\$ 14,856,374	\$ 15,621,911	\$ 7,895,619	\$ 7,950,786	\$ 9,303,370	\$ 9,264,163	\$ 10,365,780	\$ 10,585,645	\$ 12,687,020

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

Source of information: Audited financial statements.

THE CITY OF COTATI
TABLE 4
REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE AND DEBT SERVICE RATIO OF GOVERNMENTAL FUNDS
Last Ten Fiscal Year
(modified accrual basis of accounting)

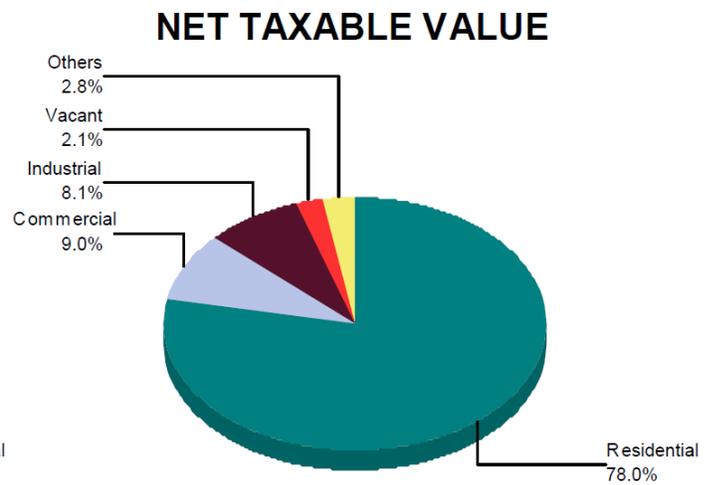
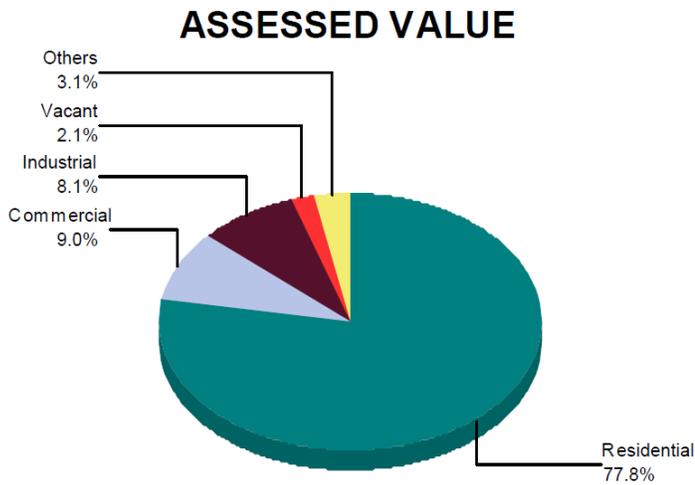
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Revenues:										
Property taxes	\$ 3,222,512	\$ 3,148,369	\$ 2,880,368	\$ 2,946,897	\$ 1,000,165	\$ 1,673,084	\$ 1,266,681	\$ 1,652,877	\$ 1,472,627	\$ 1,544,847
Sales taxes	1,703,114	1,412,656	2,119,243	2,629,442	2,518,779	2,904,515	3,667,261	4,128,500	4,332,626	4,261,452
Other taxes	477,460	510,184	499,718	471,793	675,301	105,204	110,345	46,314	44,041	173,119
Licenses and permits	18,219	17,340	14,794	25,916	33,652	440,722	402,151	502,033	521,507	544,780
Fines and forfeits	114,073	99,200	61,464	62,051	182,120	42,429	109,435	235,551	4,839	-
Intergovernmental	1,156,511	1,481,938	1,025,276	1,066,114	373,315	2,012,895	575,014	1,350,366	998,301	424,872
Interest and rents	494,614	256,109	222,075	131,371	116,403	122,575	106,107	85,921	112,270	206,880
Charges for services	860,964	771,091	811,874	740,089	641,757	885,542	908,956	1,201,768	1,450,185	1,515,847
Miscellaneous	100,085	170,821	109,817	198,164	55,546	203,606	341,905	107,382	150,298	222,104
Total revenues	\$ 8,147,552	\$ 7,867,708	\$ 7,744,629	\$ 8,271,837	\$ 5,597,038	\$ 8,390,572	\$ 7,487,855	\$ 9,310,712	\$ 9,086,694	\$ 8,893,901
Expenditures:										
Current:										
General government	848,161	2,084,734	1,021,583	915,275	1,137,970	1,110,637	1,442,092	1,635,238	1,276,704	866,433
Public safety	2,873,341	2,385,619	2,629,907	2,588,430	2,700,532	2,551,265	2,831,831	2,915,581	2,991,798	3,362,853
Community development	1,158,135	947,048	1,088,241	770,350	363,709	335,514	610,472	476,483	427,963	439,133
Public works	588,516	420,171	806,831	461,722	535,072	568,563	855,454	1,088,141	1,137,856	1,074,822
Capital Outlay	1,310,955	945,582	231,121	421,207	370,289	2,159,960	1,429,863	2,320,464	2,650,334	795,748
Debt Service:										
Principal	335,000	350,000	365,000	420,814	151,333	158,506	130,000	135,000	145,000	158,022
Interest and fiscal charges	926,196	910,364	894,956	611,162	341,506	331,655	317,850	309,238	300,138	291,432
Total Expenditures	\$ 8,040,304	\$ 8,043,518	\$ 7,037,639	\$ 6,188,960	\$ 5,600,411	\$ 7,216,100	\$ 7,617,562	\$ 8,880,145	\$ 8,929,793	\$ 6,988,453
Excess (deficiency) of revenues over (under) expenditures	107,248	(175,810)	706,990	2,082,877	(3,373)	1,174,472	(129,707)	430,567	156,901	1,905,448
Other financing sources (uses):										
Contributions from successor agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 701,184	\$ -	\$ -
Proceeds of lease financing	-	-	-	115,653	-	-	-	-	-	34,874
Transfers in	2,799,429	3,062,132	2,745,398	2,111,121	714,842	975,604	1,264,468	1,612,149	2,383,566	910,786
Transfers out	(2,717,321)	(2,951,248)	(2,686,851)	(2,052,582)	(656,302)	(915,104)	(1,173,968)	(1,612,149)	(2,320,602)	(749,733)
Total other financing sources/(uses)	82,108	110,884	58,547	174,192	58,540	60,500	90,500	701,184	62,964	195,927
Net change in fund balances	\$ 189,356	\$ (64,926)	\$ 765,537	\$ 2,257,069	\$ 55,167	\$ 1,234,972	\$ (39,207)	\$ 1,131,751	\$ 219,865	\$ 2,101,375
Debt service as a percentage of noncapital expenditures	18.7%	17.8%	18.5%	17.9%	9.4%	9.7%	7.2%	6.8%	7.1%	7.3%

Source of information: Audited financial statements.

THE CITY OF COTATI
TABLE 5
PROPERTY TAXES - ASSESSED VALUE AND ESTIMATES
 (Last Ten Fiscal Years)

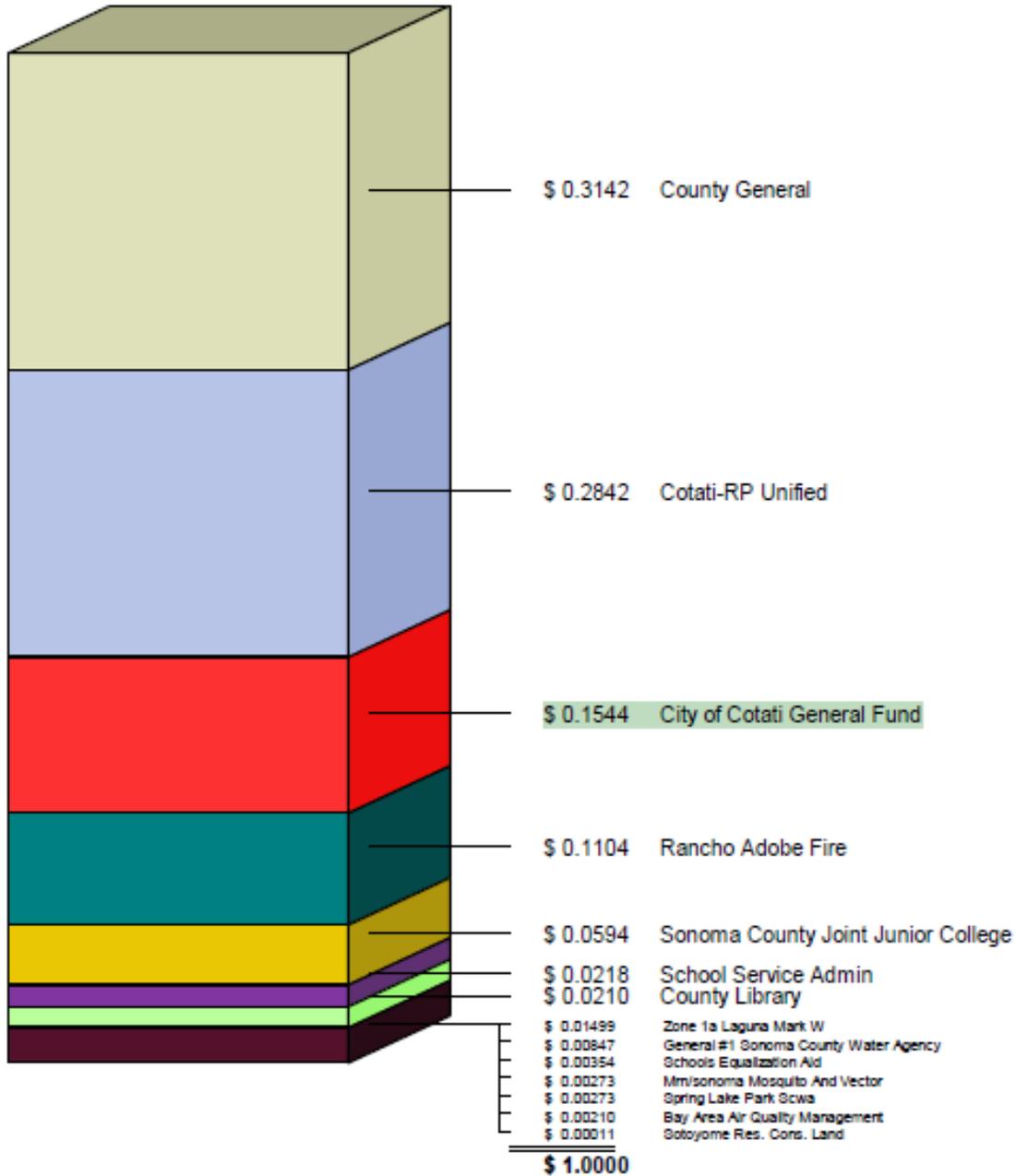
BASIC PROPERTY VALUE TABLE

Category	Parcels	Assessed Value		Net Taxable Value	
Residential	2,399	\$ 836,640,343	77.8%	\$ 826,433,803	78.0%
Commercial	81	96,575,877	9.0%	95,586,147	9.0%
Industrial	86	87,587,152	8.1%	85,606,861	8.1%
Govt. Owned	80	0	0.0%	0	0.0%
Institutional	15	4,672,600	0.4%	1,839,508	0.2%
Miscellaneous	10	570,515	0.1%	570,015	0.1%
Recreational	1	3,108,774	0.3%	3,108,774	0.3%
Vacant	111	22,216,858	2.1%	22,084,929	2.1%
Cross Reference	(72)	2,906,413	0.3%	2,869,097	0.3%
Unsecured	(462)	21,695,051	2.0%	21,532,517	2.0%
TOTALS	2,783	\$ 1,075,973,583		\$ 1,059,631,651	



Data Source: Sonoma County Assessor 2017/18 Combined Tax Rolls

**CITY OF COTATI
TABLE 5, CONTINUED
PROPERTY TAXES - ASSESSED VALUE AND ESTIMATES
PROPERTY TAX DOLLAR BREAKDOWN**



ATI (Annual Tax Increment) Ratios for Tax Rate Area 008-002, Excluding Redevelopment Factors & Additional Debt Service

Data Source: Sonoma County Assessor 2017/18 Annual Tax Increment Tables

THE CITY OF COTATI
TABLE 5 CONTINUED
PROPERTY TAXES - ASSESSED VALUE AND ESTIMATES
2017/18 ROLL SUMMARY
Taxable Property Values

	Secured	Nonunitary Utilities	Unsecured
Parcels	2,783	0	462
TRAs	14	0	14
Values			
Land	\$ 409,715,948	\$ 0	\$ 91,242
Improvements	639,775,175	0	10
Personal Property	3,910,719	0	14,477,278
Fixtures	876,690	0	7,126,521
Aircraft	0	0	0
Total Value	1,054,278,532	0	21,695,051
Exemptions			
Real Estate	15,903,757	0	14
Personal Property	261,586	0	157,842
Fixtures	14,055	0	4,678
Aircraft	0	0	0
Homeowners*	8,932,000	0	0
Total Expenditures*	16,179,398	0	162,534
Total Net Value	\$ 1,038,099,134	\$ 0	\$ 21,532,517

Combined Values	Total
Total Values	1,075,973,583
Total Exemptions	16,341,932
Net Total Values	1,059,631,651
Net Aircraft Values	0

* Note : Homeowners Exemptions are not included in Total Exemptions

Totals do not include Aircraft Values or Exemptions

Data Source: Sonoma County Assessor 2017/18 Combined Tax Rolls

THE CITY OF COTATI
TABLE 5 CONTINUED
PROPERTY TAXES - ASSESSED VALUE AND ESTIMATES
ASSESSED VALUE OF TAXABLE PROPERTY
2008/09 – 2017/18 Taxable Property Values

Category	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Residential	702,897,577	670,820,088	621,648,644	603,464,386	584,373,933	615,360,303	678,311,562	715,961,764	767,060,996	826,433,803
Commercial	94,964,160	97,869,602	101,572,492	99,453,354	89,147,937	88,689,049	87,654,176	90,746,880	94,066,325	95,586,147
Industrial	81,584,333	83,825,217	77,432,405	77,116,354	78,086,904	76,498,597	78,236,635	81,062,360	83,370,408	85,606,861
Dry Farm	265,084	-	-	-	-	-	-	-	-	-
Govt. Owned	-	-	-	-	-	-	-	-	-	-
Institutional	1,289,174	1,336,295	1,329,256	1,230,011	1,624,224	1,660,963	1,665,414	1,713,465	1,734,254	1,839,508
Miscellaneous	766,699	782,029	780,174	786,045	801,764	490,255	539,897	550,450	558,841	570,015
Recreational	2,746,822	2,801,757	2,795,116	2,816,162	2,872,484	2,929,933	2,943,234	3,002,039	3,047,819	3,108,774
Vacant	28,924,764	29,672,661	23,963,378	21,320,141	20,285,031	19,793,035	19,926,704	20,298,185	20,714,229	22,084,929
SBE Nonunitary	-	-	-	-	-	-	-	-	-	-
Cross Reference	2,882,121	2,799,181	2,692,970	2,534,230	2,386,253	2,228,089	2,183,346	2,220,244	2,521,139	2,869,097
Unsecured	17,903,697	18,192,462	18,050,668	16,491,973	15,774,279	17,650,144	17,928,404	19,759,670	21,771,776	21,532,517
Exempt	-	-	-	-	-	-	-	-	-	-
TOTALS	934,224,431	908,099,292	850,265,103	825,212,656	795,352,809	825,300,368	889,389,372	935,315,057	994,845,787	1,059,631,651
Total Direct Rate	0.51481	0.52149	0.51600	0.50608	0.50168	0.10152	0.10156	0.10120	0.10108	0.10096

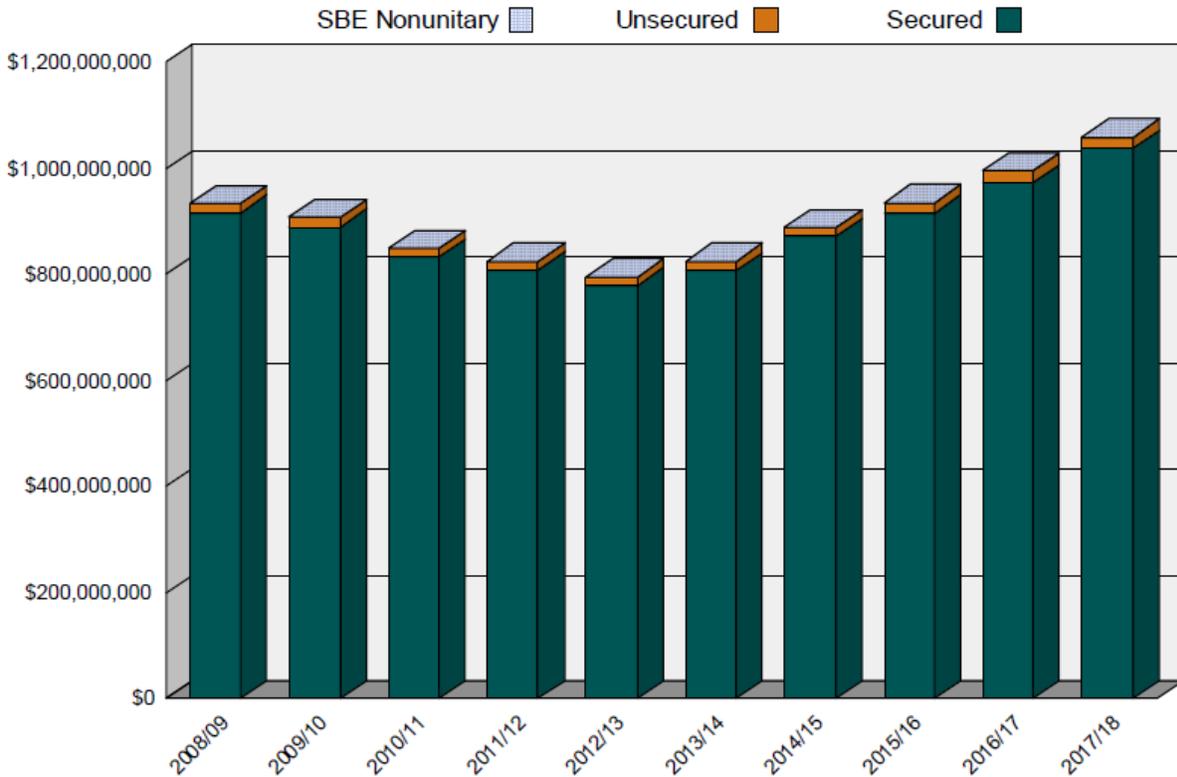
Notes:
Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Data Source: Sonoma County Assessor 2008/09 – 2017/18 Combined Tax Rolls

THE CITY OF COTATI
TABLE 6
PROPERTY TAXES - ASSESSED VALUE PERCENTAGE CHANGE
NET TAXABLE ASSESSED VALUE HISTORY
2008/09 – 2017/18 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2008/09	\$ 916,320,734	\$ 17,903,697	0	934,224,431	
2009/10	\$ 889,906,830	\$ 18,192,462	0	908,099,292	-2.80%
2010/11	\$ 832,214,435	\$ 18,050,668	0	850,265,103	-6.37%
2011/12	\$ 808,720,683	\$ 16,491,973	0	825,212,656	-2.95%
2012/13	\$ 779,578,530	\$ 15,774,279	0	795,352,809	-3.62%
2013/14	\$ 807,650,224	\$ 17,650,144	0	825,300,368	3.77%
2014/15	\$ 871,460,968	\$ 17,928,404	0	889,389,372	7.77%
2015/16	\$ 915,555,387	\$ 19,759,670	0	935,315,057	5.16%
2016/17	\$ 973,074,011	\$ 21,771,776	0	994,845,787	6.36%
2017/18	\$ 1,038,099,134	\$ 21,532,517	0	1,059,631,651	6.51%



Data Source: Sonoma County Assessor 2008/09 - 2017/18 Combined Tax Rolls

THE CITY OF COTATI
TABLE 7
PROPERTY TAX RATES - DIRECT & OVERLAPPING
GOVERNMENTS
Last Ten Fiscal Years

(RATE PER \$100 OF TAXABLE VALUE)

Agency	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Basic Levy¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Cotati- Rohnert Park Unified	0.10500	0.10500	0.10500	0.10000	0.10000	0.10000	0.16400	0.15100	0.13900	0.16700
Sonoma County Junior College	0.02500	0.02500	0.02500	0.02100	0.02100	0.02100	0.01800	0.01600	0.04000	0.03700
West Sonoma Russian River Project	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700
Total Direct & Overlapping²										
Tax Rates	1.13700	1.13700	1.13700	1.12800	1.12800	1.12800	1.18900	1.17400	1.18600	1.21100
City's Share of 1% Levy Per Prop 13³	0.15445	0.15445	0.15445	0.15445	0.15445	0.15445	0.15445	0.15445	0.15445	0.15445
Voter Approved City Debt Rate										
Redevelopment Rate⁴	1.00700	1.00700	1.00700	1.00700						
Total Direct Rate⁵	0.51481	0.52149	0.51600	0.50608	0.50168	0.10152	0.10156	0.10120	0.10108	0.10096

Notes:

¹ In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

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

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

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

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

Data Source: Sonoma County Assessor 2008/09 - 2017/18 Tax Rate Table

THE CITY OF COTATI
TABLE 8
PRINCIPAL PROPERTY TAX PAYERS
2017/18 TOP TEN PROPERTY TAXPAYERS

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1) LOWES HIW INC	1	\$ 16,000,000	1.54%	1	\$ 1,854,050	8.61%	\$ 17,854,050	1.68%	Commercial Successor Agency
2) SUNHILL ENTERPRISES LP	2	\$ 8,014,580	0.77%				\$ 8,014,580	0.76%	Commercial Successor Agency
3) GTY-PACIFIC LEASING LLC	2	\$ 6,686,100	0.64%				\$ 6,686,100	0.63%	Commercial Successor Agency
4) EMC PROPERTY COMPANY LLC	1	\$ 5,306,040	0.51%				\$ 5,306,040	0.50%	Industrial Successor Agency
5) VINEYARD MEADOWS APARTMENTS LP	3	\$ 4,994,144	0.48%				\$ 4,994,144	0.47%	Residential City of Cotati General Fund
6) COTATI COMMONS MARKETPLACE LLC	4	\$ 4,880,700	0.47%				\$ 4,880,700	0.46%	Vacant Successor Agency
7) REDWOOD SELF STORAGE LLC	1	\$ 4,870,110	0.47%				\$ 4,870,110	0.46%	Industrial Successor Agency
8) JEFFRY H WEISMAN TRUST	14	\$ 4,386,000	0.42%				\$ 4,386,000	0.41%	Residential Successor Agency
9) STEVE R ORTH TRUST	1	\$ 4,164,211	0.40%	1	7,788	0.04%	\$ 4,171,999	0.39%	Commercial Successor Agency
10) FRANKLIN ARDEN LLC ET AL	2	\$ 4,024,442	0.39%				\$ 4,024,442	0.38%	Commercial Successor Agency
Top Ten Total	31	\$ 63,326,327	6.10%	2	\$ 1,861,838	8.65%	\$ 65,188,165	6.15%	
City Total		\$ 1,038,099,134			\$ 21,532,517		\$ 1,059,631,651	*	

*Value includes Outer TRAs

Data Source: Sonoma County Assessor 2017/18 Combined Tax Rolls and the SBE Non Unitary Tax Roll

**THE CITY OF COTATI
TABLE 8, CONTINUED
PRINCIPAL PROPERTY TAX PAYERS
2008/09 TOP TEN PROPERTY TAXPAYERS**

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1) LOWES HIW INC	1	\$ 25,558,686	2.79%				\$ 25,558,686	2.73%	Commercial Successor Agency
2) ROBERT J AND CORINNA C NEVE	3	\$ 9,091,608	0.99%				\$ 9,091,608	0.97%	Industrial Successor Agency
3) RANCHO COTATI LLC	2	\$ 7,084,429	0.77%				\$ 7,084,429	0.76%	Commercial Successor Agency
4) COLVIN GROUP FUND LP	19	\$ 5,484,637	0.60%				\$ 5,484,637	0.59%	Industrial Successor Agency
5) NEWMAN DEV GROUP OF COTATI LLC	4	\$ 5,203,137	0.57%				\$ 5,203,137	0.56%	Vacant Successor Agency
6) SCOTT P WILSON TRUST	1	\$ 4,722,375	0.51%				\$ 4,722,375	0.50%	Commercial Successor Agency
7) VINEYARD MEADOWS APARTMENTS LP	3	\$ 4,415,156	0.48%				\$ 4,415,156	0.47%	Residential City of Cotati General Fund
8) MILAN MILTON HOLDORF TRUST	1	\$ 4,393,915	0.48%				\$ 4,393,915	0.47%	Industrial Successor Agency
9) STANDARD PACIFIC CORPORATION	51	\$ 4,063,091	0.44%				\$ 4,063,091	0.43%	Vacant Successor Agency
10) MICHAEL A AND CHARLEEN L KENNEY	1	\$ 4,053,929	0.44%				\$ 4,053,929	0.43%	Industrial Successor Agency
Top Ten Total	86	\$ 74,070,963	8.07%	0	\$ 0	0.00%	\$ 74,070,963	7.92%	
City Total		\$ 917,415,322			\$ 17,903,697		\$ 935,319,019	*	

*Value includes Outer TRAs

Note: The primary factor leading to the decrease in secured and combined values by entity between 2017/18 and 2008/09 is due to the reassessment of the Lowes HIW INC parcel after the great recession as well as the selling off of the Colvin Coup Fund LP combined 19 parcels to individual property owners.

Data Source: Sonoma County Assessor 2008/09 Combined Tax Rolls and the SBE Non Unitary Tax Roll

THE CITY OF COTATI
TABLE 9
PROPERTY TAX LEVIES AND COLLECTIONS
2008/09 TOP TEN PROPERTY TAXPAYERS

Fiscal Year	Levy for Fiscal Year	Fiscal Year of the Levy			Subsequent Collection	Total Collection	
		Amount	%	Amount		%	
2008/09	\$ 1,066,188	\$ 1,066,188	100%	\$ -	\$ 1,066,188	100%	
2009/10	1,031,001	1,031,001	100%	-	1,031,001	100%	
2010/11	951,774	951,774	100%	-	951,774	100%	
2011/12	929,968	929,968	100%	-	929,968	100%	
2012/13	889,386	889,386	100%	-	889,386	100%	
2013/14	955,357	955,357	100%	-	955,357	100%	
2014/15	1,035,795	1,035,795	100%	-	1,035,795	100%	
2015/16	1,096,973	1,096,973	100%	-	1,096,973	100%	
2016/17	1,167,834	1,167,834	100%	-	1,167,834	100%	
2017/18	1,236,235	1,236,235	100%	-	1,236,235	100%	

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

THE CITY OF COTATI
TABLE 10
SALES TAX TOP PRODUCERS
TOP 25 SALES TAX PRODUCERS

FOR FISCAL YEAR 2017-18

FOR FISCAL YEAR 2008-09

Business Name	Business Category
76/Circle K	Service Stations
Amerigas Propane	Fuel/Ice Dealers
Chevron	Service Stations
Chouinard & Myhre	Business Services
Cotati Chevron	Service Stations
Cotati Gas Mart	Service Stations
Donahue Truck Sales	New Motor Vehicle Dealers
Instrument Technology	Electrical Equipment
Jaded Toad BBQ & Grill	Casual Dining
Lowes	Building Materials
McPhail Fuel	Fuel/Ice Dealers
Mercy Wellness Center	Marijuana Related
Mi Pueblo	Casual Dining
Mi Ranchito Restaurant	Casual Dining
Olivers Market	Grocery Stores
Outdoor Pro Shop	Sporting Goods/Bike Stores
Park Avenue Catering Co	Leisure/Entertainment
Redwood Cafe	Casual Dining
San FranStitcho	Textiles/Furnishings
Santa Rosa Hardware	Building Materials
Sonoma County Harley Davidson	Boats/Motorcycles
Spa World	Specialty Stores
Stockham Construction	Contractors
USA Gas	Service Stations
Walgreens	Drug Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts = 79.19%
 *Firms Listed Alphabetically
 Period: April 2017 Thru March 2018

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

Percent of Fiscal Year Total Paid By Top 25 Accounts = 79.86%
 *Firms Listed Alphabetically
 Period: April 2008 Thru March 2009

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies.

THE CITY OF COTATI
TABLE 10
TAXABLE SALES BY CATEGORY
Last Ten Calendar Years
(in thousands of dollars)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Apparel Stores	\$ 1,097	\$ 1,053	\$ 988	\$ 962	\$ 887	\$ 1,015	\$ 964	\$ 1,126	\$ 767	\$ 803
Eating and Drinking Places	10,323	9,139	9,083	9,179	11,081	11,424	11,522	12,949	16,626	18,439
Auto Dealers and Supplies	2,325	1,916	1,618	1,783	2,262	2,523	3,592	4,050	3,342	2,431
Service Stations	31,224	33,329	26,305	32,347	36,079	37,717	36,400	29,609	28,634	31,764
Other Retail Stores	80,475	74,432	76,811	80,956	81,064	86,760	93,246	97,569	104,544	116,401
All Other Outlets	56,637	36,200	33,700	39,571	37,487	46,348	48,244	46,648	47,322	50,984
Total	<u>\$ 182,081</u>	<u>\$ 156,069</u>	<u>\$ 148,505</u>	<u>\$ 164,798</u>	<u>\$ 168,860</u>	<u>\$ 185,787</u>	<u>\$ 193,968</u>	<u>\$ 191,951</u>	<u>\$ 201,235</u>	<u>\$ 220,822</u>

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

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

The full calendar year sales taxes by category for calendar year 2018 is not yet available for inclusion in this schedule. The 2018 taxable sales information will be presented in the future when available.

THE CITY OF COTATI
TABLE 11
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2018
(in thousands of dollars)

2017-18 Assessed Valuation:	\$1,059,637,011		Total Debt 6/30/2018	% Applicable (1)	City's Share of Debt 6/30/18
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>					
Sonoma County Joint Community College District	\$	252,970,000		1.21%	\$ 3,088,764
Cotati-Rohnert Park Unified School District		147,895,000		17.16%	25,380,261
City of Cotati 1915 Act Bonds		4,390,000		100.00%	4,390,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$	405,255,000			\$ 32,859,025
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>					
Sonoma County Certificates of Participation	\$	15,825,000		1.23%	\$ 194,648
Sonoma County Pension Obligation Bonds		379,925,000		1.23%	4,673,078
Sonoma County Office of Education Certificates of Participation		4,963,489		1.23%	61,051
Sonoma County Joint Community College District General Fund Obligations		1,120,000		1.21%	13,675
Cotati-Rohnert Park Unified School District General Fund Obligations		1,527,558		17.16%	262,144
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT	\$	403,361,047			\$ 5,204,596
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$	8,900,000		99.85%	\$ 8,886,917
TOTAL DIRECT DEBT					-
TOTAL OVERLAPPING DEBT					46,950,538
COMBINED TOTAL DEBT	\$	817,516,047			\$ 46,950,538 (2)

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

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

Ratios to 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	3.10%
Total Direct Debt	0.00%
Combined Total Debt	4.43%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$478,166,200):

Total Overlapping Tax Increment Debt	1.86%
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Sources: California Municipal Statistics, Inc and City of Cotati

THE CITY OF COTATI

TABLE 12

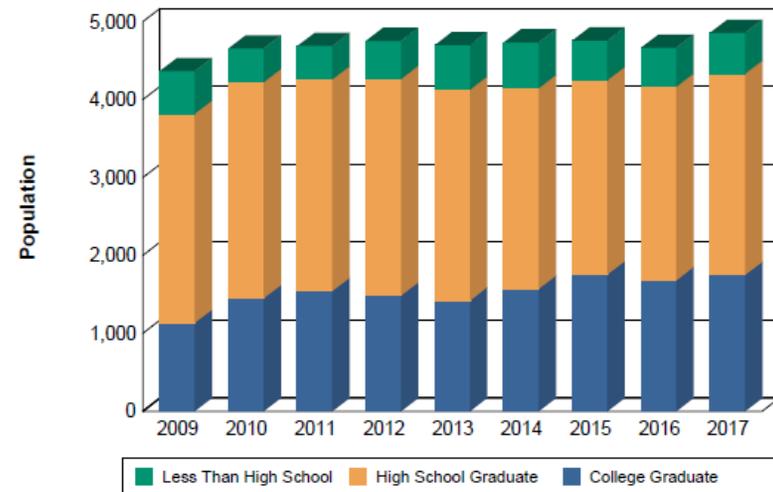
DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Diploma	% of Pop 25+ with Bachelor's Degree
2008	7,388	\$ 240,341	\$ 32,531	6.0%			
2009	7,418	\$ 233,229	\$ 31,441	10.2%	35.8	87.5%	26.1%
2010	7,476	\$ 262,355	\$ 35,093	11.0%	34.6	90.7%	31.2%
2011	7,276	\$ 257,614	\$ 35,406	10.3%	36.5	90.9%	33.0%
2012	7,310	\$ 278,021	\$ 38,033	6.9%	36.2	89.7%	31.3%
2013	7,288	\$ 265,458	\$ 36,424	5.5%	35.1	87.8%	30.3%
2014	7,302	\$ 249,130	\$ 34,118	7.3%	36.0	87.6%	33.3%
2015	7,153	\$ 241,231	\$ 33,724	5.9%	36.1	89.3%	37.0%
2016	7,272	\$ 237,228	\$ 32,622	5.3%	34.2	89.3%	36.1%
2017	7,716	\$ 253,562	\$ 32,862	3.8%	36.4	89.2%	36.1%

Personal Income and Unemployment



Education Level Attained for Population 25 and Over



Notes and Data Sources:

Population: California State Department of Finance. Unemployment Data: California Employment Development Department 2000-2009 Income, Age, and Education data: ESRI – *Demographic Estimates are based on the last available Census*. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries 2010 and later – Income, Age and Education data – US Census Bureau, most recent American Community Survey

Demographic Data 2018: The demographic data for calendar year 2018 is not yet available for inclusion in this schedule. The 2018 demographic information will be presented in the future when available.

THE CITY OF COTATI
TABLE 13
FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Elected Officials	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Staff Positions										
City Manager	3.00	3.00	3.00	3.00	3.50	3.50	4.50	4.50	4.50	4.50
Finance & Admin Services	2.00	2.00	2.00	4.00	4.00	4.00	4.50	4.50	4.50	4.50
Planning & Building	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Public Works	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Police Services	25.00	25.00	25.00	25.00	25.00	25.00	25.50	20.50	19.50	19.50
Total	41.00	41.00	41.00	43.00	43.50	43.50	45.50	40.50	39.50	39.50

THE CITY OF COTATI
TABLE 14
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Fiscal Year	Water Sales	Total Operating Revenue	Percentage of Water Sales to Operating Revenues
2008/09	1,285,021	1,415,713	94%
2009/10	1,183,283	1,368,345	94%
2010/11	1,173,747	1,257,312	93%
2011/12	1,187,091	1,274,729	93%
2012/13	1,240,584	1,312,403	95%
2013/14	1,277,987	1,361,650	94%
2014/15	1,195,750	1,296,539	92%
2015/16	1,260,006	1,36,3734	92%
2016/17	1,358,350	1,548,697	88%
2017/18	1,658,332	1,675,135	99%

THE CITY OF COTATI
TABLE 15
CAPITAL ASSETS STATISTICS BY FUNCTION
 Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	5	5	5	5	5	5	5	6	6	6
Public Works:										
Street Miles	22	22	22	22	22	22	22	22	22	22
Streetlights & vintage street lights	253	264	277	277	277	277	277	312	312	312
Traffic Signals	6	7	7	7	7	7	7	8	8	8
Parks:										
Parks	4	4	4	4	4	4	4	4	4	4
Community Center	1	1	1	1	1	1	1	1	1	1
Community Garden	1	1	1	1	1	1	1	1	1	1
Park Acreage	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4
Tennis Court	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Water:										
Water main (miles)	30	30	30	30	30	30	30	30	30	30
Fire hydrants	427	427	427	427	431	431	431	432	432	432