

S o n o m a C o u n t y

CITY OF



COTATI

C a l i f o r n i a

CITY OF
C O T A T I

Comprehensive Annual
Financial Report
Fiscal Year Ended June 30, 2020

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City of Cotati, California

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2020

Prepared by the Administrative Services Department

Angela Courter, Director of Admin. Services
Neil Tomlinson, Senior Accountant

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City of Cotati
Comprehensive Annual Financial Report
For the year ended June 30, 2020
Table of Contents

	Page
<u>INTRODUCTORY SECTION</u>	
City Council	vii
Management Team	viii
City Organization Chart	ix
GFOA Certificate.....	x
Letter of Transmittal.....	xi
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	3
Management's Discussion and Analysis	7
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position.....	19
Statement of Activities.....	20
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	26
Reconciliation of the Balance Sheet	
to the Government-Wide Statement of Net Position.....	27
Statement of Revenues, Expenditures and Changes in Fund Balances.....	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances	
to the Government-Wide Statement of Activities	29
Proprietary Funds	
Statement of Net Position	32
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	33
Statement of Cash Flows.....	34
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	36
Statement of Changes in Fiduciary Net Position	37
Notes to the Basic Financial Statements	41

City of Cotati
Comprehensive Annual Financial Report
For the year ended June 30, 2020
Table of Contents

Page

FINANCIAL SECTION, Continued

Required Supplementary Information

Budget and Budgetary Accounting.....	79
Budgetary Comparison Schedules	
General Fund	81
Grants Fund	82
Inclusionary Housing Fund.....	83
Low Income Housing Fund.....	84
Schedule of the City's Proportionate Share of Net Pension Liability - Last Ten Fiscal Years.....	85
Schedule of the City's Pension Contributions - Last Ten Fiscal Years	85
Schedule of Changes in the City's Total OPEB Liability and Related Ratios - Last Ten Fiscal Years.....	86

Other Supplementary Information

Non-Major Governmental Funds:

Combining Balance Sheet.....	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	96

Budgetary Comparison Schedules:

Landscape and Lighting.....	100
Gas Tax	101
Bed Tax	102
Park In Lieu.....	103
MTC Street.....	104
Traffic Mitigation.....	105
Road Maintenance and Rehabilitation Administration	106
Community Development Projects.....	107
CDBG	108
Public Safety.....	109
Asset Forfeiture	110
K-9 Program.....	111
Affordable Housing Linkage.....	112
PEG.....	113
City Capital Projects.....	114
Capital Project Unspent Bond Proceeds.....	115

Internal Service Funds:

Combining Statement of Net Position.....	118
Combining Statement of Revenues, Expenses and Changes in Net Position.....	119
Combining Statement of Cash Flows	120

Agency Fund:

Combining Statement of Assets and Liabilities	122
Combining Statement of Changes in Assets and Liabilities.....	123

City of Cotati
Comprehensive Annual Financial Report
For the year ended June 30, 2020
Table of Contents

Page

FINANCIAL SECTION, Continued

Other Supplementary Information, Continued

Schedule of Measure G Revenues and Uses	124
Schedules of Capital Assets Used in Governmental Activities	
Comparative Schedule of Capital Assets Used in Governmental Activities by Source.....	125
Schedule of Changes in Capital Assets Used in Governmental Activities by Source	126
Schedule of Capital Assets Used in Governmental Activities by Function and Activity	128
Schedule of Changes in Capital Assets Used in Governmental Activities by Function and Activity	130

STATISTICAL SECTION

Summary of Contents	133
Financial Trends	
Net Position by Component	135
Changes in Net Position.....	136
Fund Balance of Governmental Funds	138
Revenue, Expenditures, Changes in Fund Balance and Debt Service Ratio of Governmental Funds	139
Revenue Capacity	
Use Category Summary	140
Property Tax Dollar Breakdown.....	141
Roll Summary	142
Net Taxable Assessed Value History	143
Assessed Value of Taxable Property	144
Top Ten Property Taxpayers	145
Direct & Overlapping Property Tax Rates	147
Sales Value History	148
Top 25 Sales Tax Producers	149
Taxable Sales by Category	151
Debt Capacity	
Direct and Overlapping Governmental Activities Debt.....	152
Demographic and Economic Information	
Demographic and Economic Statistics.....	153
Full-Time and Part-Time City Employees by Function.....	154
Operating Information	
Operating Indicators by Function.....	155
Capital Asset Statistics by Function	156

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Introductory Section

City Council, Management Team,
City Organization Chart,
GFOA Award Certificate, and
Letter of Transmittal

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MEET THE COTATI CITY COUNCIL



Wendy Skillman

Mayor (2020)
wskillman@cotaticity.org
707-792-4600 (ext.196)
Elected Term:(2016-2020)



John Moore

Vice Mayor
jmoore@cotaticity.org
707-792-4600 (ext. 196)
Elected Term:(2018-2022)



John Dell'Osso

Council Member
jdelloso@cotaticity.org
707-792-4600 (ext.194)
Elected Term:(2016-2020)



Mark Landman

Council Member
mlandman@cotaticity.org
707-792-4600 (ext. 195)
Elected Term:(2018-2022)



Susan Harvey

Council Member
sharvey@cotaticity.org
707-792-4600 (ext. 193)
Elected Term:(2016-2020)

Other Commissions or Committees:
Planning Commission
Measure G Citizen Oversight Committee

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

MEET THE COTATI CITY STAFF



Damien O'Bid
City Manager
dobid@cotaticity.org



Angela Courter
**Director of
Administrative
Services**
acourter@cotaticity.org



Michael Parish
Chief of Police
mparish@cotaticity.org



Craig Scott
**Director of
Public Works /
City Engineer**
cscott@cotaticity.org



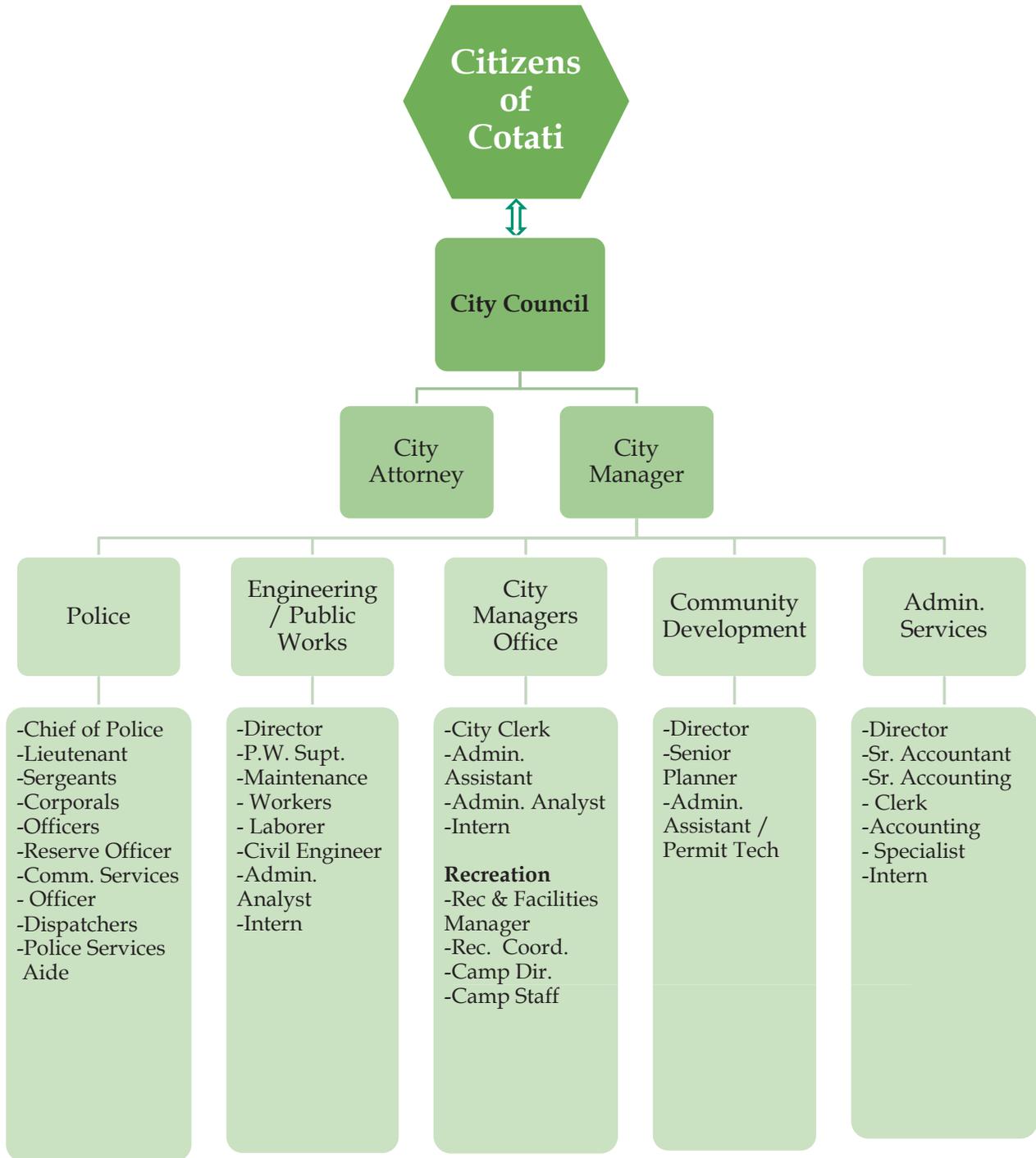
Noah Housh
**Director of
Community
Development**
nhoush@cotaticity.org



Lauren Berges
City Clerk
lberges@cotaticity.org

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Phone: 707-792-4600
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ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Cotati
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



Incorporated in 1963

January 26, 2021
The Honorable City Council
Cotati, California

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

The City of Cotati is pleased to present our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. The fiscal year covers financial transactions from July 1, 2019 to June 30, 2020 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. This year, in accordance with GFOA best practices, the City is using a new auditor to review the financial statements of the City.

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 to both protect the City's assets from loss, theft, or misuse and to provide sufficient reliable information on 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

Badawi & Associates, a licensed certified public accountant firm, 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, 2020, 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. Badawi & Associates 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, 2020 are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Comprehensive Annual Financial Report

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

The Reporting Entity and Services Provided

City Profile: The City of Cotati was incorporated in 1963 as a general law city in the County of Sonoma, State of California. The City is located about 45 miles north of San Francisco on 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 numerous festivals and a weekly farmer's market in season. Many Sonoma County wineries are located within minutes from the City, making this community an ideal vacation 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, streets and sidewalks, cultural and recreation facilities, public works and parks, planning, and economic development. Fire services are provided by the Rancho Adobe Fire District.



Demographic Information

Size: 1.88 square miles

Population: 7,619

Population Ranking of CA cities: 401 out of 482

Male Population: 46.4%

Female Population: 53.6%

Race & Ethnicity: White-74.5%, Hispanic-18.4%, Asian-1.8%, African American-0.6%, Two or More Races-4.4%, Others-0.3%

Median Age: 35.8 years, Aged 18-64:61.8%

Highschool graduate or higher: 97.3%
(State:83.3%)

Median Household Income: \$82,182
(State:\$75,235)

Estimated Median House: \$525,500
(State:\$505,000)

Retail Sales Per Capita: \$18,310
(State: \$12,665)



Accounting System and Budgetary Control

Note 1 in the Basic Financial Statements provides a detailed explanation of the City's significant accounting policies. The City has established internal controls to ensure 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

Long-term revenue continues to be a challenge for the City. Both the property tax and sales tax are expected to provide 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 infrastructure.

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

Despite these various cost cutting measures, and the passage of Measure A, a 0.5% sales tax, the impact of the previous years' severe economic recession, the State redistribution of funding through the Redevelopment dissolution created a dire financial situation. As a result, 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. Then again on November 3, 2020, with an approval of 74.5% of the voters, the add-on 1% sales tax was extended by Measure S until repealed by the voters.

As the City looks to continue balancing growth and managing 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.

The City Council continues to prioritize economic development, infrastructure, and community engagement. General Fund revenue continues to be an area that the City needs to bolster and diversify to be able to provide the infrastructure and services the community expects. The short-term strategy for revenue augmentation has focused on cannabis business taxes and transient occupancy taxes by developing these business sectors. This goes hand-in-hand with addressing areas of excess service costs to make them revenue neutral. A companion short-term revenue stabilization effort is the extension of Measure G, to create a solid platform to prevent potential solvency concerns. The medium to long term strategy continues to be diversification of the existing tax base to provide more stability, primarily through a more flexible business and development environment that provides the jobs, services, and revenue needed by the community and fits well in the fabric of Cotati.

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

Employment

Due to Covid-19 and prolonged business closures from the shelter-in-place orders the U.S. and regional job markets were significantly impacted. With employment exhibiting a significant decline compared to growth in prior years. Employment losses are still largely dominated by the leisure and hospitality industries, representing 36% of all job loss. These sectors continue to show significant signs of weakness, given government travel restrictions and consumer reluctance to travel. These sector weaknesses are expected to continue for several years.

Unemployment Rate:

United States 6.7%, **California** 8.2%, **Sonoma County** 5.5%, **Cotati** 5.8%

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 due to the COVID-19 vaccines that will potentially turbocharge demand for such pandemic casualties as travel and tickets to sporting events. 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. Though core inflation rates in 2020 were lower at 1.2%, it is expected to rise again to approximately 2.1% in 2021 or as the pandemic recedes.

Inflation Rate Fiscal Year Change

Bay Area CPI 3.0%

Oil Prices (as of 6/30/20) \$47.50/barrel – 20.8% decrease





Personal Saving Rate

The personal saving rate is calculated as the ratio of personal saving to disposable personal income. In August 2020, the personal saving rate in the U.S. amounted to 15.0%. In 2019, the personal saving rate was 8.1% 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 money for future use.

Consumer Spending Rate

Consumer Spending in the United States decreased to \$13,097 USD Billion in the second quarter of 2020 from \$14,497 USD Billion in the same quarter of 2019. Consumer Spending in the United States averaged \$5,971 USD Billion per year between 1950 and 2020.

Sales Tax

Sales tax revenue (combined Bradley Burns and Measure G) accounts for approximately 56% of General Fund revenues. Total Sales Tax revenues.

- **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.

- **Measure G-Local Sales Tax:** In the June 2014 election, 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 19/20, the City collected approximately \$2.6 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, 2020, the total sales tax rate in Cotati was 9.25% 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)	1.000%
Add: Measure G	1.000%
Total Sales Tax Rate in Cotati	9.250%

County-wide sales tax measures include: Sonoma Marin Area Rail Transit [SMART] (0.25%), the Agricultural Preservation and Open Space District (0.25%), Measures M (Transportation) (0.25%), Measure M (parks) (0.125%) & Measure Y (Libraries) (0.125%). Combined, they total 1.000% of the overall sales tax rate in Cotati.

Economic Condition and Outlook for the General Fund

The City's estimated ending General Fund Balance in the FY2020/21 budget is \$4.8 million, which is equivalent to 62% of total operating expenses. This estimated reserve exceeds the required budgetary 25% reserve. The significant reserve is primarily due to the City's ability to efficiently manage costs while it continues to improve the services provided to its citizens.

The General Fund's economic condition and economic outlook includes the following assumptions for the FY 2020/21 Budget:

- Property tax growth of 0%
- Sales tax increase of 6%
- Cannabis business tax approximating \$486,000
- A median decline of \$180,000 for all other revenue
- Personnel vacancy rate of 0% in each City department
- Salary increases contained in the approved MOUs
- Health care cost increases of 5%

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. 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 2018-19 and 2019-20 budget.
2. Received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting as well as the Outstanding Achievement for Popular Financial Reporting for FY 2018-19.
3. Mid-Year Budget Review and Update then Monthly Financial Summary Reports. Due to the uncertainty of the impact of COVID-19 on our City resources, the Administrative Services Department stepped up to provide monthly reports to Council and the Community. These monthly reports providing an assessment of the City's budget condition, a summary of revenues received to date and cash on hand.
4. Expanded communication with our citizens by supporting online council meetings and focused improvements on the redesigned City website, Facebook, Instagram, YouTube, Cable Broadcast Station, Nixle/WaterSmart/Utility Notifications, and published Activity Guides.
5. Refinance the South Sonoma Business Park (SSBP) Bond to significantly lower the interest rate and therefore use the avoided interest to better the community.

Economic Development

1. Initiation of COVID-19 support for local business.
2. Initial housing development by Richmond American Homes at Kessing Ranch.
3. Approved development of a 152-room hotel.
4. Zoning code revisions to allow businesses the flexibility they need in today's retail environment while preserving Cotati's character.

Community Safety

1. Police Enforcement: Continue efforts to maintain a safe community.
2. Continue to maintain and build relationships with residents through support of "National Night Out" and "Coffee with a Cop".
3. Continued collaboration with Sonoma State University safety and dispatch operations.
4. Expanded police patrols in neighborhoods in assigned police beats and beats meetings with the Neighborhood Officer program.

Infrastructure

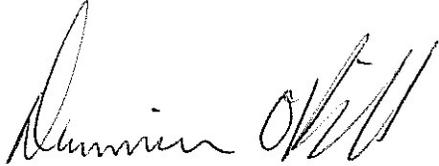
1. Completed major infrastructure projects including significant restoration of streets with repaving throughout the L Section.
2. Installed various traffic safety improvements throughout the City, including wayfinding signage and yellow stripping around light signals.

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 and Neil Tomlinson. 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 of Cotati or to view the CAFR on-line, visit the City website at www.cotaticity.org

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Damien O'Bid". The signature is fluid and cursive, with a large initial "D" and "O".

Damien O'Bid
City Manager



Financial Section

**Independent Auditors Report,
Management Discussion & Analysis,
Financial Statements,
and Notes to the Financial Statements**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cotati, California (City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan and OPEB plan information on pages 7-14 and 81-86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

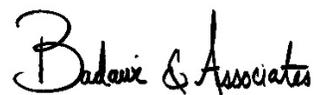
The sales tax measure G funding schedule, the combining nonmajor fund financial statements and budgetary comparison schedules on pages 92-130 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the sales tax measure G funding schedule, the combining nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of Cotati
Cotati, California
Page 5

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Badawi and Associates
Certified Public Accountants
Berkeley, California
January 26, 2021

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Management's 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, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

Government-Wide Financial Statements

- At the close of the fiscal year, the assets of the City exceeded liabilities by \$48.1 million (Total net position in the government wide.)
- As of June 30, 2020, the City's governmental activities reported a net position of \$31.7 million (See Table 2).
- As of June 30, 2020, the City's business-type activities reported a net position of \$16.4 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 \$11.6 million.
- Within the governmental funds ending fund balance, \$0.3 million was restricted for capital projects, \$3.4 million is reserved for housing, and \$4.8 million is unassigned. (See Governmental Funds Balance Sheet June 30, 2020).

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 – management's discussion and analysis (this section), the basic financial statements, required supplementary information, a supplemental informational section that presents combining statements for non-major governmental funds as well as the schedule of Measure G Revenues and uses, and the statistical section. The financial statements include two kinds of statements that present different views of the City:

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

Management's Discussion & Analysis

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

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

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

		Fund Statements		
		Government Wide Statements	Governmental Funds	Proprietary Funds
Scope		Entire City Government	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses: the water and wastewater systems.
Required financial statements		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 using accounting methods like those used by private-sector companies. The statement of net position includes all the government's assets and liabilities. All 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's 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 those purposes. The more significant governmental funds in fiscal year 2019/20 were;

The City's General Fund, Grants Fund, Inclusionary Housing Fund, Low Income Housing Fund, and the City Capital Projects 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 soon 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 is 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.

Financial Analysis of the City as a Whole

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

TABLE 2
Summary of Net Position
As of June 30, 2019 (restated) and 2020
(in million dollars)

	Governmental Activities			Business Type Activities			TOTAL		Change	
	2020	2019	\$ Change	2020	2019	\$ Change	2020	2019	%	\$
ASSETS										
Current and Other Assets	\$ 12.3	\$ 12.5	\$ (0.2)	\$ 7.0	\$ 6.0	\$ 1.0	\$ 19.3	\$ 18.5	4.3 %	\$ 0.8
Internal Balances	1.0	1.0	-	(1.0)	(1.0)	-	-	-	0.0 %	-
Long Term Receivables	1.1	1.1	-	-	-	-	1.1	1.1	0.0 %	-
Capital Assets	25.9	22.8	3.1	12.5	13.1	(0.6)	38.4	35.9	7.0 %	2.5
Total Assets	40.3	37.4	2.9	18.5	18.1	0.3	58.8	55.5	5.9 %	3.3
DEFERRED OUTFLOWS OF RESOURCES										
Pension Plan Contributions and Timing Differences	2.2	2.6	(0.4)	0.5	0.6	(0.1)	2.7	3.2	(15.6)%	(0.5)
LIABILITIES										
Current Liabilities	1.0	0.9	0.1	0.5	0.4	0.1	1.5	1.3	15.4 %	0.2
Noncurrent Liabilities	9.0	8.9	0.1	1.9	2.2	(0.3)	10.9	11.1	(1.8)%	(0.2)
Total Liabilities	10.0	9.8	0.2	2.4	2.6	(0.2)	12.4	12.4	0.0 %	-
DEFERRED INFLOWS OF RESOURCES										
Pension Plan Differences in Projections	0.8	0.7	0.1	0.2	0.2	-	1.0	0.9	11.1 %	0.1
NET POSITION										
Invested in Capital Assets	25.9	22.8	3.1	12.5	13.1	(0.6)	38.4	35.9	10.0 %	2.5
Restricted	5.6	4.9	0.7	-	0.1	(0.1)	5.6	5.0	12.0 %	0.6
Unrestricted	0.2	1.8	(1.6)	3.9	2.7	1.2	4.1	4.5	(8.9)%	(0.4)
Total Net Position	\$ 31.7	\$ 29.5	\$ 2.2	\$ 16.4	\$ 15.9	\$ 0.5	\$ 48.1	\$ 45.4	5.9 %	\$ 2.7

Management's Discussion & Analysis

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

The combined restated net position for all City activities, governmental and business alike, has increased by \$2.7 million or 5.9% over the prior year. Total assets for all activities increased by \$3.3 million in the current year. This increase is primarily due to increased investments in capital assets of \$2.5 million or 7.0% as well as an increase in current and other assets of approximately \$0.8 million or 4.3% due to an increase in net receivables. Total liabilities remained consistent with the prior year with a change of \$0.2 million variance in the classification of current and noncurrent balances. Deferred outflows of resources decreased \$0.5 million and deferred inflows of resources increased \$0.1 million due to changes in pension plan contributions and future liabilities.

Governmental activities:

Net position of the City's governmental activities increased by \$2.2 million to \$31.7 million in the current year. This is primarily due to increased investment in capital projects including major streets improvement projects and purchases of new capital equipment according to the replacement schedule for the Vehicle Replacement Internal Service Fund.

Business-type activities:

The net position of the business-type activities was \$16.4 million as of June 30, 2020. This is an increase of \$0.5 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.

TABLE 3
Changes in Net Position
For the Fiscal Years Ended June 30, 2019 (restated) and 2020.
(in million dollars)

	Governmental Activities				Business Type Activities				TOTAL			
	2020	2019	% Change	\$ Change	2020	2019	% Change	\$ Change	2020	2019	% Change	\$ Change
REVENUES												
<u>Program Revenues</u>												
Charges for Services	\$ 1.7	\$ 1.4		\$ 0.3	\$ 5.3	\$ 4.1		\$ 1.2	\$ 7.0	\$ 5.5	17.4 %	\$ 1.5
Operating Grants and Contributions	0.8	0.3		0.5	-	-		-	0.8	0.3	166.7 %	0.5
Capital Grants and Contributions	-	-		-	-	-		-	-	-	0.0 %	-
<u>General Revenues</u>												
Property Taxes	1.8	1.8		-	-	-		-	1.8	1.8	0.0 %	-
Other Taxes	6.1	6.0		0.1	-	-		-	6.1	6.0	1.7 %	0.1
Other	0.3	0.3		-	0.2	0.2		-	0.5	0.5	0.0 %	-
Total Revenues	10.7	9.8	9.2 %	0.9	5.5	4.3	28.9%	1.2	16.2	14.1	15.2 %	2.1
EXPENSES												
General Government	1.8	2.5		(0.7)	-	-		-	1.8	2.5	(28.0)%	(0.7)
Public Safety	4.1	3.4		0.7	-	-		-	4.1	3.4	20.6 %	0.7
Public Works	2.0	1.9		0.1	-	-		-	2.0	1.9	5.3 %	0.1
Community Development	0.6	0.6		-	-	-		-	0.6	0.6	0.0 %	-
Water	-	-		-	2.1	1.8		0.3	2.1	1.8	16.7 %	0.3
Sewer	-	-		-	2.9	2.7		0.2	2.9	2.7	7.4 %	0.2
Total Expenses	8.5	8.4	1.2%	0.1	5.0	4.5	11.1%	0.5	13.5	12.9	4.7 %	0.6
Revenue over (under) expenses	2.2	1.4		0.8	0.5	(0.2)		0.7	2.7	1.2	128.6 %	1.5
Change in net position	2.2	1.4	57.1%	0.8	0.5	(0.2)	371.4%	0.7	2.7	1.2	128.6 %	1.5
Net position, beginning of period,	29.5	28.1		1.4	15.9	16.1		(0.2)	45.4	44.2	2.7 %	1.2
Net position, end of period	\$ 31.7	\$ 29.5	7.5%	\$ 2.2	\$ 16.4	\$ 15.9	3.4%	\$ 0.5	\$ 48.1	\$ 45.4	6.0 %	\$ 2.7

Analysis of the changes in net position

Total government-wide revenues of the primary government increased by \$2.1 million or 15.2% over the prior year with total expenses increasing by \$0.6 million, a 4.7% increase. These changes are discussed in more detail below.

Management's Discussion & Analysis

Governmental activities

Revenues

Total revenues for governmental activities increased by \$0.9 million or 9.20% when compared with the prior year. Charges for services increased by approximately \$0.3 million, and operating grants and contributions increased by \$0.5 million. Sales and other tax revenues increased by approximately \$0.1 million, primarily due to collections of additional cannabis business taxes. During the last 2 fiscal years, the City has seen decreased capital grants and contributions as projects have reached completion, and the impact of the Covid-19 pandemic has led to fewer new projects commencing, and a resulting decline in permit revenue.

Expenses

Total expenses for governmental activities increased \$0.1 million from the prior year, a 1.2% increase. The primary reason for this increase was due to increased public safety costs during the wildfires and Covid-19 pandemic.

Business Type Activities

Revenues

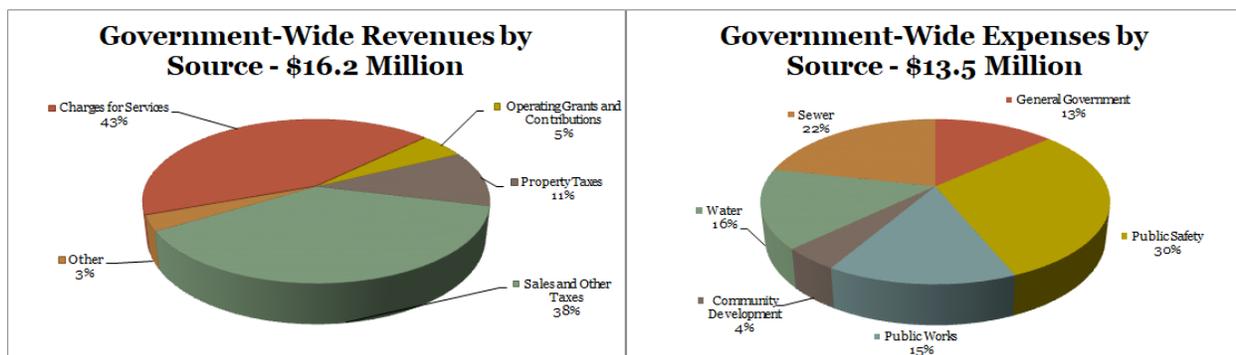
Total revenues for business-type activities increased \$1.2 million or 28.9% from the prior year primarily due to an increase in charges for services. The increased charges for services were primarily caused by the implementation of new customer usage rates obtained by means of an independent rate study which applies a method of increased connection fees to support required new infrastructure capital projects. There was also an increase in the number of service address connections following the completion of strategic housing developments.

Charges for services also continues to increase regarding customer usage primarily caused by increased water usage after coming out of the drought period in the prior years. Additionally, there is a corollary increase in Wastewater as calculated through the customer re-averaging of sewer usage. Re-averaging was based on the actual water usage for the two lowest billing periods during fiscal year 2018/2019.

Expenses

Total expenses for business-type activities increased by approximately \$0.5 million or 11.1%. Personnel expenses increased in both the Water and Wastewater Funds, primarily due to Cost-of-Living Adjustments and educational promotions during FY 2019/20. In the Water Fund, there was an increase in the water purchase rates and payments made to the Sonoma County Water Agency, and in the Wastewater Fund increased payments made to the City of Santa Rosa for treatment services.

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



Management's 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 purposes. The fund financial statements focus on individual 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 on June 30, 2020, of \$11.6 million, a decrease of \$0.8 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, 2020).

The General Fund is the chief operating fund of the City and the overall fund balance remained substantially consistent with the prior year with a small increase of less than \$0.1 million or 0.6%. This increase is mostly attributed to the adjustments in sales taxes as well as cannabis business taxes and collection of other miscellaneous revenues.

The City's other major funds include the Inclusionary Housing Fund with a year-end fund balance of \$3.2 million, and City Capital Projects Fund with a year-end fund balance of approximately \$0.3 million. (See Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2020).

The City's non-major funds ended the fiscal year 2019/20 with a fund balance of almost \$1.3 million, a decrease of \$0.4 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, 2020).

Proprietary Funds

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

General Fund Budgetary Highlights

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

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

For the General Fund actual revenues exceeded the budget by \$1,334,663, while actual expenditures were under budget by \$634,150 due to previously encumbered funds for contract services, as well as expanded police services required to assist during the wildfires and COVID-19 pandemic. General Fund resources exceeded charges by \$1,968,813, leading to a favorable budget variance of \$1,646,610.

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's Discussion & Analysis

Capital Assets and Debt Administration

At the end of 2019/20, the City had invested \$60.7 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 5). This year's major capital assets additions included:

- Street Improvements and Traffic Safety \$2,484,000
- Police & Public Works Vehicles approximately \$156,000
- Falletti Ranch Building Improvements \$518,000
- East Cotati Avenue Paving Project \$992,000
- Wayfinding Signage Program \$98,000
- William/Olof Streets Sewer Replacement \$68,000

Below is a table of the City's Capital Assets as of June 30, 2019 and 2020. Additional information relative to capital assets is contained in Note 1 Section E, and Note 5 of the general-purpose financial statements.

TABLE 5
Capital Assets
As of June 30, 2019 (restated) and 2020
(in million dollars)

	Governmental Activities		Business Type Activities		TOTAL			
	2020	2019	2020	2019	2020	2019	% Change	\$ Change
Capital assets								
Land	\$ 8.6	\$ 8.6	\$ -	\$ -	\$ 8.6	\$ 8.6	0%	\$ -
Construction in progress	0.9	0.4	-	0.2	0.9	0.4	125%	0.5
Buildings	8.3	8.3	-	-	8.3	8.3	0%	-
Vehicles	1.5	1.3	0.2	0.2	1.7	1.5	13%	0.2
Equipment	0.7	0.7	0.2	0.2	0.9	0.9	0%	-
Water and Sewer Lines	-	-	18.4	18.4	18.4	18.4	0%	-
Improvements	20.6	17.0	1.3	1.3	21.9	18.3	20%	3.6
Leased Assets	-	-	-	-	-	-	0%	-
Total Capital Assets	\$ 40.6	\$ 36.3	\$ 20.1	\$ 20.1	\$ 60.7	\$ 56.4	8%	\$ 4.3

* This table does not include accumulated depreciation or amortization.
For further financial data see footnote 6 within the basic financial statements.

Long-term Obligations

South Sonoma Business Park

As of June 30, 2020, special assessment bonds for \$4.05 million were outstanding, of which approximately \$185,000 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. After the fiscal year end the special assessment bond was refinanced to leverage lower interest rates while retaining the same maturity period.

Management's Discussion & Analysis

Compensated absences:

As of June 30, 2020, approximately \$0.7 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 (OPEB) Liability

GASB Statement No. 68 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 \$10.5 million to be reported on the statement of net position for the City as of June 30, 2020.

For the City's OPEB benefits, as now defined for reporting under GASB Statement No. 75, a \$0.3 million liability was also reported within the total OPEB liability as of June 30, 2020 (see Statement of Net Position). More detailed information about long-term debt activity is included in Notes 7 and 8.

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 2020/21 assumes slight increases in property tax collections, due to improved resale market.

Sales Tax-The budget projection for 2020/21 assumes modest growth in the area in part due to the uncertainties surrounding COVID-19. In 2014, Measure G replaced the Measure A tax and set the sales tax rate at 9.25% for nine years ending 2023. On November 3, 2020, 74.5% of the voters approved the continuation of the add-on 1% sales tax until repealed by the voters. Measure G supports the full range of municipal services.



Contracting 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.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Cotati
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,263,970	\$ 6,066,645	\$ 16,330,615
Net receivables	2,025,671	756,083	2,781,754
Internal balances	941,461	(941,461)	-
Prepayments	55,983	44,016	99,999
Total current assets	13,287,085	5,925,283	19,212,368
Noncurrent assets:			
Long-term notes receivable	1,143,496	-	1,143,496
Capital assets:			
Nondepreciable	9,482,224	68,267	9,550,491
Depreciable, net	16,414,709	12,466,563	28,881,272
Total capital assets	25,896,933	12,534,830	38,431,763
Total noncurrent assets	27,040,429	12,534,830	39,575,259
Total assets	40,327,514	18,460,113	58,787,627
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	2,152,406	492,895	2,645,301
Deferred outflows of resources - OPEB	7,719	-	7,719
Total deferred outflows of resources	2,160,125	492,895	2,653,020
LIABILITIES			
Current liabilities:			
Accounts payable	402,087	103,468	505,555
Accrued liabilities	206,682	10,302	216,984
Lease liability - due within one year	7,166	-	7,166
Compensated absences	388,043	269,620	657,663
Deposits	10,771	82,683	93,454
Accrued interest payable	-	24,718	24,718
Claims and judgements - due within one year	41,540	9,554	51,094
Total current liabilities	1,056,289	500,345	1,556,634
Noncurrent liabilities:			
Lease liability - due within more than one year	11,619	-	11,619
Claims and judgements	72,951	24,644	97,595
Net pension liability	8,587,120	1,878,973	10,466,093
Net OPEB liability	276,582	-	276,582
Total noncurrent liabilities	8,948,272	1,903,617	10,851,889
Total liabilities	10,004,561	2,403,962	12,408,523
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	696,169	161,571	857,740
Deferred inflows of resources - OPEB	80,166	-	80,166
Total deferred inflows of resources	776,335	161,571	937,906
NET POSITION			
Net investment in capital assets	25,878,148	12,534,830	38,412,978
Restricted for:			
Capital projects	308,410	-	308,410
Housing	4,515,147	-	4,515,147
Public safety	35,328	-	35,328
Parks	31,114	-	31,114
Streets	690,712	-	690,712
Public communications	14,678	-	14,678
Total restricted	5,595,389	-	5,595,389
Unrestricted	233,206	3,852,645	4,085,851
Total net position	\$ 31,706,743	\$ 16,387,475	\$ 48,094,218

See accompanying Notes to Basic Financial Statements

City of Cotati
Statement of Activities
For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 1,808,561	\$ 930,779	\$ 255,136	\$ -	\$ 1,185,915
Public safety	4,081,647	328,557	115,491	-	444,048
Community development	644,933	304,005	-	-	304,005
Public works	1,993,763	117,783	479,677	-	597,460
Interest expense on long-term debt	1,911	-	-	-	-
Total governmental activities	8,530,815	1,681,124	850,304	-	2,531,428
Business-type activities					
Water	2,086,615	2,137,569	-	-	2,137,569
Wastewater	2,931,726	3,205,145	-	-	3,205,145
Total business-type activities	5,018,341	5,342,714	-	-	5,342,714
Total primary government	\$ 13,549,156	\$ 7,023,838	\$ 850,304	\$ -	\$ 7,874,142
General Revenues:					
Taxes:					
Property taxes					
Sales taxes					
Other taxes					
Total taxes					
Interest and rents					
Total general revenues					
Change in net position					
Net position - beginning of year, as restated					
Net position - end of year					

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (622,646)	\$ -	\$ (622,646)
(3,637,599)	-	(3,637,599)
(340,928)	-	(340,928)
(1,396,303)	-	(1,396,303)
(1,911)	-	(1,911)
(5,999,387)	-	(5,999,387)
-	50,954	50,954
-	273,419	273,419
-	324,373	324,373
(5,999,387)	324,373	(5,675,014)
1,813,280	-	1,813,280
5,091,824	-	5,091,824
1,054,055	-	1,054,055
7,959,159	-	7,959,159
286,349	145,819	432,168
8,245,508	145,819	8,391,327
2,246,121	470,192	2,716,313
29,460,622	15,917,283	45,377,905
\$ 31,706,743	\$ 16,387,475	\$ 48,094,218

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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 Grant Fund is used to account for the construction of projects that utilize federal, state, regional, and local grants funds other than CDBG. City staff applies for and receives competitive funding grants for various City projects that meet specific criteria.

The Inclusionary Housing Fund Fund is a special revenue fund used to account for in lieu impact fees restricted in use to inclusionary housing purposes.

The Low Income Housing Fund is an asset fund which was established to conduct the dissolution operations related to low income housing assets and activities of the former Redevelopment Agency.

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

City of Cotati
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Grant Fund	Inclusionary Housing	Low Income Housing	City Capital Project Funds	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 5,481,527	\$ -	\$ 2,262,728	\$ -	\$ 540,535	\$ 1,264,304	\$ 9,549,094
Taxes receivable	1,184,420	-	-	-	-	37	1,184,457
Accounts receivable	145,370	-	24,718	-	13,853	16,332	200,273
Due from other governments	117,795	483,551	-	-	-	39,595	640,941
Interfund loans	-	-	941,461	-	-	-	941,461
Due to other funds	461,266	-	-	-	-	-	461,266
Notes receivable	28,000	-	-	1,115,496	-	-	1,143,496
Prepayments	54,937	-	-	-	-	1,046	55,983
Total assets	7,473,315	483,551	3,228,907	1,115,496	554,388	1,321,314	14,176,971
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	146,520	27,776	179	-	61,030	38,364	273,869
Accrued liabilities	8,337	3,192	-	-	195,153	-	206,682
Deposits	10,771	-	-	-	-	-	10,771
Due from other funds	-	452,567	-	-	-	8,699	461,266
Total liabilities	165,628	483,535	179	-	256,183	47,063	952,588
Deferred inflows of resources:							
Unavailable revenues	16,234	468,137	-	1,115,496	-	11,450	1,611,317
Total deferred inflows of resources	16,234	468,137	-	1,115,496	-	11,450	1,611,317
Fund Balances:							
Nonspendable	82,937	-	-	-	-	-	82,937
Restricted for affordable housing	-	-	3,204,010	-	-	193,933	3,397,943
Restricted for public safety	-	-	-	-	-	35,328	35,328
Restricted for streets	-	-	-	-	-	690,712	690,712
Restricted for parks	-	-	-	-	-	31,114	31,114
Restricted for public education	-	-	-	-	-	14,678	14,678
Restricted for capital projects	-	-	-	-	-	308,410	308,410
Committed for capital projects	-	-	-	-	298,205	-	298,205
Committed for emergencies	1,910,969	-	-	-	-	-	1,910,969
Assigned	-	-	24,718	-	-	-	24,718
Unassigned	5,297,547	(468,121)	-	-	-	(11,374)	4,818,052
Total fund balances	7,291,453	(468,121)	3,228,728	-	298,205	1,262,801	11,613,066
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,473,315	\$ 483,551	\$ 3,228,907	\$ 1,115,496	\$ 554,388	\$ 1,321,314	\$ 14,176,971

City of Cotati
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds \$ 11,613,066

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

Other long-term assets are not available to pay for current period expenditures and are therefore reported as asset, but offsetted by deferred inflows of resources in the governmental funds. 1,115,496

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Nondepreciable	\$ 9,482,224	\$ -	9,482,224
Depreciable, net	16,414,709	(409,111)	16,005,598
Total capital assets	\$ 25,896,933	\$ (409,111)	25,487,822

Internal service funds were used by management to charge the costs of certain activities, such as vehicle replacement and compensated absences, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position. 607,726

Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements. 495,821

In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

Deferred outflows of resources related to pension	2,152,406
Deferred outflows of resources related to OPEB	7,719
Deferred inflows of resources related to pension	(696,169)
Deferred inflows of resources related to OPEB	(80,166)

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

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Lease liability - due within one year	\$ (7,166)	\$ -	(7,166)
Claims and judgements payable - due within one year	(41,540)	-	(41,540)
Lease liability - due in more than one year	(11,619)	-	(11,619)
Claims and judgements payable - due in more than one year	(72,951)	-	(72,951)
Net pension liability	(8,587,120)	-	(8,587,120)
Net OPEB liability	(276,582)	-	(276,582)
Total long-term liabilities	\$ (8,996,978)	\$ -	(8,996,978)
Net Position of Governmental Activities			\$ 31,706,743

City of Cotati
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020

	General Fund	Grant Fund	Inclusionary Housing Fund	Low Income Housing Fund	City Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Property taxes	\$ 1,813,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,813,280
Sales taxes	5,001,563	-	-	-	-	153,122	5,154,685
Other taxes	509,572	-	-	-	-	-	509,572
Licenses and permits	546,010	-	-	-	-	-	546,010
Intergovernmental	189,454	236,696	-	-	-	353,330	779,480
Charges for services	453,477	-	-	-	166,240	97,566	717,283
Interest and rents	207,182	-	67,137	-	3,503	20,088	297,910
Miscellaneous	228,547	38,489	15,904	-	-	148,505	431,445
Total revenues	8,949,085	275,185	83,041	-	169,743	772,611	10,249,665
EXPENDITURES:							
Current:							
General government	869,672	-	62,205	-	-	257,772	1,189,649
Public safety	3,602,473	-	-	-	-	5,399	3,607,872
Community development	644,933	-	-	-	-	-	644,933
Public works	1,311,726	-	-	-	-	78,518	1,390,244
Capital outlay	-	1,128,100	-	-	3,024,394	26,425	4,178,919
Debt service:							
Principal	6,736	-	-	-	-	-	6,736
Interest	1,911	-	-	-	-	-	1,911
Total expenditures	6,437,451	1,128,100	62,205	-	3,024,394	368,114	11,020,264
REVENUES OVER (UNDER) EXPENDITURES	2,511,634	(852,915)	20,836	-	(2,854,651)	404,497	(770,599)
OTHER FINANCING SOURCES (USES):							
Transfers in	160,090	384,778	-	-	2,977,976	14,975	3,537,819
Transfers (out)	(2,630,461)	-	-	-	(94,366)	(812,992)	(3,537,819)
Total other financing sources (uses)	(2,470,371)	384,778	-	-	2,883,610	(798,017)	-
Net change in fund balances	41,263	(468,137)	20,836	-	28,959	(393,520)	(770,599)
FUND BALANCES:							
Beginning of year, as restated	7,250,190	16	3,207,892	-	269,246	1,656,321	12,383,665
End of year	\$ 7,291,453	\$ (468,121)	\$ 3,228,728	\$ -	\$ 298,205	\$ 1,262,801	\$ 11,613,066

City of Cotati
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Government-Wide Statement of Activities
For the year ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (770,599)

Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:

Governmental funds report long-term receivables but defer revenue from them until collections are actually received. In the Government-Wide 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 Government-Wide Statement of Activities.	23,010
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense. This was the amount of capital assets recorded in the current period, net of the amount related to internal service funds.	4,157,052
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of the amount related to internal service funds.	(1,022,469)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Lease liability repayments	6,736
Claim payments are recorded as expenditures in the governmental funds, however claim expense is recognized as claims are incurred on the Government-Wide Statement of Activities	31,986
Changes in the net pension liability and related deferred inflows and deferred outflows do not use or provide current financial resources and are therefore not reported in the funds.	(739,103)
Changes in the net OPEB liability and related deferred inflows and deferred outflows do not use or provide current financial resources and are therefore not reported in the funds.	3,458
Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.	495,821
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.	60,229

Change in Net Position of Governmental Activities	\$ 2,246,121
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PROPRIETARY FUND FINANCIAL STATEMENTS

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

The Wastewater Fund accounts for the operations of the City's wastewater collection activities

Internal Service Funds account for vehicle replacement and compensated absences provided to other departments or agencies of the government on a cost-reimbursement basis.

City of Cotati
Statement of Net Position
Proprietary Funds
For the year ended June 30, 2020

	Business-type Activities			Governmental
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,939,138	\$ 4,127,507	\$ 6,066,645	\$ 714,876
Accounts receivable	360,212	395,871	756,083	-
Prepayments	36,637	7,379	44,016	-
Total current assets	2,335,987	4,530,757	6,866,744	714,876
Noncurrent assets:				
Interfund loans	-	838,572	838,572	-
Capital assets:				
Nondepreciable:	-	68,267	68,267	-
Depreciable				
Reservoirs	1,650,972	-	1,650,972	-
Pipelines and meters	5,694,417	9,496,342	15,190,759	-
Water wells	1,451,506	-	1,451,506	-
Improvements	1,061,845	224,807	1,286,652	-
Equipment	309,259	109,822	419,081	1,485,914
Less accumulated depreciation	(4,597,371)	(2,935,036)	(7,532,407)	(1,076,803)
Net capital assets	5,570,628	6,964,202	12,534,830	409,111
Total noncurrent assets	5,570,628	7,802,774	13,373,402	409,111
Total assets	7,906,615	12,333,531	20,240,146	1,123,987
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	252,246	240,649	492,895	-
Total deferred outflows of resources	252,246	240,649	492,895	-
LIABILITIES				
Current liabilities:				
Accounts payable	86,894	16,574	103,468	128,218
Accrued liabilities	10,302	-	10,302	-
Interest payable	-	24,718	24,718	-
Claims and judgements	4,777	4,777	9,554	-
Compensated absences	135,261	134,359	269,620	388,043
Interfund loans	-	-	-	-
Deposits	82,683	-	82,683	-
Total current liabilities	319,917	180,428	500,345	516,261
Noncurrent liabilities:				
Claims and judgements	12,322	12,322	24,644	-
Interfund loans	838,572	941,461	1,780,033	-
Net pension liability	961,592	917,381	1,878,973	-
Total noncurrent liabilities	1,812,486	1,871,164	3,688,650	-
Total liabilities	2,132,403	2,051,592	4,188,995	516,261
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	82,686	78,885	161,571	-
Total deferred inflows of resources	82,686	78,885	161,571	-
NET POSITION				
Net investment in capital assets	5,570,628	6,964,202	12,534,830	409,111
Unrestricted	373,144	3,479,501	3,852,645	198,615
Total net position	\$ 5,943,772	\$ 10,443,703	\$ 16,387,475	\$ 607,726

See accompanying Notes to Basic Financial Statements

City of Cotati
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2020

	Business-type Activities			Governmental
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 2,134,788	\$ 3,115,545	\$ 5,250,333	\$ 270,179
Other operating revenues	2,781	89,600	92,381	-
Total operating revenues	2,137,569	3,205,145	5,342,714	270,179
OPERATING EXPENSES:				
Personnel services	686,218	634,219	1,320,437	103,447
Contractual services	186,230	134,184	320,414	-
Intergovernmental treatment costs	-	1,742,534	1,742,534	-
Utilities	91,127	13,207	104,334	-
Purchased water	475,213	-	475,213	-
Supplies and materials	233,576	124,376	357,952	9,094
Depreciation	400,817	249,529	650,346	105,849
Total operating expenses	2,073,181	2,898,049	4,971,230	218,390
OPERATING INCOME (LOSS)	64,388	307,096	371,484	51,789
NONOPERATING REVENUES (EXPENSES):				
Interest and investment revenues	26,393	119,426	145,819	8,440
Interest expense	(13,434)	(33,677)	(47,111)	-
Total nonoperating revenues (expenses)	12,959	85,749	98,708	8,440
Income before contributions and transfers	77,347	392,845	470,192	60,229
Change in net position	77,347	392,845	470,192	60,229
NET POSITION:				
Beginning of year	5,866,425	10,050,858	15,917,283	547,497
End of year	\$ 5,943,772	\$ 10,443,703	\$ 16,387,475	\$ 607,726

City of Cotati
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

	Business-type Activities			Governmental
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 2,069,150	\$ 3,172,634	\$ 5,241,784	\$ -
Interfund charges for services	-	-	-	270,179
Payments to suppliers	(973,448)	(2,005,448)	(2,978,896)	119,124
Payments to employees	(627,051)	(798,963)	(1,426,014)	(62,840)
Net cash provided by (used in) operating activities	468,651	368,223	836,874	326,463
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund loans	-	91,036	91,036	-
Interfund interest	(13,434)	(8,959)	(22,393)	-
Repayments of interfund balances	(91,036)	(58,539)	(149,575)	-
Net cash provided by (used in) noncapital financing activities	(104,470)	23,538	(80,932)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(12,150)	(68,267)	(80,417)	(160,017)
Net cash provided by (used in) capital and related financing activities	(12,150)	(68,267)	(80,417)	(160,017)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest receipts	26,393	119,426	145,819	8,440
Net cash provided by (used in) investing activities	26,393	119,426	145,819	8,440
Net cash flows	378,424	442,920	821,344	174,886
CASH AND CASH EQUIVALENTS - Beginning of year	1,560,714	3,684,587	5,245,301	539,990
CASH AND CASH EQUIVALENTS - End of year	\$ 1,939,138	\$ 4,127,507	\$ 6,066,645	\$ 714,876
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 64,388	\$ 307,096	\$ 371,484	\$ 51,789
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	400,817	249,529	650,346	105,849
Changes in assets and liabilities:				
Receivables, net	(66,077)	(32,511)	(98,588)	-
Prepayments	4,553	2,912	7,465	-
Accounts payable	8,145	5,941	14,086	128,218
Net pension liability	50,489	39,355	89,844	-
Other liabilities	6,336	(204,099)	(197,763)	40,607
Net cash provided by (used in) operating activities	\$ 468,651	\$ 368,223	\$ 836,874	\$ 326,463

See accompanying Notes to Basic Financial Statements

FIDUCIARY FUND FINANCIAL STATEMENTS

The Private Purpose Trust Fund, a fiduciary fund type, accounts for all of the assets, liabilities, and financial activities of the Successor Agency to the City's former Redevelopment Agency that was dissolved effective February 1, 2012.

Agency Fund, an agency fund that is used to facilitate a special assessment debt service charged to land owners for the financing provided to develop the business park.

City of Cotati
Statement of Fiduciary Net Position
June 30, 2020

	Private Purpose Trust	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 895,406	\$ 304,412
Cash with trustees	698,584	270,756
Prepayments	825	-
Accounts receivable		62
Assessments receivable	-	484
Notes receivable	1,417,071	-
Capital assets:		
Land	287,048	-
Total assets	<u>3,298,934</u>	<u>\$ 575,714</u>
LIABILITIES		
Accounts payable	4,377	\$ -
Interest payable	134,665	-
Tax allocation bonds	8,003,277	-
Due to bondholders	-	575,714
Total liabilities	<u>8,142,319</u>	<u>\$ 575,714</u>
NET POSITION (DEFICIT):		
Held in trust for successor agency	<u>(4,843,385)</u>	
Total net position (deficit)	<u>\$ (4,843,385)</u>	

City of Cotati
Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2020

	Private Purpose Trust
ADDITIONS:	
Net investment income	\$ 49,295
Distributions for enforceable obligations	1,134,285
Total additions	<u>1,183,580</u>
DEDUCTIONS:	
Bond interest	412,425
Administrative costs	254,277
Payments on pass-through agreements	56,707
Bond disclosure	2,500
Bond trustee	9,000
Total deductions	<u>734,909</u>
Change in net position	448,671
NET POSITION (DEFICIT):	
Beginning of year	<u>(5,292,056)</u>
End of year	<u>\$ (4,843,385)</u>

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Financial Reporting Entity*

The City is a municipal corporation governed by an elected five member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The City has no component units that are blended or discretely presented in these financial statements. 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 fund) 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. *Basis of Accounting and Measurement Focus*

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

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

These financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred inflows/outflows of resources, and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liabilities are incurred.

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

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

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transaction balances have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

The City applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

Governmental Fund Financial Statements

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

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures in the current period.

The City reports the following major governmental funds in the accompanying financial statements:

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

Grant Fund – is used to account for the construction of projects that utilize federal, state, regional, and local grants funds other than CDBG. City staff applies for and receives competitive funding grants for various City projects that meet specific criteria.

Inclusionary Housing Fund – is a special revenue fund used to account for in lieu impact fees restricted in use to inclusionary housing purposes.

Low Income Housing Fund – is an asset fund which was established to conduct the dissolution operations related to low-income housing assets and activities of the former Redevelopment Agency.

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

Revenues are recorded when received in cash, except that revenues subject to accrual (generally those received within 60 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows.

A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increase (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the operations of the fund. All other expenses are reported as nonoperating expenses.

The City reports the following enterprise funds as proprietary funds of the City:

Water Fund - accounts for the operations of the City’s water distribution system.

Wastewater Fund - accounts for the operation of the City’s wastewater collection activities.

Additionally, the City reports the following fund type:

Internal service funds - account for vehicle replacement and compensated absences provided to other departments or agencies of the government on a cost-reimbursement basis.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City has two types of fiduciary funds, a private-purpose trust fund and an agency fund. Private purpose trust funds accounts for all other trust arrangements in which principal and income benefit individuals, private organizations, and other governments (i.e. unclaimed property/escheat property). Agency funds are used to account for the assets held for distribution by the City as an agent for another entity for which the City has a custodial responsibility and accounts for the flow of assets. Fiduciary funds are accounted for using the accrual basis of accounting.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements, Continued

The financial activities of these funds are excluded from the City-wide financial statements but are presented in separate fiduciary fund financial statements. The City reports the following fiduciary funds:

The Private-Purpose Trust Fund – accounts 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 Agency Fund – is an agency fund that is used to facilitate a special assessment debt service charged to landowners for the financing provided to develop the business park.

C. Cash and Investments

The City maintains a cash and investments pool that is available for use by all funds. Each fund’s portion of this pool is displayed as cash and investments on the balance sheets for the governmental funds and the statements of net position for the proprietary fund and agency funds as cash and investments. Investments are stated at fair value.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB Statement No. 3)*, certain disclosure requirements for deposits and investment risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid money market investments with maturities of one-year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City did not have any investments measured using Level 3 inputs as of June 30, 2020.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash and Investments, Continued

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "cash and investments" in the accompanying basic financial statements.

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

D. 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 the government-wide and fund financial statements.

E. 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 (\$25,000 for infrastructure type assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Under the GASB 34 Implementation Rules, the City is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 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.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets, Continued

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:

Asset Type	Useful Life
Buildings and improvements	30 years
Public domain infrastructure	50 years
System infrastructure	10-40 years
Vehicles and equipment	5-10 years
Other Assets	2+ years

F. Compensated Absences Payable

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. The City typically uses the General Fund, Water Fund, and Wastewater Fund to liquidate the majority of its compensated absences.

G. Long-Term Debt

In the government-wide financial statements and in 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 position.

H. Deferred Outflows/Inflows of Resources

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

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

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Net Position and Fund Balances

Net position is measured on the full accrual basis, while fund balance is measured on the modified accrual basis.

Government-Wide Financial Statements

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined only at the government-wide level, and are described below:

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

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

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

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

Fund Financial Statements

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: restricted, committed, assigned, and unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable amounts are generally items not expected to be converted into cash such as inventories, prepaid items, and long-term receivables.

Restricted fund balances include those where constraints are placed on the uses of the resources externally imposed by grantors, contributors, other governments, or bylaws or regulations.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. *Net Position and Fund Balances, Continued*

Fund Financial Statements, Continued

Committed fund balances are those that can only be used for a specific purpose as determined by resolution of the City Council. Such committed amounts may be redeployed for other uses only by resolution of the City Council.

Assigned fund balances 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 fund balance 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 to be reduced first, followed by assigned amounts, and then unassigned amounts.

J. *Property Taxes*

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.

K. *Pension*

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

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Other Postemployment Benefits (OPEB)

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

Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

L. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. New Accounting Pronouncements

In 2020, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- *GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.* - Due to the spread of COVID-19 Pandemic, GASB issued the above statement postponing implementation of certain authoritative guidance. As such, no new accounting standards are applicable to the City during the current fiscal year

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investments held by trustees.

The following is a summary of the cash and investments at June 30, 2020:

	Government-Wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and investments	\$ 10,263,970	\$ 6,066,645	\$ 1,199,818	\$ 17,530,433
Cash with trustees	-	-	969,340	969,340
Total cash and investments	\$ 10,263,970	\$ 6,066,645	\$ 2,169,158	\$ 18,499,773

A. Summary of Cash and Investments

Pooled deposits	\$ 934,462
Total cash on hand and deposits	934,462
Local Agency Investment Funds (LAIF)	15,064,020
Sonoma County Investment Pool	633,180
Certificates of deposit	898,771
Total investments	16,595,971
Total City Treasury	17,530,433
Investments with trustees	969,340
Total cash and investments	\$ 18,499,773

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS

B. Deposits

The carrying amount of the City's cash deposit was \$934,462 as of June 30, 2020. Bank balances before reconciling items were a positive amount of \$1,064,790 at June 30, 2020. The City's cash deposit was fully insured up to \$250,000 by the Federal Deposit Insurance Commission. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

The California Government Code (Code) Section 53652 requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

Fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

C. Investments Authorized by the Code and the City's Investment Policy

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum % of Portfolio	Maximum Investment in One Issuer
Bank/Time Deposits	5 years	N/A	None	None
U.S. Treasury Securities	5 years	N/A	None	None
U.S. Agency Securities	5 years	N/A	75%	25%
Money Market Funds	N/A	N/A	20%	10%
Bankers Acceptances	180 days	A1/P1	20%	5%
Commercial Paper	270 days	A1/P1	25%	5%
Negotiable Certificates of Deposit	5 years	A < 1 year	30%	5%
Local Agency Investment Fund (LAIF)	N/A	N/A	Per State Statute	Per State Statute
CAMP/Caltrust	N/A	N/A	None	None
CDs Nonnegotiable / CDARS	3 years	N/A	30%	5%
Municipal Obligations	5 years	A	5%	5%
Medium Term Notes	5 years	A	30%	30%
Supranational	5 years	AAA	2%	2%

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds for the year ended June 30, 2020:

Interest income	\$ 310,021
Unrealized gain (loss) on changes in fair value of investments	88,055
Total investment income	<u>\$ 398,076</u>

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. Generally, the City's practice is to buy and hold investments until maturity and carry such investments at fair value.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2020 include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included structure notes and asset-backed securities described on the following page.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

C. Investments Authorized by the Code and the City's Investment Policy, Continued

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

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

At June 30, 2020, the City had \$15,064,020 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.77% in the previous year. The LAIF fair value factor of 1.004912795 was used to calculate the fair value of the investments in LAIF.

The City is also a voluntary participant in the Sonoma County Investment Pool (County Pool) that is regulated by the County's Investment Policy under the oversight of the Treasury of the County. The County does not provide the City with a fair value factor, and the City's fair value of its position in the pool is the same as the value of the pool shares.

D. Risk Disclosures

Interest Risk: Interest rate risk is the market value fluctuation due to overall changes in the 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.

Investments held in the City Treasury grouped by maturity date at June 30, 2020 are as follow:

Investment Type	Total	Investment Maturities (in Months)		
		12 Months or less	13 to 24 Months	More than 24 Months
BlackRock Provident T-Fund Shares	\$ 969,340	\$ 969,340	\$ -	\$ -
Negotiable Certificates of Deposit	898,771	670,196	228,575	-
Subtotal	1,868,111	1,639,536	228,575	-
Joint investment pools:				
Local Agency Investment Fund (LAIF)	15,064,020	15,064,020	-	-
Sonoma County Investment Pool	633,180	633,180	-	-
Total	\$ 17,565,311	\$ 17,336,736	\$ 228,575	\$ -

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, Continued

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to comply with state law as regards security ratings. The City's investment in mutual funds was rated Aaa by Moody's Investor Service. LAIF and the Sonoma County Investment Pool are unrated.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$898,771 investment made in other than the pools and mutual funds, the entire \$898,771 in underlying securities are held by the investment's counterparty in the name of the City. The City's investments in LAIF, the County Pool, and mutual funds are not subject to custodial credit risk.

E. Investment Valuation

Investments (except for money and market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2020 are described below.

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
BlackRock Provident T-Fund Shares	\$ 969,340	\$ 969,340	\$ -	\$ -
Negotiable Certificates of Deposit	898,771	898,771	-	-
Total investments subject to fair value	1,868,111	\$ 1,868,111	\$ -	\$ -
Investments not subject to levelling:				
Local Agency Investment Pool (LAIF)	15,064,020			
Sonoma County Investment Pool	633,180			
Total Investments	\$ 17,565,311			

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, Continued

E. Investment Valuation, Continued

The City's investments are valued using Level 1 inputs for both the negotiable certificates of deposit and mutual funds. Contributed capital assets and declines in capital asset values are based upon the use of Level 2 inputs. The Sonoma County Investment Pool and the State of California Local Agency Investment Fund Pool are not subject to levelling.

F. Cash and Investments Held in Trust

The Cash and investments of the Successor Agency at June 30, 2020 consisted of \$895,406 in bank deposits held by the City. In addition, there was \$698,584 held by a bank trustee primarily in a reserve account for the 2001 Tax Allocation Bonds (further described in Note 14).

3. INTERFUND ACTIVITIES

A. Due To/From Other Funds

At June 30, 2020, the City had the following due to/from other funds:

Due To	Due From
	General Fund
Grant Fund	\$ 452,567
Nonmajor Governmental Funds	8,699
Total	\$ 461,266

B. Advances to/From Other Funds

At June 30, 2020, the City had the following advances to/from other funds:

Advance To	Advance From		
	Inclusionary Housing Fund	Wastewater	Total
Water Fund	\$ -	\$ 838,572	\$ 838,572
Wastewater Fund	941,461	-	941,461
Total	\$ 941,461	\$ 838,572	\$ 1,780,033

In October 2014, the City initiated an interfund loan between the Wastewater Fund to the Water Fund which was used to finance the Phase 2 meter replacement project. The advance is due in quarterly installments of \$26,117 through September 30, 2030 and bears annual interest at a rate of 1.5%.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

3. INTERFUND ACTIVITIES, Continued

B. Advances to/From Other Funds, Continued

On May 15, 2019, upon completion of P-1 Wastewater Pipeline project, as adopted by Council Resolution 2019-18, the City initiated an inter-fund loan between In-lieu Inclusionary Housing to the Wastewater Fund for a total of \$1,000,000 to be repaid over a period of 20 years in annual installments of \$67,498 annually and at an annual interest rate of 3%.

C. Transfers

During the year ended June 30, 2020, the City had the following transfers in/out:

Transfers Out	Transfers In				Total
	General Fund	Grant Fund	City Capital Projects Fund	Nonmajor Governmental	
General Fund	\$ -	\$ 282,151	\$ 2,333,335	\$ 14,975	\$ 2,630,461
City Capital Projects Fund	-	94,366	-	-	94,366
Nonmajor Governmental Funds	160,090	8,261	644,641	-	812,992
Total	\$ 160,090	\$ 384,778	\$ 2,977,976	\$ 14,975	\$ 3,537,819

The transfers out of the General Fund and nonmajor governmental funds were primarily to provide funds to the City's capital projects for infrastructure projects.

4. NOTES RECEIVABLE

The City's loans receivable were comprised of the following at June 30, 2020:

Description	Balance as of June 30, 2020	Accrued interest
Note receivable, original principal \$370,000	\$ 370,000	\$ 243,097
Note receivable, original principal \$397,000	397,000	105,399
Real Estate and Home Improvement Loans	28,000	-
Totals	\$ 795,000	\$ 348,496

The notes receivable consist of two notes with original principal of \$767,000 plus \$348,496 in deferred interest payable at maturity. The notes bear interest at 3% deferred until maturity of 2041 (\$370,000) and 2058 (\$397,000) and are secured by deeds of trust on housing projects. The real estate and home improvement loans include loans with the balance of \$15,000 and \$13,000. These two loans are final collections on an economic development housing improvement program that was initiated in the late 80's these were 30 year loans where no balance was due until maturity or if the house was sold.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

5. CAPITAL ASSETS

Capital assets activity relating to governmental activities for the year ended June 30, 2020 was as follows:

	Balance at July 1, 2019 (as restated)	Additions	Retirements	Balance at June 30, 2020
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 8,631,561	\$ -	\$ -	\$ 8,631,561
Construction in progress	391,190	4,128,388	(3,668,915)	850,663
Total nondepreciable capital assets	9,022,751	4,128,388	(3,668,915)	9,482,224
Depreciable capital assets:				
Buildings	8,317,483	-	-	8,317,483
Machinery and equipment	693,922	28,664	-	722,586
Vehicles	1,325,895	160,018	-	1,485,913
Improvements	16,977,469	3,668,915	-	20,646,384
Leased assets	34,874	-	-	34,874
Total depreciable capital assets	27,349,643	3,857,597	-	31,207,240
Less accumulated depreciation:				
Buildings	(2,751,693)	(223,602)	-	(2,975,295)
Machinery and equipment	(557,623)	(57,479)	-	(615,102)
Vehicles	(969,053)	(105,849)	-	(1,074,902)
Improvements	(9,375,382)	(736,695)	-	(10,112,077)
Leased assets	(10,462)	(4,693)	-	(15,155)
Total accumulated depreciation	(13,664,213)	(1,128,318)	-	(14,792,531)
Total depreciable capital assets, net	13,685,430	2,729,279	-	16,414,709
Total capital assets	\$ 22,708,181	\$ 6,857,667	\$ (3,668,915)	\$ 25,896,933

Construction in progress at June 30, 2020 represents primarily costs incurred related to construction improvements to the City's street system.

For the year ended June 30, 2020, depreciation expense by program/function for capital assets was as follows:

Governmental activities:	
General government	\$ 329,202
Public safety	111,615
Streets	504,889
Transportation	76,763
Other internal service	105,849
Total depreciation expense	\$ 1,128,318

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

5. CAPITAL ASSETS, Continued

Capital assets activity relating to business-type activities for the year ended June 30, 2020 was as follows:

	Balance at July 1, 2019	Additions	Retirements	Balance at June 30, 2020
Business-type activities:				
Nondepreciable capital assets:				
Construction in progress	\$ -	\$ 68,267	\$ -	\$ 68,267
Total nondepreciable capital assets	-	68,267	-	68,267
Depreciable capital assets:				
Water wells	1,451,506	-	-	1,451,506
Reservoirs	1,650,972	-	-	1,650,972
Improvements	1,286,652	-	-	1,286,652
Pipelines and collection system	15,314,005	-	(123,246)	15,190,759
Equipment	406,931	12,150	-	419,081
Total depreciable capital assets	20,110,066	12,150	(123,246)	19,998,970
Less accumulated depreciation:				
Water wells	(1,004,772)	(80,957)	-	(1,085,729)
Reservoirs	(1,055,173)	(85,788)	-	(1,140,961)
Improvements	(429,768)	(57,348)	-	(487,116)
Pipelines and collection system	(4,373,362)	(417,838)	123,246	(4,667,954)
Equipment	(142,232)	(8,415)	-	(150,647)
Total accumulated depreciation	(7,005,307)	(650,346)	123,246	(7,532,407)
Total depreciable capital assets, net	13,104,759	(638,196)	-	12,466,563
Total capital assets	\$ 13,104,759	\$ (569,929)	\$ -	\$ 12,534,830

For the year ended June 30, 2020, depreciation expense by program/ function for capital assets was as follows:

Business-type activities:	
Water	\$ 400,817
Wastewater	249,529
Total depreciation expense	\$ 650,346

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

6. COMPENSATED ABSENCES

Compensated absences activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Compensated absences payable	\$ 347,435	\$ 233,438	\$ (192,830)	\$ 388,043	\$ 388,043
Business-Type Activities:					
Compensated absences payable	249,328	66,032	(45,740)	269,620	269,620
Total	<u>\$ 596,763</u>	<u>\$ 299,470</u>	<u>\$ (238,570)</u>	<u>\$ 657,663</u>	<u>\$ 657,663</u>

7. LONG-TERM DEBT

The following is a summary of the City's long-term debt activity for the year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Reductions	Balance at June 30, 2020	Due Within One Year
Governmental Activities:					
Lease obligation	\$ 25,521	\$ -	\$ (6,736)	\$ 18,785	\$ 7,166
Total	<u>\$ 25,521</u>	<u>\$ -</u>	<u>\$ (6,736)</u>	<u>\$ 18,785</u>	<u>\$ 7,166</u>

A. Lease Obligation

The City in fiscal year 2018 entered into a \$34,474 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
2021	\$ 7,166	\$ 965	\$ 8,131
2022	7,632	500	8,132
2023	3,987	80	4,067
Totals	<u>\$ 18,785</u>	<u>\$ 1,545</u>	<u>\$ 20,330</u>

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

8. LONG-TERM DEBT WITH NO CITY 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.

Fiscal Year	Principal	Interest	Total
2021	\$ 185,000	\$ 257,238	\$ 442,238
2022	200,000	244,726	444,726
2023	210,000	231,400	441,400
2024	225,000	217,263	442,263
2025	240,000	202,150	442,150
2026-2030	1,455,000	747,663	2,202,663
2031-2034	1,535,000	207,188	1,742,188
Totals	<u>\$ 4,050,000</u>	<u>\$ 2,107,628</u>	<u>\$ 6,157,628</u>

9. DEFINED BENEFIT PENSION PLANS

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee’s Retirement Law.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

9. DEFINED BENEFIT PENSION PLANS, Continued

Benefits Provided, Continued

The rate plan provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous Plans		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to 4/27/2011	4/27/2011 to 12/31/2012	On or after 1/1/2013
Benefit formula	2.7% @ 55 with 2% COLA	2.0% @ 60 with 2% COLA	2.0% @ 62 with 2% COLA
Final average compensation period	12 months	12 months	36 months
Benefit vesting schedule	5 year service	5 year service	5 year service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	60	62
Monthly benefits as a % of eligible compensation	2.70%	2.00%	2.00%
Required employee contribution rates	8.00%	7.00%	6.75%
Required employer contribution rates	13.182%	8.563%	6.985%
Required unfunded liability payment	\$499,862	\$2,997	\$2,514

	Safety Plans		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to 7/1/2011	7/1/2011 to 12/31/2012	On or after 1/1/2013
Benefit formula	3.0% @ 50 with 2% COLA	2.0% @ 50 with 2% COLA	2.7% @ 57 with 2% COLA
Final average compensation period	36 months	36 months	36 months
Benefit vesting schedule	5 year service	5 year service	5 year service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	57
Monthly benefits as a % of eligible compensation	3.00%	2.00%	2.70%
Required employee contribution rates	9.00%	9.00%	12.00%
Required employer contribution rates	20.707%	16.636%	13.034%
Required unfunded liability payment	\$250,472	\$1,330	\$2,855

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

The City’s contributions to the Plan for the measurement period ended June 30, 2019 were \$1,293,940

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

9. DEFINED BENEFIT PENSION PLANS, Continued

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

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$10,466,093.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportionate share of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of the measurement date of June 30, 2018 and 2019 were as follows:

Proportion - June 30, 2018	0.10525%
Proportion - June 30, 2019	<u>0.10214%</u>
Change - Increase (decrease)	-0.00311%

For the year ended June 30, 2020, the City recognized pension expense of \$1,973,885. At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 695,478	\$ (19,407)
Changes in assumptions	468,954	(136,865)
Net differences between projected actual earnings and actual earnings on plan investments	-	(166,220)
Changes in employer's proportion	14,967	(535,248)
Differences between the employer's contributions and the employer's proportionate share of contributions	320,964	-
Pension contributions subsequent to the measurement date	<u>1,144,938</u>	<u>-</u>
Total	<u>\$ 2,645,301</u>	<u>\$ (857,740)</u>

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

9. DEFINED BENEFIT PENSION PLANS, Continued

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

\$1,144,938 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,		
2021	\$	700,455
2022		(181,496)
2023		90,540
2024		33,124
Thereafter		-

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality ⁽¹⁾	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) The mortality rates include 15 years of projected on-going mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries

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

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

9. DEFINED BENEFIT PENSION PLANS, Continued

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

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

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

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

Asset Class ⁽¹⁾	Assumed Asset Allocation	Real Return Years 1 - 10 ⁽²⁾	Real Return Years 11+ ⁽³⁾
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)

(1) In the system's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

9. DEFINED BENEFIT PENSION PLANS, Continued

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

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

	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
Net Pension Liability	\$ 15,315,579	\$ 10,466,093	\$ 6,475,643

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

Payable to the Pension Plan

At June 30, 2020 the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	45
	<hr/>
Total	47
	<hr/> <hr/>

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Benefits Provided, Continued

The City’s OPEB Plan is closed to new entrants. The OPEB Plan amortization period is closed.

Contributions – The City’s plan is affiliated with the Redwood Empire Municipal Insurance Fund (REMIF) insofar as the City’s health insurance premium payments are paid to REMIF. 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 ended June 30, 2020, the City’s average contribution rate was .005 percent of covered employee payroll. The amount contributed for fiscal 2020 was \$16,930 which amount was the amount of City paid benefit payments.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

	<u>Actuarial Assumptions</u>
Inflation	2.75% per year
Salary increases	2.75% plus merit/productivity increases according to CalPERS 2017 Experience Study
Discount rate	2.66%
Healthcare cost trend rates	6.5% for 2021, decreasing 0.25 percent per year ultimate rate of 4.5 percent for 2029 and later years
Mortality	SOA Pub-2010 Total Database Headcount Weighted fully generational using Scale MP-2019

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Changes in the Total OPEB Liability

The changes in the total OPEB liability during the measurement period were as follow:

	Total OPEB Liability
Balance at June 30, 2019	\$ 299,337
Changes for the year:	
Service cost	10,004
Interest	10,563
Changes in assumptions	(2,762)
Differences between expected and actual experience	(23,630)
Benefit payments	(16,930)
Net changes	(22,755)
Balances at June 30, 2020	\$ 276,582

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 (1.66 percent) or 1-percentage point higher (3.66 percent) than the current discount rate.

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
Total OPEB Liability	\$ 300,573	\$ 276,582	\$ 255,065

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – 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 healthcare cost trend rates 1-percentage point (1 percent) lower or higher than the current healthcare cost trend rates:

	1% Decrease 5.5% - 3.5%	Current Healthcare Cost Trend Rates 6.5% - 4.5%	1% Increase 7.5% - 5.5%
Total OPEB Liability	\$ 251,685	\$ 276,582	\$ 305,506

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$15,393. At June 30, 2020, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ (66,265)
Changes in assumptions	7,719	(13,901)
Total	<u>\$ 7,719</u>	<u>\$ (80,166)</u>

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 Ending June 30,	
<u> </u>	
2021	\$ (7,095)
2022	(7,095)
2023	(7,095)
2024	(7,095)
2025	(7,095)
Thereafter	(36,972)

Payable to the OPEB Plan

At June 30, 2020, no amount was payable to the OPEB Plan.

11. DEFICIT FUND BALANCE AND NET POSITION AND EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds reported deficit fund balances or net positions at June 30, 2020:

- Grant Fund - Negative \$468,121 is primarily due to pending grants receivable balances of \$439,620 due from CalTrans and additional \$43,930 due from other grantees as of June 30, 2020.
- CDBG Fund - negative \$11,374 primarily due to pending grants receivable balances of \$1,449 due from Sonoma County Community Development Agency

The following funds had expenditures in excess of appropriations:

- Landscape and Lighting Fund has expenditures in excess of appropriations of \$73,729 due to budgeting processes that are separately performed by the engineering and public works department in coordination with the districts with public meetings and council adoption for property tax assessment. Future fiscal years will be included within the consolidated enterprise resource programs and included for financial reporting.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City, due to the costs of available coverage, participates as a member of the 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 2020. Settlements have not exceeded coverage for each of the past four fiscal years. The City has no material claim liabilities at June 30, 2020. However, during the fiscal year 2019, the REMIF board approved both a workers compensation and general liability fund assessments covering a period of six and five years respectively.

Changes in the balance of claims liabilities during the year ended June 30, 2020 were as follows:

	Workers Compensation	General Liability	Totals
Liability - July 1, 2019	\$ 120,362	\$ 69,867	\$ 190,229
Claims Incurred	-	-	-
Claims Payments	(24,073)	(17,467)	(41,540)
Changes to prior year estimates	-	-	-
Liability - June 30, 2020	<u>\$ 96,289</u>	<u>\$ 52,400</u>	<u>\$ 148,689</u>

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

13. 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.

14. 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:

Sonoma County Water Agency - The City has an agreement with the agency for the purchase of water as the City does not have sufficient capacity to operate its own water service. The City's obligations under this agreement are to pay to the Agency its share of the costs of providing the water and operating related systems. The City records these payments as operating expenses in its water enterprise fund.

Sonoma County Public Safety Consortium (SCPSC) - was formed by a joint powers agreement on July 1, 2008 to Efficiently and effectively operate, maintain and improve a public safety communication and data management system in Sonoma County. As a member, the City pays its proportionate share percentage of the total costs incurred by the SCPSC and records these payments as operating expenses within the general fund.

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-

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

15. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY,
Continued

A. The Dissolution Process, Continued

-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 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.

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.

B. Enforceable Obligations

Changes in enforceable obligations for the year ended June 30, 2020 were as follows:

Private Purpose Trust Fund:	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
2001 Tax Allocation Bonds, Series A	\$ 5,910,000	\$ -	\$ (135,000)	\$ 5,775,000	\$ 155,000
2004 Tax Allocation Bonds, Series A	2,590,000	-	(290,000)	2,300,000	270,000
Discount on bonds	(76,847)		5,124	(71,723)	
Total	\$ 8,423,153	\$ -	\$ (419,876)	\$ 8,003,277	\$ 425,000

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

**15. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY,
Continued**

B. Enforceable Obligations, Continued

Tax Allocation Refunding Bonds 2001, Series A

On November 14, 2001, The City's former Redevelopment Agency issued \$6,960,000 in subordinate Tax Allocation Bonds, Series 2001 A, 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 on the 2001 Tax Allocation Bonds are as follow:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 155,000	\$ 283,928	\$ 438,928
2022	170,000	276,431	446,431
2023	190,000	267,750	457,750
2024	210,000	257,750	467,750
2025	510,000	239,750	749,750
2026-2030	3,080,000	717,350	3,797,350
2031-2032	1,460,000	74,000	1,534,000
Total	\$ 5,775,000	\$ 2,116,959	\$ 7,891,959

Tax Allocation Refunding Bonds 2004, Series A

In June 2004, the Cotati Facilities Financing Authority (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. 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.

Future debt service requirements on the 2004 Tax Allocation Bonds are as follow:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 270,000	\$ 109,750	\$ 379,750
2022	270,000	96,250	366,250
2023	280,000	82,500	362,500
2024	280,000	68,500	348,500
2025	-	61,500	61,500
2026-2030	-	307,500	307,500
2031-2035	900,000	238,313	1,138,313
2036	300,000	7,687	307,687
Total	\$ 2,300,000	\$ 972,000	\$ 3,272,000

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

15. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY,
Continued

B. Enforceable Obligations, Continued

Tax Allocation Pledged Revenues

The former Redevelopment Agency had pledged future tax increment revenues to pay debt service on the 2001 and 2004 Tax Allocation Bonds. At June 30, 2020, total principal and interest remaining on the Successor Agency's bonds is \$11,163,959.

16. SUBSEQUENT EVENT

On July 1, 2020, the California Department of Finance approved the issuance and sale of tax allocation refunding bonds by the Cotati Community Successor Agency to the Former Redevelopment Agency. Refunding Bonds under the Dissolution Act - Section 34177.5 of the Health & Safety Code, which was added to the Dissolution Act by AB 1484, authorizes the Successor Agency to issue bonds for the purpose of refunding outstanding obligations of the Redevelopment Agency or the Successor Agency to provide savings to the Successor Agency provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds does not exceed the total remaining interest cost to maturity on the bonds to be refunded plus the remaining principal of the bonds to be refunded, and (B) the principal amount of the refunding bonds does not exceed the amount required to defease the refunded bonds, to establish customary debt service reserves, and to pay related costs of issuance. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds may be greater than the outstanding principal amount of the bonds to be refunded.

The Agency refunded the obligations issued by the former Redevelopment Agency reducing the interest rate from a combined rate of 5.03% to 1.29% achieving approximate cash flow savings \$2.64 million for multiple taxing entities and approximately \$304,000 in savings for the City of Cotati.

Future debt service requirements on the 2020 Tax Allocation Bonds are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ -	\$ 59,188	\$ 59,188
2022	-	100,037	100,037
2023	96,000	99,417	195,417
2024	667,827	94,491	762,318
2025	672,278	85,847	758,125
2026-2030	3,598,061	292,825	3,890,886
2031-2035	2,432,509	79,654	2,512,163
2036	288,106	1,858	289,964
Totals	\$ 7,754,781	\$ 813,317	\$ 8,568,098

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

17. FUND BALANCE CLASSIFICATION

As of June 30, 2020, fund balances were classified as shown below.

	General Fund	Grant Fund	Inclusionary Housing Fund	Low Income Housing Fund	City Capital Project Fund	Nonmajor Governmental Funds	Total
Nonspendable:	\$ 82,937	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,937
Subtotal	82,937	-	-	-	-	-	82,937
Restricted:							
Affordable housing	-	-	3,204,010	-	-	193,933	3,397,943
Public safety	-	-	-	-	-	35,328	35,328
Streets	-	-	-	-	-	690,712	690,712
Parks	-	-	-	-	-	31,114	31,114
Public education	-	-	-	-	-	14,678	14,678
Capital projects	-	-	-	-	-	308,410	308,410
Subtotal	-	-	3,204,010	-	-	1,274,175	4,478,185
Committed:							
Emergencies	1,910,969	-	-	-	-	-	1,910,969
Capital projects	-	-	-	-	298,205	-	298,205
Subtotal	1,910,969	-	-	-	298,205	-	2,209,174
Assigned:	-	-	24,718	-	-	-	24,718
Subtotal	-	-	24,718	-	-	-	24,718
Unassigned	5,297,547	(468,121)	-	-	-	(11,374)	4,818,052
Total	<u>\$ 7,291,453</u>	<u>\$ (468,121)</u>	<u>\$ 3,228,728</u>	<u>\$ -</u>	<u>\$ 298,205</u>	<u>\$ 1,262,801</u>	<u>\$ 11,613,066</u>

Committed

Contingency Reserve

The City Council has established by resolution to allow the City to weather unpredicted cyclical and rapid downturns in the economy. These funds would be available for use in such conditions to mitigate negative economic fiscal impact or State takeaways. An economic downturn would entail a projected and/or sudden drop in core revenues of equal to or greater than 10% and/or a change in economic parameters that cause a material change in expenditures of 10% or more, or the occurrence of local natural disaster or unexpected financial claim requiring the immediate use of cash balances.

City of Cotati
Notes to Basic Financial Statements
For the year ended June 30, 2020

18. PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2020, the City recorded prior period adjustments to reclassify the debt service fund to agency fund, to remove prior year interest payable relating to assessment bonds, and to correct the beginning balance of accumulated depreciation:

	Prior Period Adjustments						Net Position/ Fund Balance as Restated
	Net Position/ Fund Balance as Previously Reported	Adjustment to remove Debt Service Fund	Interest Payable	Assessment Receivable	Assessment bond Payable	Accumulated Depreciation	
<i>Governmental-Wide Financial Statements</i>							
Governmental Activities	\$ 28,583,612	\$ (965,988)	\$ 91,542	\$ (4,225,000)	\$ 4,225,000	\$ 1,751,456	\$ 29,460,622
Total	\$ 28,583,612	\$ (965,988)	\$ 91,542	\$ (4,225,000)	\$ 4,225,000	\$ 1,751,456	\$ 29,460,622
<i>Fund Financial Statements</i>							
South Sonoma Business Park Debt Service Fund	\$ 965,988	\$ (965,988)	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 965,988	\$ (965,988)	\$ -	\$ -	\$ -	\$ -	\$ -

19. COVID-19 PANDEMIC

The Novel Corona Virus Disease (COVID-19) was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020 then further declared a world-wide pandemic by the World Health Organization on March 11, 2020. On March 4, 2020, California State Governor, Gavin Newsom, proclaimed a State of Emergency as a result of the threat of the COVID-19 in the State of California. Subsequently the County of Sonoma, California and City of Cotati additionally declared a local State of Emergency due to this same threat to health and safety of the public. The novel strain of coronavirus has spread around the world resulting in significant loss of life and continues to hinder both business and social welfare. The operations and business results of the City could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on business endurance during this unprecedented shutdown. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the City and the duration cannot be estimated at this time.



Required Supplementary Information

Budgetary Comparison Schedules - General Fund, Grants Fund, Inclusionary Housing & Low Income
Housing Special Revenue.

Schedule of Changes in City's Total OPEB Liability and Related Ratios

Schedule of the City's Proportional Share of the Net Pension Liability

Schedule of the City's Pension Contributions

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BUDGET AND BUDGETARY ACCOUNTING

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, library fund, and debt service fund. The capital projects fund is appropriated on a project-length basis. Other special revenue funds and the permanent fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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.

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City of Cotati
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,754,011	\$ 1,800,264	\$ 1,813,280	\$ 13,016
Sales taxes	4,683,000	4,076,000	5,001,563	925,563
Other taxes	400,500	487,645	509,572	21,927
Licenses and permits	517,800	549,150	546,010	(3,140)
Intergovernmental	186,600	106,714	189,454	82,740
Charges for services	403,675	349,290	453,477	104,187
Interest and rents	125,000	204,077	207,182	3,105
Miscellaneous	25,900	41,282	228,547	187,265
Total revenues	8,096,486	7,614,422	8,949,085	1,334,663
EXPENDITURES:				
General government:				
City Council	141,675	144,321	138,818	5,503
City manager/city clerk	565,816	545,093	533,879	11,214
Administrative services	314,660	283,914	196,975	86,939
Public safety:				
Police	3,685,771	3,868,643	3,602,473	266,170
Community development	668,201	709,782	644,933	64,849
Public works:				
Public works, parks, buildings	1,384,138	1,510,468	1,311,726	198,742
Debt service:				
Principal	7,780	7,780	6,736	1,044
Interest	1,600	1,600	1,911	(311)
Total expenditures	6,769,641	7,071,601	6,437,451	634,150
REVENUES OVER (UNDER) EXPENDITURES	1,326,845	542,821	2,511,634	1,968,813
OTHER FINANCING SOURCES (USES):				
Transfers in	160,000	349,146	160,090	(189,056)
Transfers (out)	(2,969,585)	(1,858,749)	(2,630,461)	(771,712)
Total other financing sources (uses)	(2,809,585)	(1,509,603)	(2,470,371)	(960,768)
Net change in fund balances	(1,482,740)	(966,782)	41,263	1,008,045
FUND BALANCES:				
Beginning of year	4,634,745	6,611,625	7,250,190	638,565
End of year	\$ 3,152,005	\$ 5,644,843	\$ 7,291,453	\$ 1,646,610

City of Cotati
Required Supplementary Information
Budgetary Comparison Schedule - Grants Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 675,000	\$ 715,000	\$ 236,696	\$ (478,304)
Miscellaneous	29,800	38,489	38,489	-
Total revenues	704,800	753,489	275,185	(478,304)
EXPENDITURES:				
Capital outlay	1,257,800	1,168,338	1,128,100	40,238
Total expenditures	1,257,800	1,168,338	1,128,100	40,238
REVENUES OVER (UNDER) EXPENDITURES	(553,000)	(414,849)	(852,915)	(438,066)
OTHER FINANCING SOURCES (USES):				
Transfers in	353,000	414,849	384,778	(30,071)
Total other financing sources (uses)	353,000	414,849	384,778	(30,071)
Net change in fund balances	\$ (200,000)	\$ -	(468,137)	\$ (468,137)
FUND BALANCES:				
Beginning of year			16	
End of year			\$ (468,121)	

City of Cotati
Required Supplementary Information
Budgetary Comparison Schedule - Inclusionary Housing Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rents	\$ 110,000	\$ 102,498	\$ 67,137	\$ (35,361)
Miscellaneous	-	1,200	15,904	14,704
Total revenues	110,000	103,698	83,041	(20,657)
EXPENDITURES:				
General government:				
City Council	145,000	145,346	62,205	83,141
Total expenditures	145,000	145,346	62,205	83,141
REVENUES OVER (UNDER)				
EXPENDITURES	(35,000)	(41,648)	20,836	62,484
Net change in fund balances	(35,000)	(41,648)	20,836	62,484
FUND BALANCES:				
Beginning of year	2,187,190	2,179,193	3,207,892	1,028,699
End of year	\$ 2,152,190	\$ 2,137,545	\$ 3,228,728	\$ 1,091,183

City of Cotati
Required Supplementary Information
Budgetary Comparison Schedule - Low Income Housing Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
General government:				
City Council	-	-	-	-
City manager/city clerk	-	-	-	-
Administrative services	-	-	-	-
Public safety:				
Police	-	-	-	-
Community development				
Community development	-	-	-	-
Public works:				
Public works, parks, buildings	-	-	-	-
Capital outlay				
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES				
	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Proceeds from long term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
FUND BALANCES:				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

City of Cotati
Required Supplementary Information
For the year ended June 30, 2020

DEFINED BENEFIT PENSION PLANS

Schedule of the City's Proportionate Share of the Net Pension Liability - Last Ten Fiscal Years

Fiscal Year End:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
City's proportion of the net pension liability	0.10214%	0.10525%	0.10666%	0.11214%	0.12248%	0.11983%
City's proportionate share of the net pension liability	\$ 10,466,093	\$ 10,142,246	\$ 10,577,410	\$ 9,703,297	\$ 8,406,983	\$ 7,456,420
City's covered payroll (plan year)	\$ 3,297,800	\$ 3,066,402	\$ 2,921,800	\$ 2,935,345	\$ 2,789,822	\$ 2,224,998
City's proportionate share of the net pension liability as a percentage of its covered payroll	317.37%	330.75%	362.02%	330.57%	301.34%	335.12%
City's fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to the schedule:

*Benefit changes: In fiscal year 2019-2020 there were no benefit changes.

*Changes in assumptions: In fiscal year 2017-2018, the plan's discount rate was changed from 7.65% to 7.15%, and in fiscal year 2018-2019, the plan's discount rate was unchanged from 7.15%. In fiscal year 2019-2020, the discount rate was changed to 7.25%

*Fiscal year 2015 was the 1st year of implementation, therefore there are fewer than 10 years shown.

Schedule of Pension Contributions - Last Ten Fiscal Years

Contributions for the fiscal year ending June 30,	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,144,938	\$ 1,293,940	\$ 1,153,203	\$ 1,069,601	\$ 1,004,742	\$ 771,201
Contributions in relation to the contractually required contribution	(1,144,938)	(1,293,940)	(1,153,203)	(1,069,601)	(1,004,742)	(771,201)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll (City's fiscal year)	\$ 4,206,455	\$ 3,297,800	\$ 3,066,402	\$ 2,921,800	\$ 2,935,345	\$ 2,789,822
Contributions as a percentage of covered payroll	27.22%	39.24%	37.61%	36.61%	34.23%	27.64%

Notes to the schedule:

*Fiscal year 2015 was the 1st year of implementation, therefore there are fewer than 10 years shown.

The actuarial methods and assumptions used to set the actuarially determined contribution for FY2020 were derived from June 30, 2017 funding valuation report.

Actuarial cost method	Entry age normal cost method
Amortization method/period	Amortized all new gains or losses over a 30-year period; See details in June 30, 2017 funding report
Inflation	2.625%
Investment rate of return	7.25% net of investment and administrative expense
Salary increase	Vary by category, entry age, and duration of service
Payroll growth	2.875%
Post-retirement mortality	The post-retirement mortality rates above include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

City of Cotati
Required Supplementary Information
For the year ended June 30, 2020

OTHER POST EMPLOYMENT BENEFIT PLANS (OPEB)

Schedule of Changes in the City's Total OPEB Liability and Related Ratios - Last Ten Fiscal Years

	<u>FY 2019/20</u>	<u>FY 2018/19</u>	<u>FY 2017/18</u>
Total OPEB liability - beginning of year	\$ 299,337	\$ 289,775	\$ 361,662
Service cost	10,004	9,106	13,394
Interest	10,563	11,183	12,975
Changes in benefit terms	-	-	-
Changes in assumptions	(2,762)	9,123	(14,780)
Differences between expected and actual experience	(23,630)	-	(57,987)
Benefit payments	(16,930)	(19,850)	(25,489)
Net change in total OPEB liability	<u>(22,755)</u>	<u>9,562</u>	<u>(71,887)</u>
Total OPEB liability - end of year	<u>\$ 276,582</u>	<u>\$ 299,337</u>	<u>\$ 289,775</u>
Covered employee payroll	\$ 3,542,830	\$ 3,143,993	\$ 3,143,993
City's total OPEB liability as a percentage of covered payroll	7.8%	9.5%	9.2%

Notes to the schedule:

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

*Benefit changes: In fiscal year 2019-2020 there were no benefit changes.

*Changes in assumptions: In fiscal year 2019-2020, discount rate changed from 3.51% to 2.66%

*Fiscal year 2018 was the 1st year of implementation, therefore there are fewer than 10 years shown.



Other Supplementary Information

Non-Major Funds Combining Financial Statements, Budget to Actuals,
Schedule of Measure G Revenues & Expenses,
Comparative Schedule of Capital Assets Used in Governmental Activities, Schedule
of Changes in Capital Assets Used in Governmental Activities, and Schedule of
Capital Assets Used in Governmental Activities by Function & Activity

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NONMAJOR GOVERNMENTAL 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 by City Council policy for a specific purpose. The City's reports the following nonmajor special revenue funds:

Landscape and Lighting Fund accounts for funds received through parcel tax assessments that are used for the purpose of financing the maintenance costs and improvement expenses of each district's landscaping and lighting zones.

Gas Taxes Fund accounts for funds received from the City of Cotati's share of the Highway Users 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 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 Fee Fund accounts for funds received from development and used for park development and improvements as specified in the fee program.

MTC Street 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 Highway 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 sales tax receipts and distributions of the Sonoma County Measure M revenues.

Traffic Mitigation Fund accounts for funds received from development and used for street improvements as specified in the fee program.

Road Maintenance Rehabilitation Account (RMRA) Fund is 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 is a special revenue fund that holds restricted funding for various minor funding sources.

Community Development Block Grant (CDBG) 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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

Public Safety Fund accounts for the Citizens Option for Public Safety (COPS) program and other Public Safety related grants. The 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.

Asset Seizures & Forfeitures 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 owners claims, and costs associated with accomplishing the legal forfeiture of the property.

K-9 Program accounts for funds received from private donations that are utilized for the Police Department K-9 program which provides for police officers safety, narcotics enforcement, and community relations.

Affordable Housing-Linkage accounts for a fee charged to developers, which is then spent on affordable housing preservation or production.

PEG Grant Fund accounts for Public Education and Government access (PEG) grant funding special funds that are 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 capital acquisitions need to be accounted for in that fund, such as police vehicles or copiers.

Capital Projects Unspent Bond Proceeds Fund accounts for excess funds available from previously issued bonds that are used for strategic one-time investments for economic development.

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City of Cotati
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Landscape and Lighting	Gas Taxes	Bed Tax	Parks In-Lieu	MTC Street	Traffic Mitigation
ASSETS						
Cash and investments	\$ 131,831	\$ 13,243	\$ 13,364	\$ 17,750	\$ 5,193	\$ 507,972
Taxes receivable	37	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	12,474	-
Prepayments	-	-	-	-	-	-
Total assets	\$ 131,868	\$ 13,243	\$ 13,364	\$ 17,750	\$ 17,667	\$ 507,972
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 4,053	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	4,053	-	-	-	-	-
Deferred inflows of resources:						
Long-term receivables	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted for affordable housing	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	-	-
Restricted for streets	127,815	13,243	-	-	17,667	507,972
Restricted for parks	-	-	13,364	17,750	-	-
Restricted for public education	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	127,815	13,243	13,364	17,750	17,667	507,972
Total liabilities, deferred inflows of resources, and fund balances	\$ 131,868	\$ 13,243	\$ 13,364	\$ 17,750	\$ 17,667	\$ 507,972

RMRA	Community Development Projects	CDBG	Public Safety	Asset Forfeiture	K-9 Program	Affordable Housing Linkage	PEG
\$ 14,140	\$ 79,354	\$ -	\$ 34,148	\$ -	\$ 1,180	\$ 97,333	\$ 11,164
-	-	-	-	-	-	-	-
-	-	11,450	-	-	-	-	4,882
9,875	17,246	-	-	-	-	-	-
-	-	-	-	-	-	-	1,046
<u>\$ 24,015</u>	<u>\$ 96,600</u>	<u>\$ 11,450</u>	<u>\$ 34,148</u>	<u>\$ -</u>	<u>\$ 1,180</u>	<u>\$ 97,333</u>	<u>\$ 17,092</u>
\$ -	\$ -	\$ 2,675	\$ -	\$ -	\$ -	\$ -	\$ 2,414
-	-	8,699	-	-	-	-	-
-	-	11,374	-	-	-	-	2,414
-	-	11,450	-	-	-	-	-
-	-	11,450	-	-	-	-	-
-	96,600	-	-	-	-	97,333	-
-	-	-	34,148	-	1,180	-	-
24,015	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	14,678
-	-	-	-	-	-	-	-
-	-	(11,374)	-	-	-	-	-
<u>24,015</u>	<u>96,600</u>	<u>(11,374)</u>	<u>34,148</u>	<u>-</u>	<u>1,180</u>	<u>97,333</u>	<u>14,678</u>
<u>\$ 24,015</u>	<u>\$ 96,600</u>	<u>\$ 11,450</u>	<u>\$ 34,148</u>	<u>\$ -</u>	<u>\$ 1,180</u>	<u>\$ 97,333</u>	<u>\$ 17,092</u>

City of Cotati
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Capital Projects Unspent Bond Proceeds	Total Nonmajor Governmental Funds
ASSETS		
Cash and investments	\$ 337,632	\$ 1,264,304
Taxes receivable	-	37
Accounts receivable	-	16,332
Due from other governments	-	39,595
Prepayments	-	1,046
Total assets	\$ 337,632	\$ 1,321,314
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 29,222	\$ 38,364
Due to other funds	-	8,699
Total liabilities	29,222	47,063
Deferred inflows of resources:		
Long-term receivables	-	11,450
Total deferred inflows of resources	-	11,450
Fund Balances:		
Restricted for affordable housing	-	193,933
Restricted for public safety	-	35,328
Restricted for streets	-	690,712
Restricted for parks	-	31,114
Restricted for public education	-	14,678
Restricted for capital projects	308,410	308,410
Unassigned	-	(11,374)
Total fund balances	308,410	1,262,801
Total liabilities, deferred inflows of resources, and fund balances	\$ 337,632	\$ 1,321,314

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City of Cotati
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2020

	Landscape and Lighting	Gas Taxes	Bed Tax	Parks In-Lieu	MTC Street	Traffic Mitigation
REVENUES:						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ 62,862	\$ -
Intergovernmental	-	177,781	-	-	-	-
Charges for services	48,007	-	-	19,579	-	7,097
Interest and rents	2,197	1,031	2,775	2,451	681	7,843
Miscellaneous	90	8,903	-	-	-	-
Total revenues	50,294	187,715	2,775	22,030	63,543	14,940
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	73,729	4,789	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	73,729	4,789	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	(23,435)	182,926	2,775	22,030	63,543	14,940
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers (out)	(90)	(211,088)	-	(181,830)	(104,970)	(19,052)
Total other financing sources (uses)	(90)	(211,088)	-	(181,830)	(104,970)	(19,052)
Net change in fund balances	(23,525)	(28,162)	2,775	(159,800)	(41,427)	(4,112)
FUND BALANCES (DEFICITS):						
Beginning of year	151,340	41,405	10,589	177,550	59,094	512,084
End of year	\$ 127,815	\$ 13,243	\$ 13,364	\$ 17,750	\$ 17,667	\$ 507,972

RMRA	Community Development Projects	CDBG	Public Safety	Asset Forfeiture	K-9 Program	Affordable Housing Linkage	PEG
\$ -	\$ 90,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	175,549	-	-	-	-
-	3,006	-	-	-	-	-	19,877
549	468	-	448	-	50	1,451	144
138,075	-	-	-	-	1,437	-	-
138,624	93,734	-	175,997	-	1,487	1,451	20,021
-	-	-	-	-	-	-	15,633
-	-	-	-	-	5,399	-	-
-	-	-	-	-	-	-	-
-	-	26,425	-	-	-	-	-
-	-	26,425	-	-	5,399	-	15,633
138,624	93,734	(26,425)	175,997	-	(3,912)	1,451	4,388
-	-	14,975	-	-	-	-	-
(127,701)	(8,261)	-	(160,000)	-	-	-	-
(127,701)	(8,261)	14,975	(160,000)	-	-	-	-
10,923	85,473	(11,450)	15,997	-	(3,912)	1,451	4,388
13,092	11,127	76	18,151	-	5,092	95,882	10,290
\$ 24,015	\$ 96,600	\$ (11,374)	\$ 34,148	\$ -	\$ 1,180	\$ 97,333	\$ 14,678

City of Cotati
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2020

	Capital Projects Unspent Bond Proceeds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
REVENUES:		
Sales taxes	\$ -	\$ 153,122
Intergovernmental	-	353,330
Charges for services	-	97,566
Interest and rents	-	20,088
Miscellaneous	-	148,505
Total revenues	<u>-</u>	<u>772,611</u>
EXPENDITURES:		
Current:		
General government	242,139	257,772
Public safety	-	5,399
Public works	-	78,518
Capital outlay	-	26,425
Total expenditures	<u>242,139</u>	<u>368,114</u>
REVENUES OVER (UNDER)		
EXPENDITURES	<u>(242,139)</u>	<u>404,497</u>
OTHER FINANCING		
SOURCES (USES):		
Transfers in	-	14,975
Transfers (out)	-	(812,992)
Total other financing		
sources (uses)	<u>-</u>	<u>(798,017)</u>
Net change in fund balances	(242,139)	(393,520)
FUND BALANCES (DEFICITS):		
Beginning of year	<u>550,549</u>	<u>1,656,321</u>
End of year	<u>\$ 308,410</u>	<u>\$ 1,262,801</u>

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City of Cotati
Budgetary Comparison Schedule - Landscape and Lighting
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 48,007	\$ 48,007
Interest and rents	-	-	2,197	2,197
Miscellaneous	-	-	90	90
Total revenues	-	-	50,294	50,294
EXPENDITURES:				
Public works:				
Public works, parks, buildings	-	-	73,729	(73,729)
Total expenditures	-	-	73,729	(73,729)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(23,435)	(23,435)
OTHER FINANCING SOURCES (USES):				
Transfers (out)	-	-	(90)	(90)
Total other financing sources (uses)	-	-	(90)	(90)
Net change in fund balances	\$ -	\$ -	(23,525)	\$ (23,525)
FUND BALANCES:				
Beginning of year			151,340	
End of year			\$ 127,815	

City of Cotati
Budgetary Comparison Schedule - Gas Taxes
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 199,297	\$ 181,908	\$ 177,781	\$ (4,127)
Interest and rents	-	1,500	1,031	(469)
Miscellaneous	8,701	8,903	8,903	-
Total revenues	207,998	192,311	187,715	(4,596)
EXPENDITURES:				
Public works:				
Public works, parks, buildings	14,500	4,500	4,789	(289)
Total expenditures	14,500	4,500	4,789	(289)
REVENUES OVER (UNDER) EXPENDITURES	193,498	187,811	182,926	(4,885)
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(210,000)	(215,000)	(211,088)	3,912
Total other financing sources (uses)	(210,000)	(215,000)	(211,088)	3,912
Net change in fund balances	\$ (16,502)	\$ (27,189)	(28,162)	\$ (973)
FUND BALANCES:				
Beginning of year			41,405	
End of year			\$ 13,243	

City of Cotati
Budgetary Comparison Schedule - Bed Tax
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rents	\$ 4,000	\$ 800	\$ 2,775	\$ 1,975
Total revenues	4,000	800	2,775	1,975
Net change in fund balances	\$ 4,000	\$ 800	2,775	\$ 1,975
FUND BALANCES:				
Beginning of year			10,589	
End of year			\$ 13,364	

City of Cotati
Budgetary Comparison Schedule - Parks In-Lieu
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ (135,200)	\$ 14,371	\$ 19,579	\$ 5,208
Interest and rents	(1,000)	2,448	2,451	3
Total revenues	(136,200)	16,819	22,030	5,211
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(230,000)	(181,830)	(181,830)	-
Total other financing sources (uses)	(230,000)	(181,830)	(181,830)	-
Net change in fund balances	\$ (366,200)	\$ (165,011)	(159,800)	\$ 5,211
FUND BALANCES:				
Beginning of year			177,550	
End of year			\$ 17,750	

City of Cotati
Budgetary Comparison Schedule - MTC Street
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales taxes	\$ 60,000	\$ 49,350	\$ 62,862	\$ 13,512
Interest and rents	-	700	681	(19)
Total revenues	60,000	50,050	63,543	13,493
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(100,000)	(104,970)	(104,970)	-
Total other financing sources (uses)	(100,000)	(104,970)	(104,970)	-
Net change in fund balances	\$ (40,000)	\$ (54,920)	(41,427)	\$ 13,493
FUND BALANCES:				
Beginning of year			59,094	
End of year			\$ 17,667	

City of Cotati
Budgetary Comparison Schedule - Traffic Mitigation
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 247,920	\$ 10,000	\$ 7,097	\$ (2,903)
Interest and rents	-	7,770	7,843	73
Total revenues	247,920	17,770	14,940	(2,830)
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(185,000)	(75,000)	(19,052)	55,948
Total other financing sources (uses)	(185,000)	(75,000)	(19,052)	55,948
Net change in fund balances	\$ 62,920	\$ (57,230)	(4,112)	\$ 53,118
FUND BALANCES:				
Beginning of year			512,084	
End of year			\$ 507,972	

City of Cotati
Budgetary Comparison Schedule - Road Maintenance and Rehabilitation (RMRA)
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rents	\$ -	\$ -	\$ 549	\$ 549
Miscellaneous	127,700	131,897	138,075	6,178
Total revenues	127,700	131,897	138,624	6,727
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(127,700)	(298,995)	(127,701)	171,294
Total other financing sources (uses)	(127,700)	(298,995)	(127,701)	171,294
Net change in fund balances	\$ -	\$ (167,098)	10,923	\$ 178,021
FUND BALANCES:				
Beginning of year			13,092	
End of year			\$ 24,015	

City of Cotati
Budgetary Comparison Schedule - Community Development Projects
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales taxes	\$ -	\$ 87,444	\$ 90,260	\$ 2,816
Charges for services	2,500	2,896	3,006	110
Interest and rents	-	450	468	18
Total revenues	2,500	90,790	93,734	2,944
OTHER FINANCING SOURCES (USES):				
Transfers (out)	-	15,000	(8,261)	(23,261)
Total other financing sources (uses)	-	15,000	(8,261)	(23,261)
Net change in fund balances	\$ 2,500	\$ 94,390	85,473	\$ (31,717)
FUND BALANCES:				
Beginning of year			11,127	
End of year			\$ 96,600	

City of Cotati
Budgetary Comparison Schedule - CDBG
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 167,405	\$ 45,090	\$ -	\$ (45,090)
Total revenues	<u>167,405</u>	<u>45,090</u>	<u>-</u>	<u>(45,090)</u>
EXPENDITURES:				
Capital outlay	240,000	45,390	26,425	18,965
Total expenditures	<u>240,000</u>	<u>45,390</u>	<u>26,425</u>	<u>18,965</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(72,595)</u>	<u>(300)</u>	<u>(26,425)</u>	<u>(26,125)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	72,595	224	14,975	14,751
Total other financing sources (uses)	<u>72,595</u>	<u>224</u>	<u>14,975</u>	<u>14,751</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (76)</u>	<u>(11,450)</u>	<u>\$ (11,374)</u>
FUND BALANCES:				
Beginning of year			76	
End of year			<u>\$ (11,374)</u>	

City of Cotati
Budgetary Comparison Schedule - Public Safety
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 161,000	\$ 152,000	\$ 175,549	\$ 23,549
Interest and rents	-	410	448	38
Total revenues	161,000	152,410	175,997	23,587
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(160,000)	(170,000)	(160,000)	10,000
Total other financing sources (uses)	(160,000)	(170,000)	(160,000)	10,000
Net change in fund balances	\$ (4,000)	\$ (17,743)	15,997	\$ 33,434
FUND BALANCES:				
Beginning of year			18,151	
End of year			\$ 34,148	

City of Cotati
Budgetary Comparison Schedule - Asset Forfeiture
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
General government:				
City Council	-	-	-	-
City manager/city clerk	-	-	-	-
Administrative services	-	-	-	-
Public safety:				
Police	-	-	-	-
Community development				
Community development	-	-	-	-
Public works:				
Public works, parks, buildings	-	-	-	-
Capital outlay				
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES				
	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	-	-
Proceeds from long term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:				
Beginning of year			-	
End of year			\$ -	

City of Cotati
Budgetary Comparison Schedule - K-9 Program
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rents	\$ -	\$ 50	\$ 50	\$ -
Miscellaneous	5,000	2,000	1,437	(563)
Total revenues	5,000	2,050	1,487	(563)
EXPENDITURES:				
Public safety:				
Police	5,700	5,700	5,399	301
Total expenditures	5,700	5,700	5,399	301
REVENUES OVER (UNDER) EXPENDITURES	(700)	(3,650)	(3,912)	(262)
Net change in fund balances	\$ (700)	\$ (3,650)	(3,912)	\$ (262)
FUND BALANCES:				
Beginning of year			5,092	
End of year			\$ 1,180	

City of Cotati
Budgetary Comparison Schedule - Affordable Housing Linkage
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rents	\$ -	\$ 1,500	\$ 1,451	\$ (49)
Total revenues	-	1,500	1,451	(49)
Net change in fund balances	\$ -	\$ (3,500)	1,451	\$ (5,049)
FUND BALANCES:				
Beginning of year			95,882	
End of year			\$ 97,333	

City of Cotati
Budgetary Comparison Schedule - PEG
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 19,000	\$ 20,010	\$ 19,877	\$ (133)
Interest and rents	100	150	144	(6)
Total revenues	19,100	20,160	20,021	(139)
EXPENDITURES:				
General government:				
City Council	20,000	16,000	15,633	367
Capital outlay	-	8,000	-	8,000
Total expenditures	20,000	24,000	15,633	8,367
REVENUES OVER (UNDER)				
EXPENDITURES	(900)	(3,840)	4,388	8,228
Net change in fund balances	\$ (900)	\$ (3,840)	4,388	\$ 8,228
FUND BALANCES:				
Beginning of year			10,290	
End of year			\$ 14,678	

City of Cotati
Budgetary Comparison Schedule - City Capital Projects Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 150,240	\$ 150,240	\$ 166,240	\$ 16,000
Interest and rents	-	-	3,503	3,503
Total revenues	150,240	150,240	169,743	19,503
EXPENDITURES:				
Capital outlay	3,796,690	3,481,586	3,024,394	457,192
Total expenditures	3,796,690	3,481,586	3,024,394	457,192
REVENUES OVER (UNDER) EXPENDITURES	(3,646,450)	(3,331,346)	(2,854,651)	476,695
OTHER FINANCING SOURCES (USES):				
Transfers in	3,796,690	3,481,480	2,977,976	(503,504)
Transfers (out)	(400,000)	(385,470)	(94,366)	291,104
Total other financing sources (uses)	3,396,690	3,096,010	2,883,610	(212,400)
Net change in fund balances	\$ (249,760)	\$ (235,336)	28,959	\$ 264,295
FUND BALANCES:				
Beginning of year			269,246	
End of year			\$ 298,205	

City of Cotati
Budgetary Comparison Schedule - Capital Projects Unspent Bond Proceeds
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
General government:				
City Council	\$ 446,233	\$ 451,438	\$ 242,139	\$ 209,299
Total expenditures	446,233	451,438	242,139	209,299
Net change in fund balances	\$ (446,233)	\$ (451,438)	(242,139)	\$ (209,299)
FUND BALANCES:				
Beginning of year			550,549	
End of year			\$ 308,410	

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INTERNAL SERVICE FUNDS

The Vehicle Replacement Fund accounts for vehicle replacement costs provided to other departments or other agencies of the government on a cost reimbursement basis.

The Compensated Absences Fund accounts for compensated absence costs provided to other departments or other agencies of the government on a cost reimbursement basis.

City of Cotati
Combining Statement of Net Position
Internal Service Funds
For the year ended June 30, 2020

	Vehicle Replacement	Compensated Absences	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 240,874	\$ 474,002	\$ 714,876
Total current assets	240,874	474,002	714,876
Noncurrent assets:			
Capital assets:			
Equipment	1,485,914	-	1,485,914
Less accumulated depreciation	(1,076,803)	-	(1,076,803)
Net capital assets	409,111	-	409,111
Total assets	649,985	474,002	1,123,987
LIABILITIES			
Current liabilities:			
Accounts payable	128,218	-	128,218
Compensated absences	-	388,043	388,043
Total liabilities	128,218	388,043	516,261
NET POSITION			
Net investment in capital assets	409,111	-	409,111
Unrestricted	112,656	85,959	198,615
Total net position	\$ 521,767	\$ 85,959	\$ 607,726

City of Cotati
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2020

	Vehicle Replacement	Compensated Absences	Total
OPERATING REVENUES:			
Charges for services	\$ 207,339	\$ 62,840	\$ 270,179
Total operating revenues	207,339	62,840	270,179
OPERATING EXPENSES:			
Personnel services	-	103,447	103,447
Supplies and materials	9,094	-	9,094
Depreciation	105,849	-	105,849
Total operating expenses	114,943	103,447	218,390
OPERATING INCOME (LOSS)	92,396	(40,607)	51,789
NONOPERATING REVENUES (EXPENSES):			
Interest and investment revenues	1,375	7,065	8,440
Total nonoperating revenues (expenses)	1,375	7,065	8,440
Income before contributions and transfers	93,771	(33,542)	60,229
Change in net position	93,771	(33,542)	60,229
NET POSITION:			
Beginning of year	427,996	119,501	547,497
End of year	<u>\$ 521,767</u>	<u>\$ 85,959</u>	<u>\$ 607,726</u>

City of Cotati
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2020

	Vehicle Replacement and Repairs	Compensated Absences	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interfund charges for services	\$ 207,339	\$ 62,840	\$ 270,179
Payments to suppliers	119,124	-	119,124
Payments to employees	-	(62,840)	(62,840)
Net cash provided by (used in) operating activities	326,463	-	326,463
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(160,017)	-	(160,017)
Net cash provided by (used in) capital and related financing activities	(160,017)	-	(160,017)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest receipts	1,375	7,065	8,440
Net cash provided by (used in) investing activities	1,375	7,065	8,440
Net cash flows	167,821	7,065	174,886
CASH AND CASH EQUIVALENTS - Beginning of year	73,053	466,937	539,990
CASH AND CASH EQUIVALENTS - End of year	\$ 240,874	\$ 474,002	\$ 714,876
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 92,396	\$ (40,607)	\$ 51,789
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	105,849	-	105,849
Changes in assets and liabilities:			
Accounts payable	128,218	-	128,218
Other liabilities	-	40,607	40,607
Net cash provided by (used in) operating activities	\$ 326,463	\$ -	\$ 326,463

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City of Cotati
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2020

	South Sonoma	
	Business	Total
	Park Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 304,412	\$ 304,412
Cash with trustees	270,756	270,756
Accounts receivables	62	62
Reassessment receivables	484	484
	<u> </u>	<u> </u>
Total assets	<u>\$ 575,714</u>	<u>\$ 575,714</u>
LIABILITIES		
Due to bondholders	575,714	575,714
	<u> </u>	<u> </u>
Total liabilities	<u>\$ 575,714</u>	<u>\$ 575,714</u>

City of Cotati
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>South Sonoma</u>				
<u>Business Park Fund</u>				
ASSETS				
Cash and investments	\$ 490,098	\$ -	\$ 185,686	\$ 304,412
Cash with trustees	474,849	-	204,093	270,756
Accounts receivables	791	-	729	62
Reassessment receivables	-	484	-	484
Total assets	\$ 965,738	\$ 484	\$ 390,508	\$ 575,714
LIABILITIES				
Due to bondholders	\$ 350	\$ 575,364	\$ -	\$ 575,714
Total liabilities	\$ -	\$ 575,364	\$ -	\$ 575,364

City of Cotati
Schedule of Measure G Revenues and Uses
For the year ended June 30, 2020

REVENUES:

Measure G revenues	\$ 2,558,612
Total Measure G revenues	<u>2,558,612</u>

USES:

Operations and maintenance:	
Street, sidewalk and storm drain	79,167
Public safety program	765,828
Recreation program	264,464
Park and landscape program	69,372
Public building program	77,285
Capital improvements and equipment:	
Street, sidewalk and storm drain	884,747
Public safety program	150,936
Park and landscape program	250,000
Public building program	4,063
State administrative fees	<u>12,750</u>
Total Measure G uses	<u>\$ 2,558,612</u>

City of Cotati

Comparative Schedule of Capital Assets Used In Governmental Activities By Source

For the year ended June 30, 2020

	June, 30	
	2020	2019
Capital assets used in governmental activities:		
Land	\$ 8,631,561	\$ 8,631,561
Construction in progress	850,663	391,190
Buildings	8,317,483	8,317,483
Machinery & equipment	722,586	693,922
Vehicles	1,485,913	1,325,895
Improvements	20,646,384	16,977,469
Leased assets	34,874	34,874
Total capital assets	<u>\$ 40,689,464</u>	<u>\$ 36,372,394</u>
Investment in capital assets from:		
General fund	\$ 22,372,429	\$ 19,373,662
Special revenue funds	8,923,437	7,765,152
Capital projects	5,785,485	5,785,485
Internal service funds	1,485,913	1,325,895
Contributed assets	2,122,200	2,122,200
Total investment in capital assets used in governmental activities	<u>\$ 40,689,464</u>	<u>\$ 36,372,394</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		\$ 40,689,464
Total Governmental Fund related accumulated amortization		15,155
Total Governmental Fund related accumulated depreciation		<u>14,777,376</u>
Total capital assets shown on Statement of Net Assets under the Governmental Activities column		<u>\$ 25,896,933</u>

City of Cotati

Schedule of Changes in Capital Assets Used In Governmental Activities By Source

For the year ended June 30, 2020

	Land	Construction in Progress	Buildings	Machinery & Equipment	Vehicles
General capital assets					
July 1, 2019	\$ 8,631,561	\$ 391,190	\$ 8,317,483	\$ 693,922	\$ 1,325,895
Add:					
Expenditures from:					
General fund	-	2,970,103	-	28,664	-
Special revenue funds	-	1,158,285	-	-	-
Internal service	-	-	-	-	160,018
Deduct:					
Retirements and transfers	-	(3,668,915)	-	-	-
General capital assets					
June 30, 2020	<u>\$ 8,631,561</u>	<u>\$ 850,663</u>	<u>\$ 8,317,483</u>	<u>\$ 722,586</u>	<u>\$ 1,485,913</u>

<u>Improvements</u>	<u>Leased Assets</u>	<u>Total Cost</u>
\$ 16,977,469	\$ 34,874	\$ 36,372,394
-	-	2,998,767
-	-	1,158,285
-	-	160,018
<u>3,668,915</u>	<u>-</u>	<u>-</u>
<u>\$ 20,646,384</u>	<u>\$ 34,874</u>	<u>\$ 40,689,464</u>

City of Cotati

Schedule of Capital Assets Used in Governmental Activities By Function and Activity

For the year ended June 30, 2020

	Land	Construction in Progress	Buildings	Machinery & Equipment	Vehicles
Function and Activity					
General government:					
Parks	\$ 5,448,205	\$ 564,860	\$ 250,537	\$ -	\$ -
Roads	-	275,610	-	-	-
Recreation	328,350	10,193	-	17,752	-
Public Works	809,087	-	404,544	28,473	933,014
Administration	609,032	-	574,227	469,646	80,744
Total general government	7,194,674	850,663	1,229,308	515,871	1,013,758
Public safety:					
Emergency services	46,888	-	4,135,881	206,715	274,155
Transportation	-	-	2,952,294	-	-
Parking	1,390,000	-	-	-	-
Total Function and Activity	\$ 8,631,562	\$ 850,663	\$ 8,317,483	\$ 722,586	\$ 1,287,913

Improvements	Leased Assets	Total Cost
\$ 1,267,278	\$ -	\$ 7,530,880
16,092,185	-	16,367,795
1,620,619	-	1,976,914
551,541	-	2,726,659
575,952	20,967	2,330,568
<u>20,107,575</u>	<u>20,967</u>	<u>30,932,816</u>
<u>-</u>	<u>13,907</u>	<u>4,677,546</u>
<u>47,785</u>	<u>-</u>	<u>3,000,079</u>
<u>493,023</u>	<u>-</u>	<u>-</u>
<u>493,023</u>	<u>-</u>	<u>1,883,023</u>
<u>\$ 20,648,383</u>	<u>\$ 34,874</u>	<u>\$ 40,493,464</u>

City of Cotati

Schedule of Changes in Capital Assets Used In Governmental Activities

By Function and Activity

For the year ended June 30, 2020

Function and Activity	July 1, 2019	Additions	Deletions	June 30, 2020
General government:				
Parks	\$ 7,004,561	\$ 526,319	\$ -	\$ 7,530,880
Roads	12,765,727	3,602,068	-	16,367,795
Recreation	1,976,914	-	-	1,976,914
Public Works	2,594,820	131,839	-	2,726,659
Administration	2,301,903	28,665	-	2,330,568
Total general government	26,643,925	4,288,891	-	30,932,816
Public safety:				
Emergency services	4,847,367	28,179	-	4,875,546
Transportation	2,998,079	-	-	2,998,079
Parking	1,883,023	-	-	1,883,023
Total Function and Activity	\$ 36,372,394	\$ 4,317,070	\$ -	\$ 40,689,464



Statistical Section

Financial Trends, Revenue Capacity, Debt Capacity, Demographic & Economic, Governmental Services & Activities

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STATISTICAL SECTION

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

Index

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Governmental Activities									Restated	
Net Investment in capital assets	\$ 5,786,571	\$ 12,235,549	\$ 11,663,498	\$ 13,276,973	\$ 13,863,366	\$ 16,517,962	\$ 18,192,860	\$ 20,039,682	\$ 21,808,218	\$ 25,878,148
Restricted	15,815,856	5,959,294	6,242,975	6,013,891	5,253,384	5,648,440	6,775,373	7,450,051	5,830,201	5,595,389
Unrestricted	1,205,257	1,900,287	2,413,751	3,410,860	(2,719,089)	(1,392,655)	(957,876)	(257,960)	1,822,203	233,206
Total governmental activities net position	\$ 22,807,684	\$ 20,095,130	\$ 20,320,224	\$ 22,701,724	\$ 16,397,661	\$ 20,773,747	\$ 24,010,357	\$ 27,231,773	\$ 29,460,622	\$ 31,706,743
Business-type activities										
Net Investment in capital assets	\$ 7,918,301	\$ 7,664,543	\$ 7,493,636	\$ 7,290,428	\$ 7,474,048	\$ 9,001,287	\$ 9,250,509	\$ 8,864,388	\$ 13,104,759	\$ 12,534,830
Restricted	7,342,283	7,380,087	7,152,866	6,797,239	6,153,822	4,535,027	3,783,904	4,517,050	102,103	-
Unrestricted	2,121,842	2,165,644	2,520,053	3,223,345	2,463,815	2,753,618	3,486,382	2,735,965	2,710,421	3,852,645
Total business-type activities net position	\$ 17,382,426	\$ 17,210,274	\$ 17,166,555	\$ 17,311,012	\$ 16,091,685	\$ 16,289,932	\$ 16,520,795	\$ 16,117,403	\$ 15,917,283	\$ 16,387,475
Primary government										
Net Investment in capital assets	\$ 13,704,872	\$ 19,900,092	\$ 19,157,134	\$ 20,567,401	\$ 21,337,414	\$ 25,519,249	\$ 27,443,369	\$ 28,904,070	\$ 34,912,977	\$ 38,412,978
Restricted	23,158,139	13,339,381	13,395,841	12,811,130	11,407,206	10,183,467	10,559,277	11,967,101	5,932,304	5,595,389
Unrestricted	3,327,099	4,065,931	4,933,804	6,634,205	(255,274)	1,360,963	2,528,506	2,478,005	4,532,624	4,085,851
Total primary government net position	\$ 40,190,110	\$ 37,305,404	\$ 37,486,779	\$ 40,012,736	\$ 32,489,346	\$ 37,063,679	\$ 40,531,152	\$ 43,349,176	\$ 45,377,905	\$ 48,094,218

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

Source of information: Audited financial statements

CITY OF COTATI
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Expenses:										
Governmental Activities									Restated	
General government	\$ 1,204,048	\$ 1,097,181	\$ 1,222,940	\$ 1,357,022	\$ 1,837,502	\$ 1,729,742	\$ 1,311,401	\$ 1,382,139	\$ 2,221,077	\$ 1,808,561
Public safety	2,793,397	2,722,133	2,834,205	2,680,871	3,041,510	2,676,142	2,628,760	3,733,774	3,410,242	4,081,647
Community development	1,127,536	770,350	376,010	349,845	610,472	1,070,087	427,963	439,133	581,558	644,933
Public works	954,405	853,392	1,119,012	944,288	1,258,811	1,844,032	1,736,094	1,830,007	1,948,935	1,993,763
Interest on long-term debt	899,070	657,695	339,014	329,055	315,034	306,313	-	-	278,214	1,911
Total governmental activities expenses	\$ 6,978,456	\$ 6,100,751	\$ 5,891,181	\$ 5,661,081	\$ 7,063,329	\$ 7,626,316	\$ 6,104,218	\$ 7,385,053	\$ 8,440,026	\$ 8,530,815
Business-type activities										
Water	\$ 1,363,463	\$ 1,466,013	\$ 1,367,089	\$ 1,490,030	\$ 1,289,046	\$ 1,422,854	\$ 1,623,862	\$ 1,816,685	\$ 1,737,323	\$ 2,086,615
Wastewater	2,300,601	2,285,533	2,036,743	2,116,443	2,153,501	2,224,574	2,421,786	2,723,983	2,734,699	2,931,726
Total business-type activities expenses	\$ 3,664,064	\$ 3,751,546	\$ 3,403,832	\$ 3,606,473	\$ 3,442,547	\$ 3,647,428	\$ 4,045,648	\$ 4,540,668	\$ 4,472,022	\$ 5,018,341
Total primary government expenses	\$ 10,642,520	\$ 9,852,297	\$ 9,295,013	\$ 9,267,554	\$ 10,505,876	\$ 11,273,744	\$ 10,149,866	\$ 11,925,721	\$ 12,912,048	\$ 13,549,156
Program revenues:										
Governmental Activities										
Charges for services										
General government	\$ 61,939	\$ 49,887	\$ 150,419	\$ 172,858	\$ 457,148	\$ 112,018	\$ 165,292	\$ 165,598	\$ 554,930	\$ 930,779
Public safety	104,112	96,196	92,409	65,070	92,496	121,292	120,841	95,170	437,647	328,557
Community development	684,096	565,132	362,140	333,856	198,539	783,105	770,643	734,913	271,021	304,005
Public works	22,895	65,780	65,026	254,078	567,312	94,862	394,040	679,712	114,508	117,783
Operating grants and contributions	413,725	496,473	460,346	390,886	342,433	431,468	679,146	428,962	301,544	850,304
Capital grants and contributions	152,622	147,580	29,543	1,587,557	136,500	4,113,824	697,062	2,122,200	-	-
Total governmental activities program revenues	\$ 1,439,389	\$ 1,421,048	\$ 1,159,883	\$ 2,804,305	\$ 1,794,428	\$ 5,656,569	\$ 2,827,024	\$ 4,226,555	\$ 1,679,650	\$ 2,531,428
Business-type activities										
Charges for services										
Water	\$ 1,263,439	\$ 1,282,834	\$ 1,317,859	\$ 1,365,452	\$ 1,301,372	\$ 1,371,858	\$ 1,559,828	\$ 1,694,915	\$ 1,733,794	\$ 2,137,569
Wastewater	2,075,923	2,313,416	2,071,736	2,194,823	2,101,749	2,360,902	2,048,481	2,214,960	2,381,342	3,205,145
Operating grants and contributions	-	-	-	-	-	-	30,000	-	-	-
Capital grants and contributions	-	41,683	29,058	251,155	90,457	112,915	701,166	610,674	-	-
Total business-type activities program revenues	\$ 3,339,362	\$ 3,637,933	\$ 3,418,653	\$ 3,811,430	\$ 3,493,578	\$ 3,845,675	\$ 4,339,475	\$ 4,520,549	\$ 4,115,136	\$ 5,342,714
Total primary government revenues	\$ 4,778,751	\$ 5,058,981	\$ 4,578,536	\$ 6,615,735	\$ 5,288,006	\$ 9,502,244	\$ 7,166,499	\$ 8,747,104	\$ 5,794,786	\$ 7,874,142
Net revenues (expenses)										
Governmental Activities	\$ (5,539,067)	\$ (4,679,703)	\$ (4,731,298)	\$ (2,856,776)	\$ (5,268,901)	\$ (1,969,747)	\$ (3,277,194)	\$ (3,158,498)	\$ (6,760,376)	\$ (5,999,387)
Business-type activities	(324,702)	(113,613)	14,821	204,957	51,031	198,247	293,827	(20,119)	(356,886)	324,373
Total net revenues (expenses)	\$ (5,863,769)	\$ (4,793,316)	\$ (4,716,477)	\$ (2,651,819)	\$ (5,217,870)	\$ (1,771,500)	\$ (2,983,367)	\$ (3,178,617)	\$ (7,117,262)	\$ (5,675,014)

CITY OF COTATI
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
General revenues and other changes in net position										
Governmental Activities										
Taxes:										
Property taxes	\$ 946,675	\$ 1,130,535	\$ 1,000,165	\$ 1,673,084	\$ 1,266,681	\$ 1,652,877	\$ 1,472,627	\$ 1,544,849	\$ 1,734,281	\$ 1,813,280
Sales taxes	2,119,243	2,629,442	2,519,645	2,902,504	3,616,732	4,075,204	4,222,473	4,145,877	5,109,211	5,091,824
Other taxes	500,008	480,642	479,163	598,985	567,114	603,792	678,955	829,535	907,508	1,054,055
Incremental property taxes	2,459,630	2,328,360	-	-	-	-	-	-	-	-
Interest and rents	148,231	121,390	98,180	104,179	92,831	44,094	76,785	137,294	339,211	286,349
Other general revenues	46,032	39,118	225,000	179,822	31,169	-	-	-	-	-
Special item	-	147,071	-	(420,000)	-	-	-	-	-	-
Extraordinary item	-	(4,967,948)	575,699	-	-	-	-	-	-	-
Transfers	58,547	58,539	58,540	60,500	90,500	-	62,964	161,053	-	-
Total governmental activities	\$ 6,278,366	\$ 1,967,149	\$ 4,956,392	\$ 5,099,074	\$ 5,665,027	\$ 6,375,967	\$ 6,513,804	\$ 6,818,608	\$ 8,090,211	\$ 8,245,508
Business-type activities										
Other revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,766	\$ 145,819
Transfers	(58,547)	(58,539)	(58,540)	(60,500)	(90,500)	-	(62,964)	(161,053)	-	0
Total business-type activities	\$ (58,547)	\$ (58,539)	\$ (58,540)	\$ (60,500)	\$ (90,500)	\$ -	\$ (62,964)	\$ (161,053)	\$ 156,766	\$ 145,819
Total primary government	\$ 6,219,819	\$ 1,908,610	\$ 4,897,852	\$ 5,038,574	\$ 5,574,527	\$ 6,375,967	\$ 6,450,840	\$ 6,657,555	\$ 8,246,977	\$ 8,391,327
Changes in net position										
Governmental Activities	\$ 739,299	\$ (2,712,554)	\$ 225,094	\$ 2,242,298	\$ 396,126	\$ 4,406,220	\$ 3,236,610	\$ 3,660,110	\$ 1,329,835	\$ 2,246,121
Business-type activities	(383,249)	(172,152)	(43,719)	144,457	(39,469)	198,247	230,863	(181,172)	(200,120)	470,192
Total primary government	\$ 356,050	\$ (2,884,706)	\$ 181,375	\$ 2,386,755	\$ 356,657	\$ 4,604,467	\$ 3,467,473	\$ 3,478,938	\$ 1,129,715	\$ 2,716,313

Source of information: Audited financial statements

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

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
General fund:									Restated	
Nonspendable	\$ 36,856	\$ 35,549	\$ 5,004	\$ 55,152	\$ 60,517	\$ 42,311	\$ 26,778	\$ 51,017	\$ 51,112	\$ 82,937
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	1,700,118	1,910,969
Unassigned	980,375	1,704,264	2,008,296	2,951,695	2,738,671	3,753,034	4,362,879	4,286,690	5,498,960	5,297,547
Total general fund	\$ 1,182,231	\$ 1,904,813	\$ 2,178,300	\$ 3,171,847	\$ 2,964,188	\$ 3,960,345	\$ 4,554,657	\$ 5,737,961	\$ 7,250,190	\$ 7,291,453
All other governmental funds:										
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	\$ 3,314,901	\$ 3,397,943
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	23,243	35,328
Restricted for streets	460,502	572,409	361,514	481,733	350,947	332,857	490,272	1,055,063	777,091	690,712
Restricted for parks	613,657	610,625	2,948	472	2,108	2,317	314,861	281,825	188,139	31,114
Restricted for public education	-	-	-	65,535	2,332	7,214	15,665	23,325	10,290	14,678
Restricted for debt service	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 special projects	1,089,271	414,515	610,557	633,476	637,761	1,141,087	701,184	689,995	550,549	-
Restricted for capital projects	-	-	444,963	534,791	1,044,483	754,678	293,080	-	-	308,410
Committed for capital projects	-	-	-	-	-	-	-	568,484	269,262	298,205
Assigned	-	-	-	-	-	-	-	-	-	24,718
Unassigned	(8,382)	(1,460)	-	-	-	-	-	-	-	(479,495)
Total business-type activities net position	\$ 14,439,680	\$ 5,990,806	\$ 5,772,486	\$ 6,131,523	\$ 6,299,975	\$ 6,405,435	\$ 6,030,988	\$ 6,949,059	\$ 5,133,475	\$ 4,321,613
Total Governmental Funds	\$ 15,621,911	\$ 7,895,619	\$ 7,950,786	\$ 9,303,370	\$ 9,264,163	\$ 10,365,780	\$ 10,585,645	\$ 12,687,020	\$ 12,383,665	\$ 11,613,066

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

Source of information: Audited financial statements

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

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
									Restated	
Revenues:										
Property taxes	\$ 2,880,368	\$ 2,946,897	\$ 1,000,165	\$ 1,673,084	\$ 1,266,681	\$ 1,652,877	\$ 1,472,627	\$ 1,544,847	\$ 1,734,281	\$ 1,813,280
Sales taxes	2,119,243	2,629,442	2,518,779	2,904,515	3,667,261	4,128,500	4,332,626	4,261,452	5,172,427	5,154,685
Other taxes	499,718	471,793	675,301	105,204	110,345	46,314	44,041	173,119	401,685	509,572
Licenses and permits	14,794	25,916	33,652	440,722	402,151	502,033	521,507	544,780	515,547	546,010
Fines and forfeits	61,464	62,051	182,120	42,429	109,435	235,551	4,839	-	-	-
Intergovernmental	1,025,276	1,066,114	373,315	2,012,895	575,014	1,350,366	998,301	424,872	643,120	779,480
Charges for services	811,874	740,089	641,757	885,542	908,956	1,201,768	1,450,185	1,515,847	699,800	717,283
Interest and rents	222,075	131,371	116,403	122,575	106,107	85,921	112,270	206,880	332,626	297,910
Miscellaneous	109,817	198,164	55,546	203,606	341,905	107,382	150,298	222,104	270,375	431,445
Total revenues	\$ 7,744,629	\$ 8,271,837	\$ 5,597,038	\$ 8,390,572	\$ 7,487,855	\$ 9,310,712	\$ 9,086,694	\$ 8,893,901	\$ 9,769,861	\$ 10,249,665
Expenditures:										
Current:										
General government	1,021,583	915,275	1,137,970	1,110,637	1,442,092	1,635,238	1,276,704	879,854	1,126,300	1,189,649
Public safety	2,629,907	2,588,430	2,700,532	2,551,265	2,831,831	2,915,581	2,991,798	3,349,442	3,715,188	3,607,872
Community development	1,088,241	770,350	363,709	335,514	610,472	476,483	427,963	439,133	581,558	644,933
Public works	806,831	461,722	535,072	568,563	855,454	1,088,141	1,137,856	1,074,822	1,458,531	1,390,244
Capital Outlay	231,121	421,207	370,289	2,159,960	1,429,863	2,320,464	2,650,334	795,748	2,020,839	4,178,919
Debt Service:										
Principal retirement	365,000	420,814	151,333	158,506	130,000	135,000	145,000	158,022	6,331	6,736
Interest and fiscal charges	894,956	611,162	341,506	331,655	317,850	309,238	300,138	291,432	1,801	1,911
Total Expenditures	\$ 7,037,639	\$ 6,188,960	\$ 5,600,411	\$ 7,216,100	\$ 7,617,562	\$ 8,880,145	\$ 8,929,793	\$ 6,988,453	\$ 8,910,548	\$ 11,020,264
Excess (deficiency) of revenues over (under) expenditures	706,990	2,082,877	(3,373)	1,174,472	(129,707)	430,567	156,901	1,905,448	859,313	(770,599)
Other financing sources (uses):										
Contributions from successor agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 701,184	\$ -	\$ -	\$ -	\$ -
Proceeds of capital leasing	-	115,653	-	-	-	-	-	-	-	-
Right of use lease financing	-	-	-	-	-	-	-	34,874	-	-
Transfers in	2,745,398	2,111,121	714,842	975,604	1,264,468	1,612,149	2,383,566	910,786	2,237,319	3,537,819
Transfers out	(2,686,851)	(2,052,582)	(656,302)	(915,104)	(1,173,968)	(1,612,149)	(2,320,602)	(749,733)	(2,452,003)	(3,537,819)
Total business-type activities net position	58,547	174,192	58,540	60,500	90,500	701,184	62,964	195,927	(214,684)	-
Net change in fund balances	\$ 765,537	\$ 2,257,069	\$ 55,167	\$ 1,234,972	\$ (39,207)	\$ 1,131,751	\$ 219,865	\$ 2,101,375	\$ 644,629	\$ (770,599)
Debt service as a percentage of noncapital expenditures	18.5%	17.9%	9.4%	9.7%	7.2%	6.8%	7.1%	7.3%	0.1%	0.1%

Source of information: Audited financial statements

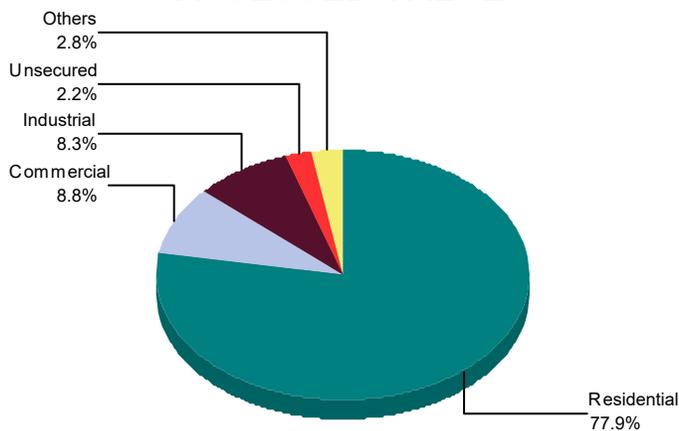
THE CITY OF COTATI

2019/20 USE CATEGORY SUMMARY

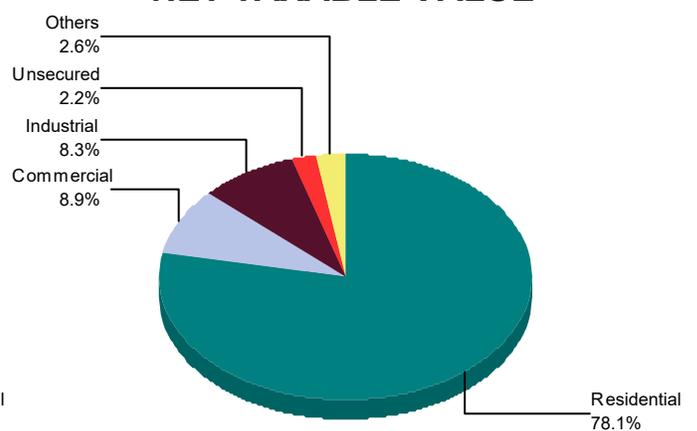
BASIC PROPERTY VALUE TABLE

Category	Parcels	Assessed Value	Net Taxable Value
Residential	2,435	\$946,462,629 (77.9%)	\$935,486,786 (78.1%)
Commercial	81	\$107,298,896 (8.8%)	\$106,286,851 (8.9%)
Industrial	83	\$101,361,990 (8.3%)	\$99,333,894 (8.3%)
Govt. Owned	80	\$0 (0.0%)	\$0 (0.0%)
Institutional	15	\$5,274,542 (0.4%)	\$2,320,009 (0.2%)
Miscellaneous	10	\$745,953 (0.1%)	\$745,453 (0.1%)
Recreational	1	\$3,234,367 (0.3%)	\$3,234,367 (0.3%)
Vacant	77	\$21,507,629 (1.8%)	\$21,367,104 (1.8%)
Cross Reference	[74]	\$2,995,578 (0.2%)	\$2,958,262 (0.2%)
Unsecured	[457]	\$26,817,569 (2.2%)	\$26,672,022 (2.2%)
TOTALS	2,782	\$1,215,699,153	\$1,198,404,748

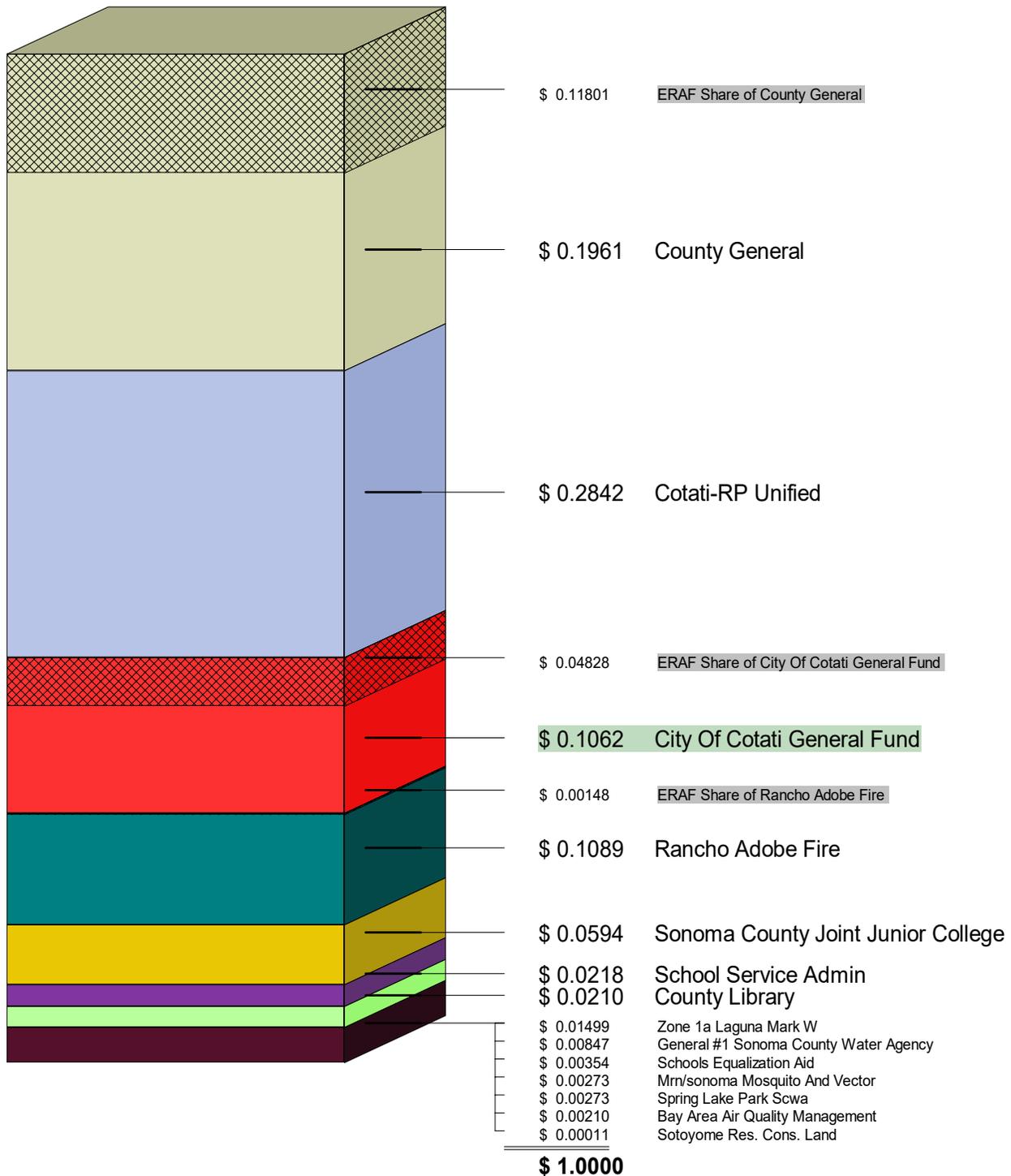
ASSESSED VALUE



NET TAXABLE VALUE



THE CITY OF COTATI 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 2019/20 Annual Tax Increment Tables

Prepared On 7/29/2020 By MV

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THE CITY OF COTATI

2019/20 ROLL SUMMARY

Taxable Property Values

	Secured	Nonunitary Utilities	Unsecured
Parcels	2,782	0	457
TRAs	14	0	13
Values			
Land	463,132,630	0	361,946
Improvements	721,259,693	0	16
Personal Property	3,796,613	0	17,781,684
Fixtures	692,648	0	8,673,923
Aircraft	0	0	0
Total Value	\$1,188,881,584	\$0	\$26,817,569
Exemptions			
Real Estate	16,922,872	0	307
Personal Property	213,086	0	142,155
Fixtures	12,900	0	3,085
Aircraft	0	0	0
Homeowners*	8,906,800	0	0
Total Exemptions*	\$17,148,858	\$0	\$145,547
Total Net Value	\$1,171,732,726	\$0	\$26,672,022

Combined Values	Total
Total Values	\$1,215,699,153
Total Exemptions	\$17,294,405
Net Total Values	\$1,198,404,748
Net Aircraft Values	\$0

* Note: Homeowner Exemptions are not included in Total Exemptions

Totals do not Include Aircraft Values or Exemptions

Data Source: Sonoma County Assessor 2019/20 Combined Tax Rolls
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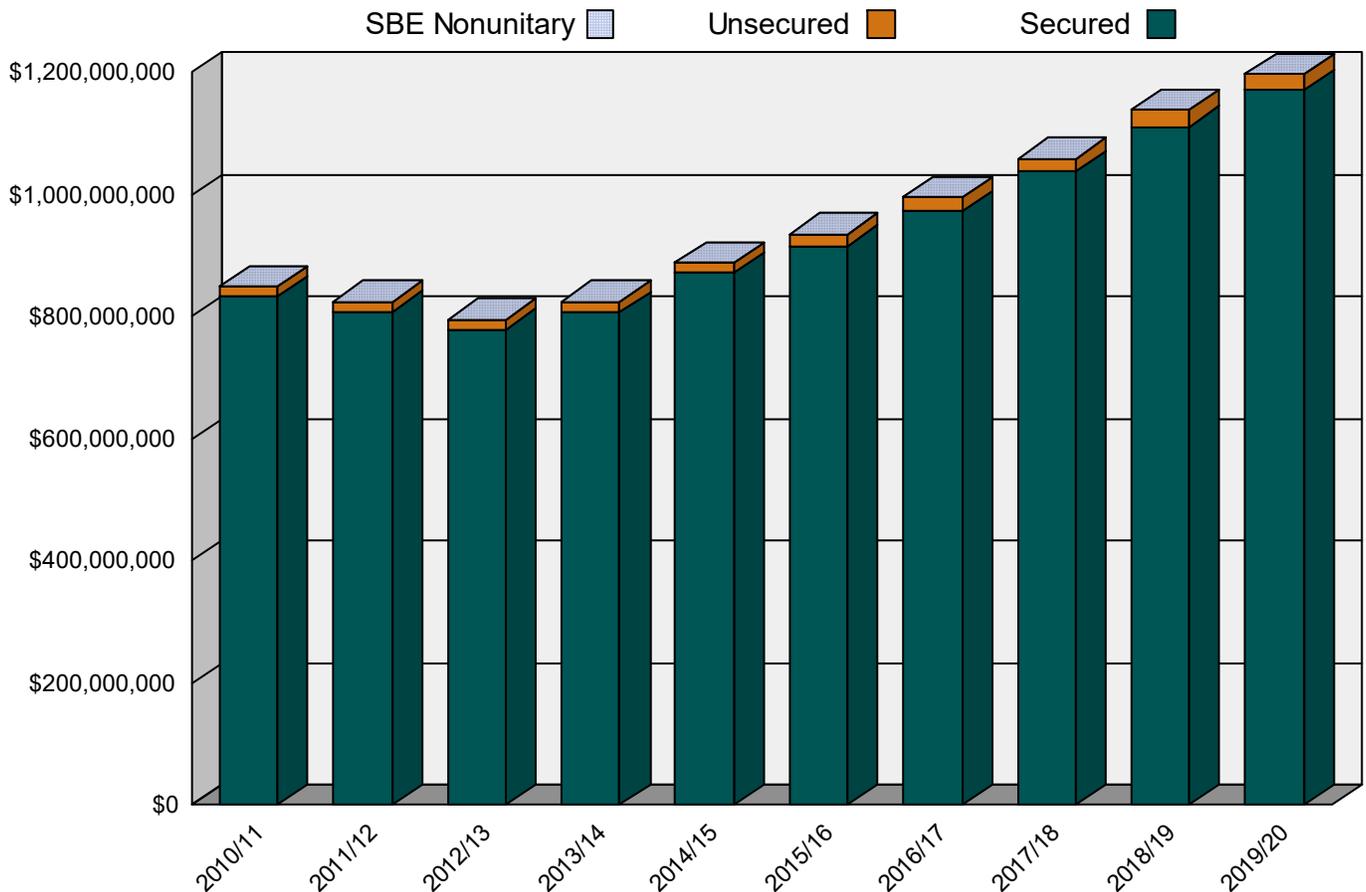
Prepared On 8/5/2020 By MV

THE CITY OF COTATI

NET TAXABLE ASSESSED VALUE HISTORY

2010/11 - 2019/20 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2010/11	\$832,214,435	\$18,050,668	\$0	850,265,103	
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%
2018/19	\$1,111,279,998	\$26,992,115	\$0	1,138,272,113	7.42%
2019/20	\$1,171,732,726	\$26,672,022	\$0	1,198,404,748	5.28%
Average % Change					4.55%



* Net AV changes less than two percent are in purple font. Negative Net AV percent changes are in red.

Data Source: Sonoma County Assessor 0/ - 2019/20 Combined Tax Rolls

Prepared On 8/5/2020 By MV

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THE CITY OF COTATI

ASSESSED VALUE OF TAXABLE PROPERTY

2010/11 - 2019/20 Taxable Property Values

Category	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Residential	621,648,644	603,464,386	584,373,933	615,360,303	678,311,562	715,961,764	767,060,996	826,433,803	889,070,832	935,486,786
Commercial	101,572,492	99,453,354	89,147,937	88,689,049	87,654,176	90,746,880	94,066,325	95,586,147	103,268,500	106,286,851
Industrial	77,432,405	77,116,354	78,086,904	76,498,597	78,236,635	81,062,360	83,370,408	85,606,861	89,805,232	99,333,894
Govt. Owned		0	0	0	0	0	0	0	0	0
Institutional	1,329,256	1,230,011	1,624,224	1,660,963	1,665,414	1,713,465	1,734,254	1,839,508	2,104,979	2,320,009
Miscellaneous	780,174	786,045	801,764	490,255	539,897	550,450	558,841	570,015	730,838	745,453
Recreational	2,795,116	2,816,162	2,872,484	2,929,933	2,943,234	3,002,039	3,047,819	3,108,774	3,170,949	3,234,367
Vacant	23,963,378	21,320,141	20,285,031	19,793,035	19,926,704	20,298,185	20,714,229	22,084,929	20,156,355	21,367,104
Cross Reference	2,692,970	2,534,230	2,386,253	2,228,089	2,183,346	2,220,244	2,521,139	2,869,097	2,972,313	2,958,262
Unsecured	18,050,668	16,491,973	15,774,279	17,650,144	17,928,404	19,759,670	21,771,776	21,532,517	26,992,115	26,672,022
Exempt	[0]	[0]								
TOTALS	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	1,138,272,113	1,198,404,748
Total Direct Rate	0.51507	0.50517	0.50068	0.10153	0.10157	0.10129	0.10117	0.10104	0.10092	0.10073

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 total 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.

THE CITY OF COTATI

2019/20 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

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	\$21,000,000	1.79%	1	\$1,570,370	5.89%	\$22,570,370	1.88%	Commercial Successor Agency
2) SUNHILL ENTERPRISES LP	2	\$8,338,365	0.71%				\$8,338,365	0.70%	Commercial Successor Agency
3) GTY-PACIFIC LEASING LLC	2	\$6,956,218	0.59%				\$6,956,218	0.58%	Commercial Successor Agency
4) SCOTT RAYMOND ET AL	2	\$6,952,700	0.59%				\$6,952,700	0.58%	Residential City of Cotati General Fund
5) ARTHUR L AND DIANE R VOLLERT	1	\$6,896,355	0.59%				\$6,896,355	0.58%	Industrial Successor Agency
6) EMC PROPERTY COMPANY LLC	1	\$5,520,403	0.47%				\$5,520,403	0.46%	Industrial Successor Agency
7) VINEYARD MEADOWS APARTMENTS LP	3	\$5,195,046	0.44%				\$5,195,046	0.43%	Residential City of Cotati General Fund
8) COTATI COMMONS MARKETPLACE LLC	4	\$5,077,878	0.43%				\$5,077,878	0.42%	Vacant Successor Agency
9) REDWOOD SELF STORAGE LLC	1	\$5,066,861	0.43%				\$5,066,861	0.42%	Industrial Successor Agency
10) JEFFRY H WEISMAN TRUST ET AL	14	\$4,563,164	0.39%				\$4,563,164	0.38%	Residential Successor Agency
Top Ten Total	31	\$75,566,990	6.44%	1	\$1,570,370	5.89%	\$77,137,360	6.43%	
City Total		\$1,172,578,427			\$26,672,022		\$1,199,250,449*		

**Value includes Outer TRAs*

Top Owners last edited on 8/3/20 by MaheaV using sales through 06/30/20 (Version R.1)

Data Source: Sonoma County Assessor 2019/20 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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Prepared On 8/5/2020 By MV

THE CITY OF COTATI

2010/11 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

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	\$25,599,682	3.07%				\$25,599,682	3.01%	Commercial Successor Agency
2) RANCHO COTATI LLC	2	\$7,129,979	0.86%				\$7,129,979	0.84%	Commercial Successor Agency
3) CORINNA C NEVE	3	\$6,025,000	0.72%				\$6,025,000	0.71%	Industrial Successor Agency
4) COLVIN GROUP FUND LP	19	\$5,530,425	0.66%				\$5,530,425	0.65%	Industrial Successor Agency
5) NEWMAN DEV GROUP OF COTATI LLC	4	\$5,294,617	0.64%				\$5,294,617	0.62%	Vacant Successor Agency
6) SCOTT P WILSON TRUST ET AL	1	\$4,805,405	0.58%				\$4,805,405	0.56%	Commercial Successor Agency
7) VINEYARD MEADOWS APARTMENTS LP	3	\$4,492,409	0.54%				\$4,492,409	0.53%	Residential City of Cotati General Fund
8) MILAN MILTON HOLDORF TRUST	1	\$4,471,168	0.54%				\$4,471,168	0.53%	Industrial Successor Agency
9) MICHAEL A AND CHARLEEN L KENNEY	1	\$4,113,818	0.49%				\$4,113,818	0.48%	Industrial Successor Agency
10) OLIVERS BUSINESS PROPERTIES LLC	2	\$4,025,646	0.48%				\$4,025,646	0.47%	Vacant City of Cotati General Fund
Top Ten Total	37	\$71,488,149	8.58%	0	\$0	0.00%	\$71,488,149	8.40%	
City Total		\$833,168,157			\$18,050,668		\$851,218,825*		

*Value includes Outer TRAs

Top Owners last edited on 7/25/17 by MaheaV using sales through 06/30/11 (Version R.1)

Data Source: Sonoma County Assessor 2010/11 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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Prepared On 8/5/2020 By MV

THE CITY OF COTATI

DIRECT & OVERLAPPING PROPERTY TAX RATES

(RATE PER \$100 OF TAXABLE VALUE)

Last 10 Fiscal Years										
Agency	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
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	0.10000	0.10000	0.10000	0.16400	0.15100	0.13900	0.16700	0.16500	0.16400
Sonoma County Junior College	0.02500	0.02100	0.02100	0.02100	0.01800	0.01600	0.04000	0.03700	0.03600	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	1.12800	1.12800	1.12800	1.18900	1.17400	1.18600	1.21100	1.20800	1.20800
City's Share of 1% Levy Per Prop 13³	0.10674	0.10704	0.10694	0.10694	0.10694	0.10661	0.10651	0.10637	0.10624	0.10616
Voter Approved City Debt Rate										
Redevelopment Rate⁴	1.00700	1.00700								
Total Direct Rate⁵	0.51507	0.50517	0.50068	0.10153	0.10157	0.10129	0.10117	0.10104	0.10092	0.10073

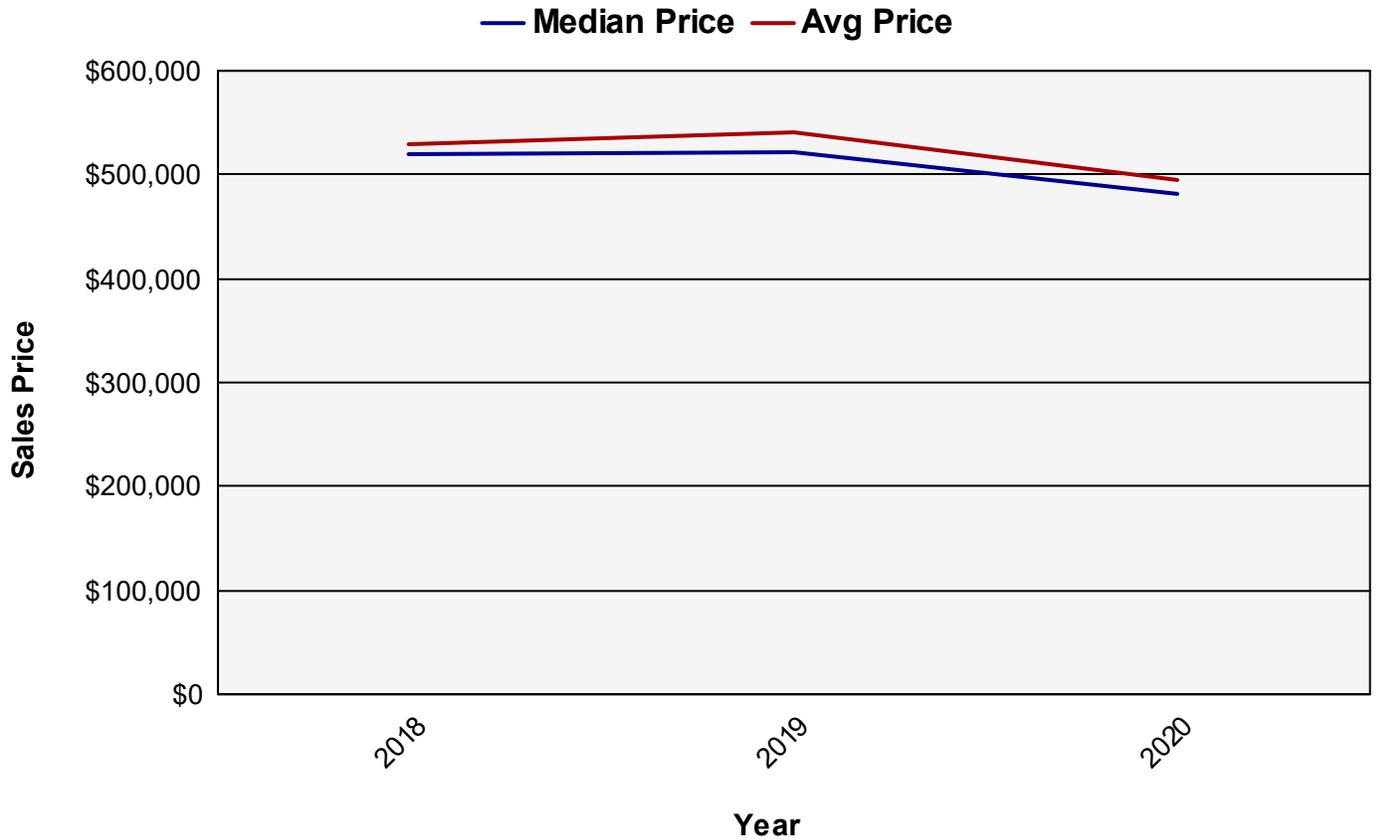
Notes:
¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.
³City'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. The ERAF portion of the City's Levy has been subtracted where known.
⁴Redevelopment 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.
⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

THE CITY OF COTATI

SALES VALUE HISTORY

Single Family Residential Full Value Sales (01/01/2018 - 6/30/2020)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2018	109	\$528,720	\$520,000	
2019	104	\$541,413	\$521,250	0.24%
2020	34	\$494,574	\$482,500	-7.43%



*Sales not included in the analysis are quitclaim deeds, trust transfers, timeshares, and partial sales.

Data Source: Sonoma County Recorder

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Prepared On 8/5/2020 By MV

CITY OF COTATI
TOP 25 SALES TAX PRODUCERS
FOR FISCAL YEAR 2019-20

Business Name	Business Category
76/Circle K	Service Stations
Amerigas Propane	Fuel/Ice Dealers
Calmat Co	Contractors
Chevron	Service Stations
Cotati Chevron	Service Stations
Cotati Gas Mart	Service Stations
Door Tech	Building Materials
Growbiz	Garden/Agricultural Supplies
Instrument Technology	Electrical Equipment
Lowe's	Building Materials
Marvins	Casual Dining
McPhail Fuel	Fuel/Ice Dealers
Mercy Wellness Center	Cannabis Related
Mi Pueblo	Casual Dining
Mi Ranchito Restaurant	Casual Dining
North Bay Motors	Used Automotive Dealers
Olivers Market	Grocery Stores
Outdoor Pro Shop	Sporting Goods/Bike Stores
Park Avenue Catering	Leisure/Entertainment
Redwood Reliance Sales	Trailers/Auto Parts
Santa Rosa Hardware	Building Materials
Sonoma County Harley Davidson	Boats/Motorcycles
Spa World	Specialty Stores
USA Gas	Service Stations
Walgreens	Drug Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts = 81.66%

* Firms Listed Alphabetically
 Period: July 2019 Thru March 2020

Printed 07/02/2020

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

CITY OF COTATI
TOP 25 SALES TAX PRODUCERS
FOR FISCAL YEAR 2010-11

Business Name	Business Category
Archs Glass	Paint/Glass/Wallpaper
Chevron	Service Stations
Chouinard & Myhre	Business Services
Circle K 76	Service Stations
Cotati Gas & Food Mart	Service Stations
Cotati Market	Convenience Stores/Liquor
Cotati Yacht Club	Casual Dining
Dunn Edwards Paint	Paint/Glass/Wallpaper
Elite Hydro Garden Supplies	Garden/Agricultural Supplies
Gilmore Chevron	Service Stations
Instrument Technology	Electrical Equipment
Lowe's	Building Materials
McLea's Tire Service	Automotive Supply Stores
McPhail Fuel	Fuel/Ice Dealers
Mercy Wellness Center	Cannabis Related
Michaels Harley Davidson	Boats/Motorcycles
North Light Books Cafe	Stationery/Book Stores
Olivers Market	Grocery Stores
Outdoor Pro Shop	Sporting Goods/Bike Stores
Park Avenue Catering	Leisure/Entertainment
Shamrock Materials	Contractors
Sillada Valero	Service Stations
Spa World	Specialty Stores
USA Gas	Service Stations
Walgreens	Drug Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts = 82.17%

* Firms Listed Alphabetically
 Period: July 2010 Thru March 2011

Printed 07/02/2020

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

City of Cotati
 Taxable Sales by Category
 Last Ten Calendar Years
 (in thousands of dollars)
 Adjusted for Economic Data

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Eating and Drinking Places	\$ 9,083	\$ 9,179	\$ 11,387	\$ 11,698	\$ 11,591	\$ 12,949	\$ 16,793	\$ 18,643	\$ 19,703	\$ 18,423
Auto Dealers and Supplies	1,600	1,740	2,196	2,431	3,463	3,930	3,182	2,238	5,339	6,196
Service Stations	26,305	32,347	36,079	37,717	36,400	29,611	28,636	32,560	38,577	37,599
Other Retail Stores	77,825	81,967	81,774	87,801	94,225	98,549	105,443	117,243	122,251	126,776
All Other Outlets	33,686	39,555	37,743	46,405	48,359	46,883	47,637	51,124	53,839	56,633
	<u> </u>									
Total	\$ 148,499	\$ 164,789	\$ 169,179	\$ 186,051	\$ 194,037	\$ 191,922	\$ 201,691	\$ 221,807	\$ 239,711	\$ 245,627

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, 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 CITY OF COTATI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR FISCAL YEAR 2019-20

CITY OF COTATI

2019-20 Assessed Valuation: \$1,198,404,748

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/20	% Applicable (1)	City's Share of Debt 6/30/20
Sonoma County Joint Community College District	\$388,355,000	1.255%	\$ 4,873,855
Cotati-Rohnert Park Unified School District	178,650,000	16.487	29,454,026
City of Cotati 1915 Act Bonds	4,007,977	100.	4,007,977
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$38,335,858</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>	Total Debt 6/30/20	% Applicable (1)	City's Share of Debt 6/30/20
Sonoma County General Fund Obligations	\$ 13,171,000	1.265%	\$ 166,613
Sonoma County Pension Obligation Bonds	321,415,000	1.265	4,065,900
Sonoma County Office of Education General Fund Obligations	3,792,921	1.265	47,980
Cotati-Rohnert Park Unified School District General Fund Obligations	1,466,570	16.487	241,793
City of Cotati	0	100.	<u>0</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$4,522,286</u>

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$8,075,000	99.867%	\$8,064,260
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TOTAL DIRECT DEBT	\$0
TOTAL OVERLAPPING DEBT	\$50,922,404

COMBINED TOTAL DEBT	\$50,922,404 (2)
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- (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 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	3.20%
Total Direct Debt	0.00%
Combined Total Debt	4.25%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$563,174,098):

Total Overlapping Tax Increment Debt.....	1.43%
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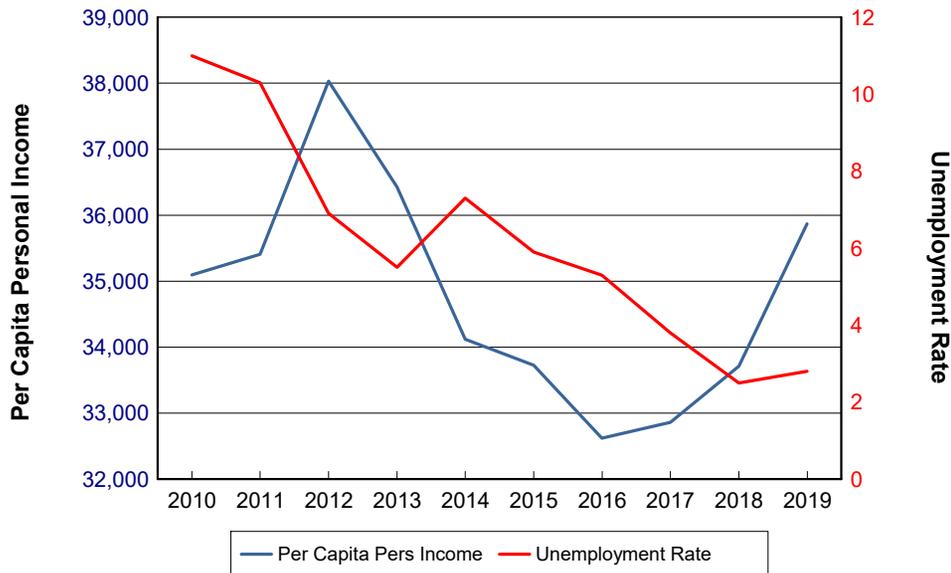
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THE CITY OF COTATI

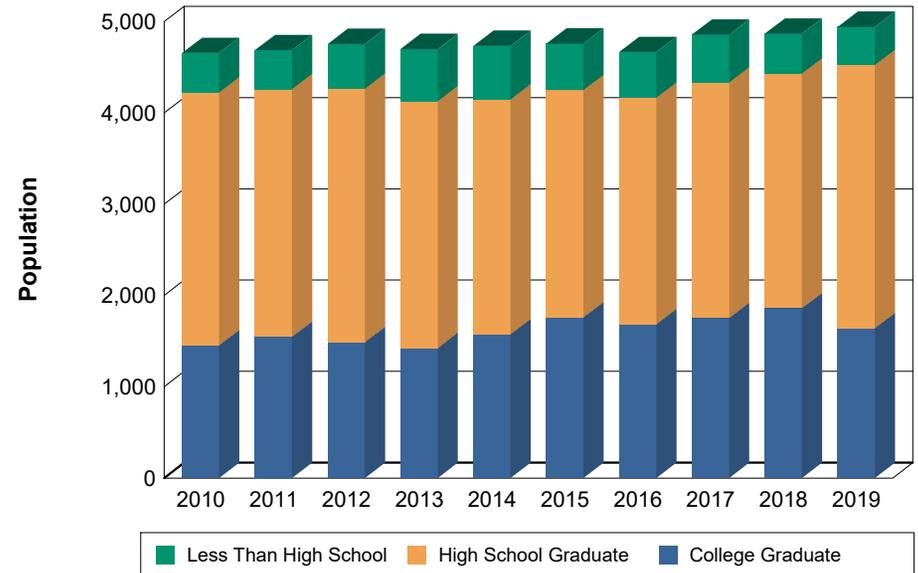
DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
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	\$32,861	3.8%	36.4	89.2%	36.1%
2018	7,919	\$266,954	\$33,710	2.5%	35.8	91.0%	38.2%
2019	7,533	\$270,187	\$35,867	2.8%	37.2	91.5%	33.2%

Personal Income and Unemployment



Education Level Attained for Population 25 and Over



Notes and Data Sources:

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

CITY OF COTATI
FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION
 by Function
 Last Ten Fiscal Years

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Elected Officials	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	2.50
Staff Positions										
City Manager	3.00	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	4.50
Recreation					1.00	1.50	2.50	2.30	3.20	2.70
Administrative Services	2.00	4.00	4.00	4.00	4.50	4.50	4.50	4.50	3.00	4.50
Planning & Building	3.00	3.00	3.00	3.00	4.00	4.00	4.00	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	9.50
Police Services	25.00	25.00	25.00	25.00	25.50	20.50	19.50	19.50	20.50	20.50
Total	41.00	43.00	43.50	43.50	46.50	42.00	42.00	40.80	41.20	44.70

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

Fiscal Year	Water Sales	Total Operating Revenue	Percentage of Water Sales to Operating Revenues
2010/11	1,173,747	1,257,312	93.4%
2011/12	1,187,091	1,274,729	93.1%
2012/13	1,240,584	1,312,403	94.5%
2013/14	1,277,987	1,361,650	93.9%
2014/15	1,195,750	1,296,539	92.2%
2015/16	1,260,006	1,363,734	92.4%
2016/17	1,358,350	1,548,697	87.7%
2017/18	1,658,332	1,675,135	99.0%
2018/19	1,731,383	1,733,795	99.9%
2019/20	1,866,191	1,929,407	96.7%

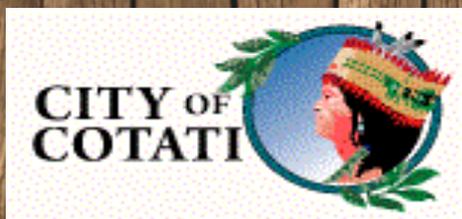


THE CITY OF COTATI
CAPITAL ASSETS STATISTICS BY FUNCTION
 Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	5	5	5	5	5	5	6	6	6	6
Public Works:										
Street Miles	22	22	22	22	22	22	22	22	22	22
Streetlights & vintage street lights	277	277	277	277	277	277	312	312	312	312
Traffic Signals	7	7	7	7	7	7	8	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	431	431	431	432	432	432	432	432

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City of Cotati
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cotaticity.org