



CITY OF  
COTATI

LA PLAZA  
PARK

Annual Comprehensive  
Financial Report  
Fiscal Year Ended June 30, 2021

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**Mother Nature Loves it Here**



# City of Cotati, California

Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2021

Prepared by the Administrative Services Department

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

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**cotati**

**There's Nothing Square  
About This Town**

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**Annual Comprehensive Financial Report**  
**For the year ended June 30, 2021**  
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# Introductory Section

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

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**cotati**

**There's Nothing Square  
About This Town**

# MEET THE COTATI CITY COUNCIL



**John Moore**  
Mayor (2021)  
jmoore@cotaticity.org  
707-792-4600 (ext. 192)  
Elected Term:(2018-2022)



**Mark Landman**  
Vice Mayor  
mlandman@cotaticity.org  
707-792-4600 (ext. 195)  
Elected Term:(2018-2022)



**Laura Sparks**  
Council Member  
lsparks@cotaticity.org  
707-792-4600 (ext.194)  
Elected Term:(2020-2024)



**Ben Ford**  
Council Member  
bford@cotaticity.org  
707-792-4600 (ext. 196)  
Elected Term:(2020-2024)



**Susan Harvey**  
Council Member  
sharvey@cotaticity.org  
707-792-4600 (ext. 193)  
Elected Term:(2020-2024)

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

201 West Sierra Ave.  
Cotati, California 94931  
[www.cotaticity.org](http://www.cotaticity.org)  
Phone: 707-792-4600  
Email: [info@cotaticity.org](mailto:info@cotaticity.org)

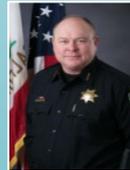
# MEET THE COTATI CITY STAFF



**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



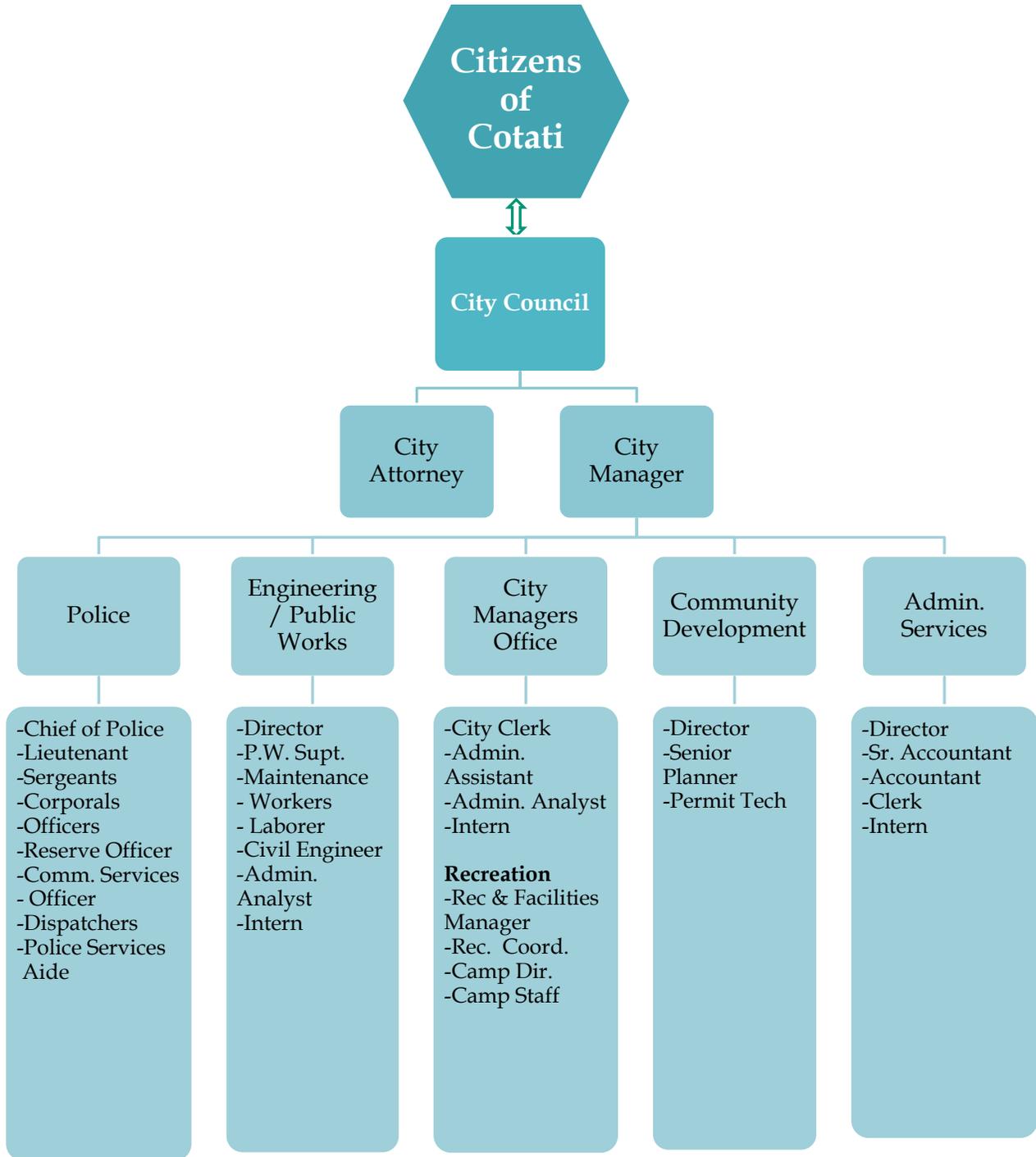
**Noah Housh**  
**Director of Community Development**  
nhoush@cotaticity.org



**Lauren Berges**  
**City Clerk**  
lberges@cotaticity.org

201 West Sierra Ave.  
Cotati, California 94931  
[www.cotaticity.org](http://www.cotaticity.org)  
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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO



December 7, 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. The fiscal year covers financial transactions from July 1, 2020, to June 30, 2021, 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. In accordance with GFOA best practices which recommend changing auditors every five years<sup>1</sup>, this is the second year that 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 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 generally accepted accounting principles in the United States. *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, 2021, 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, 2021, are fairly presented, in all material respects, in conformity with generally accepted accounting principles in the United States. The independent auditor's report is presented as the first component of the financial section of this report.

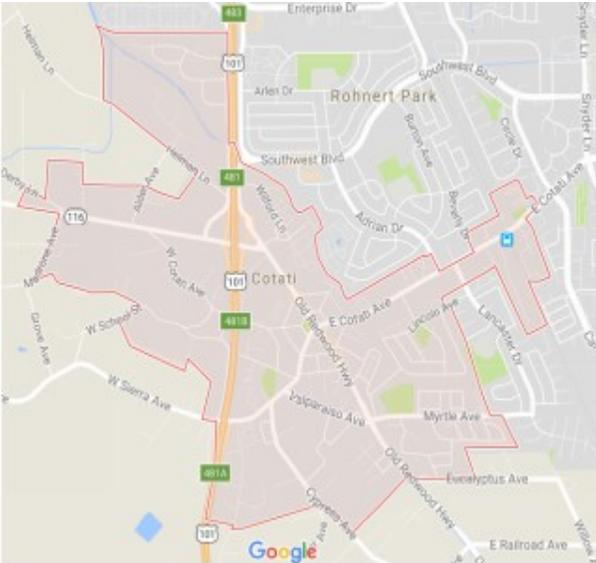
## Annual Comprehensive Financial Report

The ACFR 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, presented on a multi-year basis.

<sup>1</sup> <https://www.gfoa.org/materials/audit-procurement>

## The Reporting Entity and Services Provided

**City Profile:** The City of Cotati (City) voted for incorporation in 1963 as a general law city in the County of Sonoma, State of California. The City is located about forty-five miles north of San Francisco on the 101 corridors between Rohnert Park and Petaluma. The City is approximately 1.88 square miles with an estimated population of 7,500, making it among the smallest incorporated communities in Sonoma County. Community amenities include a charming 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 during the summer. 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:** 7,584

**Daytime Population:** 6,603

**Population Ranking of CA cities:** 328 out of 482

**Race & Ethnicity:** White-74.1%, Hispanic-18.4%, Asian-1.8%, African American-0.6%, Two or More Races-4.8%, Others-0.3%

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

**Highschool graduate or higher:** 90.2%  
(State:83.3%)

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

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

<sup>2</sup>

<sup>3</sup>



<sup>2</sup> <https://datausa.io/profile/geo/cotati-ca#about>

<sup>3</sup> <https://www.census.gov/quickfacts/fact/table/cotaticitycalifornia,sonomacountycalifornia/PST045219#>

## 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. Measure G, a 1% sales tax was passed by Cotati voters on June 3, 2014. On November 3, 2020, with an approval of 74.5%, the voters agreed to extend the add-on sales tax with the approval of Measure S. These funds are now secured to support Cotati Essential City Services. Even with the renewal of Measure S, the City continues to face challenges related to the rising costs of general insurance for the City, the reduced CalPERS discount rate for pensions and future replacement and upgrades of city infrastructure.

As we emerge from the COVID-19 pandemic, we are experiencing increased cost of materials, and large increases in insurance costs across the cities that we pool risk with. We need to stay cognizant of those trends and make pragmatic decisions accordingly as the actual impacts become known, while remaining fiscally prudent and maintaining core services. While we are focused on keeping our community safe and continuing to provide high quality essential municipal services; we are also focused on the future and continuing to move forward on City Council priorities. The City Council has clearly communicated the need for many years to continue to invest heavily in repairing and maintaining our infrastructure, with a focus on new housing development across all income levels and adaptation and mitigation to climate change.

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. 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 together with addressing areas of excess service costs to make them revenue neutral. 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 gradually improve over the next several years, first in regional and domestic tourism followed by a recovery of international tourism.



Unemployment Rate<sup>4</sup>:

**United States** 4.8%, **California** 7.5%, **Sonoma County** 5.3%, **Cotati** 5.4%

### Inflation<sup>5</sup>

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. The annual inflation rate in the US edged up to a 13-year high of 5.4% in September of 2021 from 5.3% in August and above market expectations of 5.3%. Main upward pressure came from housing, food; new vehicles; and energy. On the other hand, prices eased for used cars and trucks, transportation services; apparel; and medical care services. Treasury Secretary Janet Yellen, a former Fed chair, said she still expects inflation to dissipate, though she and other officials have acknowledged that it has been more persistent and longer lasting than expected.

Inflation Rate Fiscal Year Change

**Bay Area CPI (October 2021)** 3.8%<sup>6</sup>

**Oil Prices (as of 7/1/21)** \$75.33/barrel<sup>7</sup> – 58% increase

<sup>4</sup> <https://patch.com/california/rohnertpark-cotati/rohnert-park-cotati-area-unemployment-rate-decreases-august-feds>

<sup>5</sup> <https://www.reuters.com/world/us/us-consumer-prices-increase-solidly-september-2021-10-13/>

<sup>6</sup> [https://www.bls.gov/regions/west/news-release/consumerpriceindex\\_sanfrancisco.htm](https://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm)

<sup>7</sup> <https://fred.stlouisfed.org/series/DCOILWTICO>



### Personal Saving Rate

The personal saving rate is calculated as the ratio of personal saving to disposable personal income. In September 2021, the personal saving rate in the U.S. amounted to 7.5%. In 2020, the personal saving rate was 9.2% and in 1970, the 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.<sup>8</sup>

### Consumer Spending Rate

Consumer Spending in the United States increased to \$15.9 Trillion in the third quarter of 2021 from \$14.5 USD Trillion in the same quarter of 2020.<sup>9</sup>

### Sales Tax

Sales tax revenue (combined Bradley Burns and Measure G/S) accounts for approximately 56% of General Fund 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%. In November of 2020, the citizens of Cotati voted overwhelmingly to retain this special tax in place until the voters repeal it. These additional sales tax dollars 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 20/21, the City collected approximately \$2.9 million in Measure G/S 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, 2021, the total sales tax rate in Cotati was 9.50%<sup>10</sup> as follows:

California Sales and Use Tax Rates	
<b>State</b>	<b>6.00%</b>
<b>County Transportation Funds</b>	<b>0.25%</b>
<b>Local-City of Cotati (Bradley Burns)</b>	<b>1.00%</b>
<b>Total State-Wide Sales and Use Tax Rate</b>	<b>7.25%</b>
<b>Add: County (SMART, Measure M &amp; Y, O &amp; Open Space)</b>	<b>1.25%</b>
<b>Add: Cotati Measure G/S</b>	<b>1.00</b>
<b>Total Sales Tax Rate in Cotati</b>	<b>9.50%</b>

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%). Measure O - Sonoma County Local Mental Health, Addiction and Homeless Services Measure Transactions and Use Tax (SOMT) Combined, they total 1.250% of the overall sales tax rate in Cotati.

<sup>8</sup> <https://fred.stlouisfed.org/series/PSAVERT>

<sup>9</sup> <https://www.thebalance.com/consumer-spending-trends-and-current-statistics-3305916>

<sup>10</sup> <https://www.cdtfa.ca.gov/taxes-and-fees/rates.aspx>

## Property Taxes

The City of Cotati receives approximately 10% of property taxes collected within the City. The other 90% of property taxes collected primarily go to support the Cotati-Rohnert Park School District, the County of Sonoma, and the Rancho Adobe Fire District. There are also a variety of special district property direct tax assessments and school district bonds assessments.

Properties in Cotati experienced a net taxable value increase of 3.0% for the 2021/22 tax roll, which was slightly less than the increase experienced countywide at 3.4%. The assessed value increase between 2020/21 and 2021/22 was \$36.8 million. The change attributed to the 1.036% Proposition 13 inflation adjustment was \$11.2 million, which accounted for 30% of all property tax growth experienced in the City.



Commercial values increased by \$2.8 million. Part of this may have been due to an untimely exemption filing by a local non-profit and new construction.

Residential values continued to increase from their 2020/21 levels by \$33 million. The sale of homes increased the value by \$15 million.

Growth in the number of home sales strengthened in the summer of 2020 and many cities saw an increase in properties for sale. Sale prices grew due to low inventory and declining mortgage rates. These conditions have continued to cause prices to rise in 2021.

The Median sale price of a detached single family residential home in Cotati from January through September 2021 was \$700,000. This represents a \$32,500 (4.87%) increase in median sale price from 2020. Gains in median housing prices suggest that there is very little potential for the county assessor to apply Proposition 8 value reductions on single family homes. While assessed values on the 2020/21 rolls were not impacted by the pandemic, the effects of the pandemic are reflected in large increases in assessment appeals activity for that fiscal year.

## Housing/Building Permits

Building improvements and development has continued to increase within the City as the number of building permits increased by 21% in Fiscal Year 2020/21 primarily in new building related to the Kessing Ranch Development as well as solar installations.

## Economic Condition and Outlook for the General Fund

The City's estimated ending General Fund Balance in the FY2021/22 Budget is \$5.6 million, which is equivalent to 65% 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 FY2021/22 Budget:

- Property tax growth of around 4% based on 2% assessor applied CPI plus change in assessed value due to transfer of ownership and Prop 8 recapture, as well as new construction.
- Sales tax increase of 1.0% due to slow growth.
- Cannabis business tax approximating \$600,000.
- A median decline of \$200,000 for all other revenue primarily due to reduced development fees due to the completion of the Kessing Ranch housing project.
- Personnel vacancy rate of 0% in each City department.
- Salary increases contained in the approved MOUs.
- Health and other insurance care cost increases of 5%.

- **ENSURE LONG-TERM VITALITY FOR THE CITY**
  - a. Promote a balanced budget that meets the community vision for City services.
  - b. Economic Development.
    - Business Attraction/Retention program.
    - Removing barriers to market entry.
    - Promotion of Cotati for businesses.
    - Revenue enhancement.
  - c. Facilitate affordable housing and new development and infrastructure consistent with vision and goals of the General Plan and Environmental Impact Report (EIR).
  - d. Preserve City infrastructure to meet community needs.
  - e. Actively pursue all feasible grant opportunities to implement identified project.
  - f. Actively work to mitigate and adapt to the impact of climate change, in accordance with adopted City Council policies.
  
- **PROVIDE CORE SERVICES CONSISTENT WITH STANDARD COMMUNITY SERVICE LEVELS**
  - a. Ensure community safety and quality (Police, Planning, Building, Public Works, and Code Enforcement).
  - b. Maintain core day-to-day services in all departments.
  - c. Improve emergency preparedness, including wildfire preparedness.
  - d. Update City regulations to respond to applicable legislative and legal changes.
  - e. Provide convenient and reliable zoning, permitting, and development services.
  - f. Represent City's interest by participation in region-wide issues.
  - g. Pursue opportunities to improve service delivery, including joint procurement, leveraging internal and external staffing resources, and developing systems, policies, and procedures to streamline processes and expand capabilities of staff.
  
- **COMMUNITY ENGAGEMENT**
  - a. Develop programs, projects & processes to increase and enhance community engagement.
  - b. Continue to improve public information and awareness of programs and services.
  - c. Explore the possibility of incorporating neighborhood level programming into City activities.
  
- **PROMOTE AN EQUITABLE, COMPASSIONATE, AND HEALTHY COMMUNITY THAT HONORS DIVERSITY AS A SOURCE OF STRENGTH**
  - a. Ensure that all city government operations are inclusive and equitable: Fairness in hiring and promotions, greater opportunities in contracting, and equitable services to all residents.
  - b. Advance equity and health in partnership with Cotati residents and stakeholders, other jurisdictions, and non-governmental organizations.



## 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 ACFR on-line, visit the City website at [www.cotaticity.org](http://www.cotaticity.org)

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Damien O'Bid". The signature is fluid and cursive, with the first name being more prominent than the last.

Damien O'Bid  
City Manager



## **Financial Section**

Independent Auditors Report,  
Management Discussion and 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, 2021, 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, 2021, 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 7-16 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, major capital project fund budgetary comparison schedule, combining and individual nonmajor fund financial statements, budgetary comparison schedules, sales tax measure S funding schedule, the capital assets used in governmental activities schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The major capital project fund budgetary comparison schedule, the combining nonmajor fund financial statements and budgetary comparison schedules, sales tax measure S funding schedule, and the capital assets used in governmental activities schedules on pages 89-128 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 S 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 December 7, 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.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates, CPAs  
Berkeley, California  
December 7, 2021

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**Where Good Times Happen**

# Management Discussion & Analysis

As management of the City of Cotati (City), we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which immediately follow this section.

## Financial Highlights

### Government-Wide Financial Statements

- At the close of the fiscal year, the assets and deferred outflows of the City exceeded liabilities and deferred inflows of resources by \$51.4 million (Total net position in the government wide.)
- As of June 30, 2021, the City's governmental activities reported a net position of \$35.7 million (See Table 2).
- As of June 30, 2021, the City's business-type activities reported a net position of \$15.7 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 \$14.1 million.
- Within the governmental funds ending fund balance, \$0.3 million was restricted for capital projects, \$3.4 million is reserved for housing, and \$6.8 million is unassigned. (See Governmental Funds Balance Sheet June 30, 2021).

The General Fund reported total fund balance of \$9.2 million of which \$96 thousand is non-spendable, \$2.1 million is committed for emergencies, \$143 thousand is assigned for encumbrances, and \$6.8 million is unassigned. The continuing overall increase in governmental fund balance indicates financial success for the year.

## 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 S Revenues and uses, and the statistical section. The financial statements include two kinds of statements that present different views of the City:

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

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

# Management Discussion & Analysis

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
<b>Scope</b>		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.
<b>Required financial statements</b>		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
<b>Accounting basis and measurement focus</b>		Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>		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
<b>Type of inflow/outflow information</b>		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.

*The Statement of Net Position* – presents information on all of the City's Assets and Deferred Outflows of Resources, and Liabilities and Deferred Inflows of Resources with the difference reported as Net Position and 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 Statement of Activities* presents the most recent fiscal year changes in the City's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The statement reports items resulting in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave) as revenues and expenses.

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

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

# Management Discussion & Analysis

## **Fund Financial Statements:**

The fund financial statements provide detailed information about the City's significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for those purposes. The City has two kinds of funds:

- *Governmental funds* – Most of the City's basic services are included in governmental funds. The City supports individual governmental funds organized according to their type (special revenue, debt service, capital projects and permanent funds). Information is presented separately for in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues for the City's General Fund, Inclusionary Housing Fund, Low Income Housing Fund, and the City Capital Projects Fund, all of which are major funds. All other governmental type funds are aggregated and are presented in a separate single column in the fund financial statements.

The Governmental Funds Statements 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 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 supply additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

Individual and combining fund data for each of these non-major governmental funds is provided as supplementary information in this report.

The City adopts an annually appropriated budget for all its operating funds. The budget to actual comparison schedules is provided for the General Fund and Special Revenue Funds to demonstrate performance against this budget

- *Proprietary funds* are used to account for services for which the City charges external, or internal customers with the intent to recover all or most of their costs through user fees and charges. The City supports the following two types of proprietary funds:
  - Enterprise Funds report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water and Wastewater.
  - Internal Service Funds are an accounting device used to accumulate and distribute costs internally among the City's various functions. The City's internal service funds account for Vehicle Replacement, and Compensated Absences. Since these services benefit governmental rather than business-type functions, they are consolidated within governmental activities in the Government-wide Financial Statements

Proprietary funds supply the same type of information as the Government-wide Financial Statements, only in more detail. The proprietary funds financial statements provide separate information for Water and Wastewater. The two internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements.

**Fiduciary funds** account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the City's own programs. Fiduciary fund accounting is similar to proprietary fund accounting. The City reported two fiduciary funds.

**Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

# Management Discussion & Analysis

**Required Supplementary Information (RSI)** is presented in addition to the basic financial statements and accompanying notes. This required information includes the Budgetary Comparison Schedules for General Fund and major Special Revenue Funds, the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Employer Plan Contributions for Pension, and the Schedule of Changes in Net OPEB Liability and Related Ratios.

## 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.

The following table is a condensed comparative analysis of the net position of governmental and business-type activities as of June 30, 2020 and June 30, 2021:

**TABLE 2**  
**Summary of Net Position**  
As of June 30, 2020, and 2021  
(in million dollars)

	Governmental Activities			Business Type Activities			TOTAL		Change	
	2021	2020	\$ Change	2021	2020	\$ Change	2021	2020	%	\$
<b>ASSETS</b>										
Current and Other Assets	\$ 14.6	\$ 12.3	\$ 3.1	\$ 6.3	\$ 7.0	\$ (0.7)	\$ 20.9	\$ 19.3	8.3 %	\$ 1.6
Internal Balances	0.9	1.0	(0.1)	(0.9)	(1.0)	0.1	-	-	0.0 %	-
Long Term Receivables	1.1	1.1	-	-	-	-	1.1	1.1	0.0 %	-
Capital Assets	27.9	25.9	2.0	12.6	12.5	0.1	40.5	38.4	5.5 %	2.1
<b>Total Assets</b>	<b>44.5</b>	<b>40.3</b>	<b>5.0</b>	<b>18.0</b>	<b>18.5</b>	<b>(0.5)</b>	<b>62.5</b>	<b>58.8</b>	<b>6.6 %</b>	<b>4.5</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>										
Pension Plan Contributions and Timing Differences	1.9	2.2	(0.3)	0.5	0.5	-	2.4	2.7	(11.1)%	(0.3)
<b>LIABILITIES</b>										
Current Liabilities	0.9	1.0	(0.1)	0.6	0.5	0.1	1.6	1.5	6.7 %	0.1
Noncurrent Liabilities	9.1	9.0	0.1	2.1	1.9	0.2	11.1	10.9	1.8 %	0.2
<b>Total Liabilities</b>	<b>10.0</b>	<b>10.0</b>	<b>-</b>	<b>2.7</b>	<b>2.4</b>	<b>0.3</b>	<b>12.7</b>	<b>12.4</b>	<b>2.4 %</b>	<b>0.3</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Pension Plan Differences in Projections	0.6	0.8	(0.2)	0.1	0.2	(0.1)	0.7	1.0	(30.0)%	(0.3)
<b>NET POSITION</b>										
Invested in Capital Assets	27.9	25.9	2.0	12.6	12.5	0.1	40.5	38.4	5.5 %	2.1
Restricted	5.7	5.6	0.1	-	-	-	5.7	5.6	1.8 %	0.1
Unrestricted	2.1	0.2	1.9	3.1	3.9	(0.8)	5.2	4.1	26.8 %	1.1
<b>Total Net Position</b>	<b>\$ 35.7</b>	<b>\$ 31.7</b>	<b>\$ 4.0</b>	<b>\$ 15.7</b>	<b>\$ 16.4</b>	<b>\$ (0.7)</b>	<b>\$ 51.4</b>	<b>\$ 48.1</b>	<b>6.9 %</b>	<b>\$ 3.3</b>

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

The City's total net position (government and business-type activities) increased by \$3.3 million, or 6.9% during the fiscal year.

*Net investment in Capital Assets* is the largest portion of the City's net position. It is comprised of capital assets (i.e., land, building, roads, machinery, and equipment) less any related outstanding long-term debt used to acquire those assets, which the City currently does not have. The City uses these capital assets to provide services to citizens; as such, these assets are not available for future spending. The \$2.1 million, or 5.5% increase in net investment in capital assets was mainly due to the completion of streets improvement capital projects and purchasing of emergency equipment.

# Management Discussion & Analysis

*Restricted Net Position* of \$5.7 million represents resources that are subject to external restrictions on their use, or by enabling legislation. Restricted net position is mainly comprised of amounts restricted for housing (\$4.6 million or 81.6%) capital and street projects (\$0.9 million or 15.6%), and other (\$0.2 million, or 2.8%). Restricted net position increased by \$0.1 million, or 1.8%, primarily due to reduced number of projects due to COVID-19 which utilized restricted funds.

*Unrestricted Net Position* in the amount of \$5.2 million represents net position of the City that is not restricted for any project or purpose. The increase of \$1.1 million, or 26.8%, was primarily due to an increase in net position for the governmental activities (\$1.9 million) offset by the decrease in unrestricted net position for business activities (\$0.8 million).

*Current and Other Assets* increased by \$1.6 million, or 8.3% mainly due to \$1.6 million increase in Cash and Cash Equivalents. Due to COVID-19 the City made significant efforts to maintain essential operations expenses, reducing planned capital expenditures, while planning for possible significant decreases in revenues. However, general and program revenues increased from prior years allowing for additional cash on hand at the end of the fiscal year.

*Current and Other Liabilities* remained fairly consistent with the prior year with a change of \$0.3 million variance in the classification of current and noncurrent balances.

*Deferred Outflows of Resources* decreased \$0.3 million and *Deferred Inflows of Resources* also decreased \$0.3 million due to changes in pension plan contributions and future liabilities.

**Governmental activities:** Net position of the City's governmental activities increased by \$4 million to \$35.7 million in the current year.

**Business-type activities:** The net position of the business-type activities was \$15.7 million as of June 30, 2021. This is a decrease of \$0.7 million over the prior fiscal year. These resources cannot be used for governmental activities, as they are restricted to finance the continuing operations of the water and wastewater systems and for capital improvements to those systems.

# Management Discussion & Analysis

The following table is a condensed comparative analysis of the changes in net position of governmental and business type activities for fiscal years ended June 30, 2020 and 2021:

**TABLE 3**  
**Changes in Net Position**  
For the Fiscal Years Ended June 30, 2020 and 2021.  
(in million dollars)

	Governmental Activities				Business Type Activities				TOTAL			
	2021	2020	% Change	\$ Change	2021	2020	% Change	\$ Change	2021	2020	% Change	\$ Change
<b>REVENUES</b>												
<u>Program Revenues</u>												
Charges for Services	\$ 2.4	\$ 1.7		\$ 0.7	\$ 5.0	\$ 5.3		\$ (0.3)	\$ 7.4	\$ 7.0	6.2 %	\$ 0.4
Operating Grants and Contributions	0.7	0.8		(0.1)	-	-		-	0.7	0.8	(12.5)%	(0.1)
Capital Grants and Contributions	-	-		-	-	-		-	-	-	0.0 %	-
<u>General Revenues</u>												
Property Taxes	1.8	1.8		-	-	-		-	1.8	1.8	0.0 %	-
Other Taxes	7.2	6.1		1.1	-	-		-	7.2	6.1	18.0 %	1.1
Other	0.2	0.3		(0.1)	-	0.2		(0.2)	0.2	0.5	(54.3)%	(0.2)
<b>Total Revenues</b>	<b>12.3</b>	<b>10.7</b>	<b>14.9 %</b>	<b>1.6</b>	<b>5.0</b>	<b>5.5</b>	<b>(8.4)%</b>	<b>(0.5)</b>	<b>17.3</b>	<b>16.2</b>	<b>7.0 %</b>	<b>1.2</b>
<b>EXPENSES</b>												
General Government	1.2	1.8		(0.6)	-	-		-	1.2	1.8	(31.2)%	(0.6)
Public Safety	4.2	4.1		0.1	-	-		-	4.2	4.1	2.1 %	0.1
Public Works	1.9	2.0		(0.1)	-	-		-	1.9	2.0	(7.1)%	(0.1)
Community Development	1.0	0.6		0.4	-	-		-	1.0	0.6	62.1 %	0.4
Water	-	-		-	2.3	2.1		0.2	2.3	2.1	9.5 %	0.2
Sewer	-	-		-	3.4	2.9		0.5	3.4	2.9	18.6 %	0.5
<b>Total Expenses</b>	<b>8.3</b>	<b>8.5</b>	<b>(2.9)%</b>	<b>(0.2)</b>	<b>5.7</b>	<b>5.0</b>	<b>14.8 %</b>	<b>0.7</b>	<b>14.0</b>	<b>13.5</b>	<b>3.7 %</b>	<b>0.5</b>
<b>Revenue over (under) expenses</b>	<b>4.0</b>	<b>2.2</b>		<b>1.8</b>	<b>(0.7)</b>	<b>0.5</b>		<b>(1.2)</b>	<b>3.3</b>	<b>2.7</b>	<b>23.7%</b>	<b>0.6</b>
Change in net position	4.0	2.2	83.8 %	1.8	(0.7)	0.5	(230.0)%	(1.2)	3.3	2.7	23.7%	0.6
Net position, beginning of period,	31.7	29.5		2.2	16.4	15.9		0.5	48.1	45.4	5.9 %	2.7
<b>Net position, end of period</b>	<b>\$ 35.7</b>	<b>\$ 31.7</b>	<b>12.8 %</b>	<b>\$ 4.0</b>	<b>\$ 15.7</b>	<b>\$ 16.4</b>	<b>(4.3)%</b>	<b>\$ (0.7)</b>	<b>\$ 51.4</b>	<b>\$ 48.1</b>	<b>6.9 %</b>	<b>\$ 3.3</b>

## Analysis of the changes in Net Position

Governmental Activities increased the City's net position by \$4 million, or 12.8% to \$35.7 million for the year ended June 30, 2021, accounting for 65.9% of the City's total net position.

## Governmental Activities

Total government-wide revenues of the primary government increased by \$1.2 million or 7.4% over the prior year with total expenses increasing by \$0.5 million, a 3.7% increase. These changes are discussed in more detail below.

**Revenues:** Total revenues for governmental activities increased by \$1.6 million or 14.9% when compared with the prior year. Revenues are divided into two categories: Program Revenues, which derive from the program itself such as fees and charges or from outside the City's tax base, and General Revenues that are not program related such as taxes.

*Program Revenues* had an overall increase from the prior year by \$0.6 million, or 24.0%, to \$3.1 million.

- Charges for services increased by approximately \$0.7 million or 41.2% primarily related to increased development fees collected by community development.
- Operating grants and contributions decreased by \$0.1 million in public works grants and contributions.

*General Revenues* had an overall increase of \$1.0 million or 12.2%. Of this amount, Sales taxes contributed the most to this change with an approximate increase of \$0.9 million or 17.9%. This increase was due to increased earnings from the County Pool from due to the Wayfair ruling for distribution of sales taxes for online sales as well as continued operations and customer demand of key sales tax businesses within the City during the COVID-19 shutdown.

**Expenses** Total expenses for governmental activities decreased \$0.2 million from the prior year, a 2.9% decrease. The primary reason for this decrease was due to a budgeted effort to reduce non-essential general government expenses during the COVID-19 shut down. This decrease is offset by increased community development expenses related to increased permit issuance and inspections.

# Management Discussion & Analysis

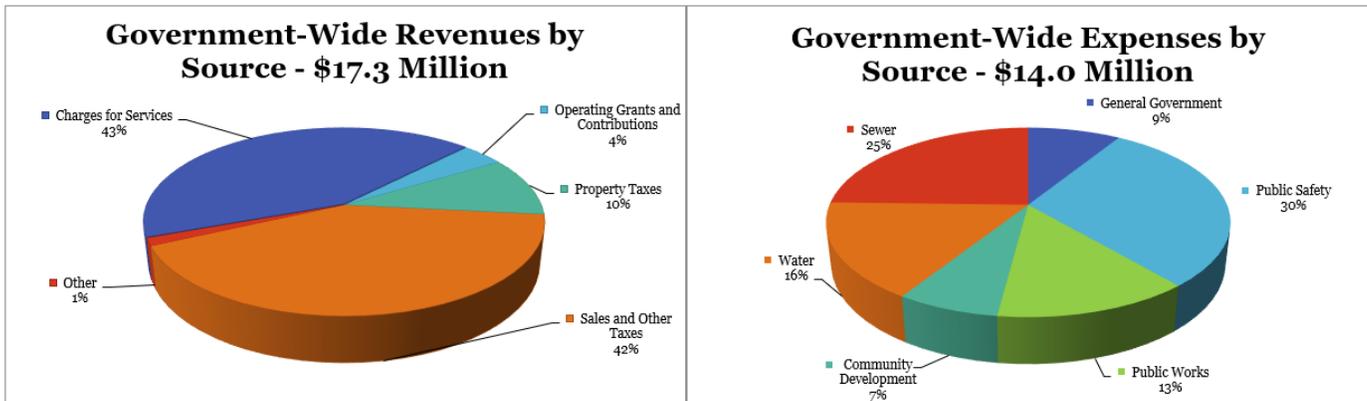
## Business Type Activities

The net position of business-type activities decreased by \$0.7 million, or 4.3% to \$15.7 million due to the following:

**Revenues:** Total revenues for business-type activities decreased \$0.4 million or 7.5% as the development by Richmond American Homes at Kessing Ranch incurred the connection fees for water and wastewater in the prior year. Decreases in charges for services are also directly related to decreased water usage during the ongoing drought, and voluntary water use restrictions. Additionally, there is a corollary decrease 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 FY 2019/20.

**Expenses:** Total expenses for business-type activities increased by approximately \$0.7 million or 14.8%. Personnel expenses increased in both the Water and Wastewater Funds, primarily due to Cost-of-Living Adjustments and educational promotions during FY 2020/21. 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**



## Financial Analysis of the City's Fund Statements

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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.

# Management Discussion & Analysis

## **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, 2021, of \$14.1 million, an increase of \$2.5 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, 2021).

The General Fund is the chief operating fund of the City and the overall fund balance increased by over \$1.9 million or 26.4%. This increase is mostly attributed to increased sales taxes as well as cannabis business taxes and collection of other miscellaneous revenues, particularly charges for services which saw a \$0.7 million increase over the previous fiscal year.

The changes within the City's other major funds include:

- Inclusionary Housing Fund with a year-end fund balance of \$3.3 million, an increase of \$0.1 million, and is fully reserved for affordable housing.
- Low Income Housing Fund has an ending fund balance of \$0.0 million as all funds accrued have been deferred for a future period to be used for low-income housing projects.
- City Capital Projects Fund with a year-end fund balance of approximately \$0.3 million which is consistent with prior year and is retained for future capital projects.

See additional detail at the Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2021.

The City's non-major funds ended Fiscal Year 2020/21 with a fund balance of over \$1.3 million, an increase of \$0.5 million over the prior fiscal year (as restated). 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, 2021).

## **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; (1) Changes made at the midyear budget review for unanticipated revenues and costs; (2) Increases in appropriations for projects or contracts as needed to manage and prevent budget overruns.

For the General Fund actual revenues exceeded the budget by \$0.7 million, while actual expenditures were under budget by \$0.3 million due to previously encumbered funds for contract services being released, as well as fewer police services required to assist during wildfires and the COVID-19 pandemic. General Fund resources exceeded charges by \$3.3 million, leading to a favorable budget variance of \$1.0 million.

For a more detailed description of budgetary changes and variances, please see the Budgetary Comparison Schedule for the General Fund, included within the Required Supplementary Information section of this report.

# Management Discussion & Analysis

## Capital Assets and Debt Administration

At the end of 2020/21, the City had invested \$64.4 million (net of accumulated depreciation) in a broad range of capital assets, including equipment, vehicles, buildings, park facilities, and water and wastewater systems (See Table 5). This year's major capital assets additions included:

- Street Improvements and Traffic Safety \$1,609,000
- Public Works Vehicles and Emergency Equipment approximately \$92,000
- Falletti Ranch Building Improvements approximately \$762,000
- Civic Center Improvements \$195,000

Below is a table of the City's Capital Assets as of June 30, 2020 and 2021. 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, 2020 and 2021  
(in million dollars)

	Governmental Activities		Business Type Activities		TOTAL			
	2021	2020	2021	2020	2021	2020	% Change	\$ Change
<b>Capital assets</b>								
Land	\$ 8.6	\$ 8.6	\$ -	\$ -	\$ 8.6	\$ 8.6	0 %	\$ -
Construction in progress	0.4	0.9	-	-	0.4	0.9	(56)%	(0.5)
Buildings	10.0	8.3	-	-	10.0	8.3	20 %	1.7
Vehicles	1.6	1.5	0.1	0.2	1.7	1.7	0 %	-
Equipment	0.7	0.7	0.1	0.2	0.8	0.9	(11)%	(0.1)
Water and Sewer Lines Improvements	-	-	19.2	18.4	19.2	18.4	4 %	0.8
Leased Assets	22.4	20.6	1.3	1.3	23.7	21.9	8 %	1.8
<b>Total Capital Assets</b>	<b>\$ 43.7</b>	<b>\$ 40.6</b>	<b>\$ 20.7</b>	<b>\$ 20.1</b>	<b>\$ 64.4</b>	<b>\$ 60.7</b>	<b>6 %</b>	<b>\$ 3.7</b>

\* 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, 2021, special assessment bonds for \$3.7 million were outstanding, of which approximately \$0.2 million 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.

#### *Compensated absences:*

As of June 30, 2021, approximately \$0.6 million was owed to government employees for vacation leave and other compensated absences. These benefits are recorded as a liability to the City as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

# Management Discussion & Analysis

## *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 \$10.8 million to be reported on the statement of net position for the City as of June 30, 2021.

For the City's OPEB benefits, as now defined for reporting under GASB Statement No. 75, a \$0.2 million liability was also reported within the total OPEB liability as of June 30, 2021 (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 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, and utility rates. The City's FY 2021/22 budget which includes the Five-Year Capital Improvement Program budget can be found at [http://www.cotaticity.org/city\\_hall/departments/administrative\\_services\\_finance\\_water\\_billing/\\_city\\_budgets](http://www.cotaticity.org/city_hall/departments/administrative_services_finance_water_billing/_city_budgets).

The budget was based on these key assumptions:

- Property Tax-The budget projection for 2021/22 assumes 2.7% increases in property tax collections, due to improved resale market and completion of current development at Kessing Ranch.
- Sales Tax (Bradley Burns and Measure S) - The budget projection for 2021/22 assumes continued modest growth during this recovery period from COVID-19.
- Water and Sewer revenues increase slightly due to increased rates offset by continued decreased consumption during the drought as well as reduced connection fees as new development projects are not currently actively building or pulling permits.
- Usage of \$1.4 million in one-time grant funding available from the American Recovery Act
- Salaries and benefits were projected to increase based on negotiations with labor unions as well as increased staffing costs such as workers compensation insurance, health benefits, pension contributions.
- Increased general liability insurance for the City due to increasing rates in the insurance market.

Although the City has made considerable progress, unfunded liabilities continue to present significant challenges to long-term financial solvency and service level solvency and as such the City is pursuing financial strategies to significantly pay down the debt to CalPERS during fiscal year 2021/22.

## **Contacting the City's Financial Management**

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

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# BASIC FINANCIAL STATEMENTS

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**Mother Nature Loves it Here**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Cotati**  
**Statement of Net Position**  
**June 30, 2021**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 12,528,029	\$ 5,445,734	\$ 17,973,763
Net receivables	1,929,079	774,545	2,703,624
Internal balances	868,594	(868,594)	-
Prepayments	96,881	69,966	166,847
Total current assets	15,422,583	5,421,651	20,844,234
Noncurrent assets:			
Long-term notes receivable	1,138,506	-	1,138,506
Capital assets:			
Nondepreciable	8,986,087	68,267	9,054,354
Depreciable, net	18,914,394	12,534,667	31,449,061
Total capital assets	27,900,481	12,602,934	40,503,415
Total noncurrent assets	29,038,987	12,602,934	41,641,921
<b>Total assets</b>	44,461,570	18,024,585	62,486,155
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	1,906,380	474,988	2,381,368
Deferred outflows of resources - OPEB	14,647	-	14,647
<b>Total deferred outflows of resources</b>	1,921,027	474,988	2,396,015
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	497,769	261,760	759,529
Accrued liabilities	39,264	-	39,264
Compensated absences	284,033	195,654	479,687
Deposits	68,932	82,859	151,791
Lease liability - due within one year	7,632	-	7,632
Claims and judgements - due within one year	31,985	9,554	41,539
Total current liabilities	929,615	549,827	1,479,442
Noncurrent liabilities:			
Lease liability - due in more than one year	3,986	-	3,986
Compensated absences	94,870	28,237	123,107
Claims and judgements	50,521	15,090	65,611
Net pension liability	8,743,873	2,097,223	10,841,096
Total OPEB liability	218,599	-	218,599
Total noncurrent liabilities	9,111,849	2,140,550	11,252,399
<b>Total liabilities</b>	10,041,464	2,690,377	12,731,841
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	549,351	71,584	620,935
Deferred inflows of resources - OPEB	77,330	-	77,330
<b>Total deferred inflows of resources</b>	626,681	71,584	698,265
<b>NET POSITION</b>			
Net investment in capital assets	27,881,695	12,602,934	40,484,629
Restricted for:			
Capital projects	272,082	-	272,082
Housing	4,473,044	-	4,473,044
Public safety	29,474	-	29,474
Parks	295,922	-	295,922
Streets	607,918	-	607,918
Public communications	19,007	-	19,007
Total restricted	5,697,447	-	5,697,447
Unrestricted	2,135,310	3,134,678	5,269,988
<b>Total net position</b>	\$ 35,714,452	\$ 15,737,612	\$ 51,452,064

See accompanying Notes to Basic Financial Statements

**City of Cotati**  
**Statement of Activities**  
**For the year ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General government	\$ 1,238,745	\$ 995,882	\$ 252,346	\$ -	\$ 1,248,228
Public safety	4,186,303	309,572	200,818	-	510,390
Community development	972,578	908,994	-	-	908,994
Public works	1,857,882	109,433	290,190	-	399,623
Interest expense on long-term debt	965	-	-	-	-
Total governmental activities	8,256,473	2,323,881	743,354	-	3,067,235
<b>Business-type activities</b>					
Water	2,300,046	2,214,793	-	-	2,214,793
Wastewater	3,439,883	2,822,407	-	-	2,822,407
Total business-type activities	5,739,929	5,037,200	-	-	5,037,200
<b>Total primary government</b>	<b>\$ 13,996,402</b>	<b>\$ 7,361,081</b>	<b>\$ 743,354</b>	<b>\$ -</b>	<b>\$ 8,104,435</b>
<b>General Revenues:</b>					
Taxes:					
Property taxes					
Sales taxes					
Other taxes					
<b>Total taxes</b>					
Interest and rents					
<b>Total general revenues</b>					
<b>Change in net position</b>					
<b>Net position - beginning of year, as restated</b>					
<b>Net position - end of year</b>					

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ 9,483	\$ -	\$ 9,483
(3,675,913)	-	(3,675,913)
(63,584)	-	(63,584)
(1,458,259)	-	(1,458,259)
(965)	-	(965)
(5,189,238)	-	(5,189,238)
-	(85,253)	(85,253)
-	(617,476)	(617,476)
-	(702,729)	(702,729)
(5,189,238)	(702,729)	(5,891,967)
1,774,242	-	1,774,242
6,004,019	-	6,004,019
1,192,032	-	1,192,032
8,970,293	-	8,970,293
228,707	52,866	281,573
9,199,000	52,866	9,251,866
4,009,762	(649,863)	3,359,899
31,704,690	16,387,475	48,092,165
\$ 35,714,452	\$ 15,737,612	\$ 51,452,064

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About This Town**

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# FUND FINANCIAL STATEMENTS

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*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 Inclusionary Housing 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 a 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, 2021**

	General Fund	Inclusionary Housing Fund	Low Income Housing Fund	City Capital Project Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 7,620,683	\$ 2,379,705	\$ -	\$ 478,825	\$ 1,307,717	\$ 11,786,930
Taxes receivable	1,408,641	-	-	-	88	1,408,729
Accounts receivable	219,085	24,717	-	14,468	45,795	304,065
Due from other governments	93,654	-	-	-	122,631	216,285
Interfund loans	-	868,594	-	-	-	868,594
Due from other funds	103,479	-	-	-	-	103,479
Notes receivable	-	-	1,138,506	-	-	1,138,506
Prepayments	95,835	-	-	-	1,046	96,881
<b>Total assets</b>	<b>9,541,377</b>	<b>3,273,016</b>	<b>1,138,506</b>	<b>493,293</b>	<b>1,477,277</b>	<b>15,923,469</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	249,216	13,571	-	210,193	24,789	497,769
Accrued liabilities	5,512	-	-	8,372	25,380	39,264
Deposits	68,932	-	-	-	-	68,932
Due to other funds	-	-	-	-	103,479	103,479
<b>Total liabilities</b>	<b>323,660</b>	<b>13,571</b>	<b>-</b>	<b>218,565</b>	<b>153,648</b>	<b>709,444</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenues	-	-	1,138,506	-	-	1,138,506
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,138,506</b>	<b>-</b>	<b>-</b>	<b>1,138,506</b>
<b>Fund Balances:</b>						
Nonspendable	95,835	-	-	-	1,046	96,881
Restricted for affordable housing	-	3,259,445	-	-	98,103	3,357,548
Restricted for public safety	-	-	-	-	29,474	29,474
Restricted for streets	-	-	-	-	607,918	607,918
Restricted for parks	-	-	-	-	295,922	295,922
Restricted for public education	-	-	-	-	19,007	19,007
Restricted for debt service	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	272,082	272,082
Committed for capital projects	-	-	-	274,728	77	274,805
Committed for emergencies	2,131,107	-	-	-	-	2,131,107
Assigned for encumbrances	142,939	-	-	-	-	142,939
Unassigned	6,847,836	-	-	-	-	6,847,836
<b>Total fund balances</b>	<b>9,217,717</b>	<b>3,259,445</b>	<b>-</b>	<b>274,728</b>	<b>1,323,629</b>	<b>14,075,519</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 9,541,377</b>	<b>\$ 3,273,016</b>	<b>\$ 1,138,506</b>	<b>\$ 493,293</b>	<b>\$ 1,477,277</b>	<b>\$ 15,923,469</b>

**City of Cotati**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2021**

**Total Fund Balances - Total Governmental Funds** \$ 14,075,519

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 offset by deferred inflows of resources in the governmental funds. 1,138,506

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	\$ 8,986,087	\$ -	8,986,087
Depreciable, net	18,914,394	(393,347)	18,521,047
<b>Total capital assets</b>	<b>\$ 27,900,481</b>	<b>\$ (393,347)</b>	<b>27,507,134</b>

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. 755,543

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	1,906,380
Deferred outflows of resources related to OPEB	14,647
Deferred inflows of resources related to pension	(549,351)
Deferred inflows of resources related to OPEB	(77,330)

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	\$ (7,632)	\$ -	(7,632)
Claims and judgements payable - due within one year	(31,985)	-	(31,985)
Lease liability - due in more than one year	(3,986)	-	(3,986)
Claims and judgements payable - due in more than one year	(50,521)	-	(50,521)
Net pension liability	(8,743,873)	-	(8,743,873)
Total OPEB liability	(218,599)	-	(218,599)
<b>Total long-term liabilities</b>	<b>\$ (9,056,596)</b>	<b>\$ -</b>	<b>(9,056,596)</b>

**Net Position of Governmental Activities** \$ 35,714,452

**City of Cotati**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2021**

	General Fund	Inclusionary Housing Fund	Low Income Housing Fund	City Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Property taxes	\$ 1,773,535	\$ -	\$ -	\$ -	\$ 707	\$ 1,774,242
Sales taxes	5,837,741	-	-	-	166,278	6,004,019
Other taxes	646,454	-	-	-	-	646,454
Licenses and permits	624,513	-	-	-	-	624,513
Intergovernmental	200,751	-	-	-	1,412,219	1,612,970
Charges for services	1,178,338	-	-	172,242	200,932	1,551,512
Interest and rents	124,643	69,389	-	2,524	26,711	223,267
Miscellaneous	157,499	-	-	-	139,123	296,622
<b>Total revenues</b>	<b>10,543,474</b>	<b>69,389</b>	<b>-</b>	<b>174,766</b>	<b>1,945,970</b>	<b>12,733,599</b>
<b>EXPENDITURES:</b>						
Current:						
General government	1,206,193	38,672	-	-	46,894	1,291,759
Public safety	3,959,827	-	-	-	6,030	3,965,857
Community development	719,621	-	-	-	-	719,621
Public works	1,375,318	-	-	-	55,105	1,430,423
Capital outlay	-	-	-	2,089,773	763,536	2,853,309
Debt service:						
Principal	7,167	-	-	-	-	7,167
Interest	965	-	-	-	-	965
<b>Total expenditures</b>	<b>7,269,091</b>	<b>38,672</b>	<b>-</b>	<b>2,089,773</b>	<b>871,565</b>	<b>10,269,101</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,274,383</b>	<b>30,717</b>	<b>-</b>	<b>(1,915,007)</b>	<b>1,074,405</b>	<b>2,464,498</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	219,431	-	-	1,891,530	206,844	2,317,805
Transfers (out)	(1,567,550)	-	-	-	(750,255)	(2,317,805)
<b>Total other financing sources (uses)</b>	<b>(1,348,119)</b>	<b>-</b>	<b>-</b>	<b>1,891,530</b>	<b>(543,411)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,926,264</b>	<b>30,717</b>	<b>-</b>	<b>(23,477)</b>	<b>530,994</b>	<b>2,464,498</b>
<b>FUND BALANCES:</b>						
Beginning of year, as restated	7,291,453	3,228,728	-	298,205	792,635	11,611,021
End of year	\$ 9,217,717	\$ 3,259,445	\$ -	\$ 274,728	\$ 1,323,629	\$ 14,075,519

**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, 2021**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	2,464,498
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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
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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.		2,920,830
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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.		(901,518)
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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.		
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Lease liability repayments		7,167
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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		31,985
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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.		(255,961)
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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.		67,747
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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.		(495,813)
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Internal service funds were used by management to charge the costs of certain activities, such as compensated absences and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.		147,817
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<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>4,009,762</b>
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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**  
**June 30, 2021**

	Business-type Activities			Governmental
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,004,648	\$ 3,441,086	\$ 5,445,734	\$ 741,099
Accounts receivable	330,585	407,199	737,784	-
Due from other governments	194	36,567	36,761	-
Interfund loans	-	95,323	95,323	-
Prepayments	54,946	15,020	69,966	-
Total current assets	2,390,373	3,995,195	6,385,568	741,099
Noncurrent assets:				
Interfund loans	-	550,089	550,089	-
Capital assets:				
Nondepreciable:	-	68,267	68,267	-
Depreciable				
Reservoirs	1,650,972	-	1,650,972	-
Pipelines and meters	6,003,676	10,106,044	16,109,720	-
Water wells	1,451,506	-	1,451,506	-
Improvements	1,061,845	224,807	1,286,652	-
Equipment	-	109,822	109,822	1,578,410
Less accumulated depreciation	(4,890,186)	(3,183,819)	(8,074,005)	(1,185,063)
Net capital assets	5,277,813	7,325,121	12,602,934	393,347
Total noncurrent assets	5,277,813	7,875,210	13,153,023	393,347
<b>Total assets</b>	<b>7,668,186</b>	<b>11,870,405</b>	<b>19,538,591</b>	<b>1,134,446</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - pension	241,710	233,278	474,988	-
<b>Total deferred outflows of resources</b>	<b>241,710</b>	<b>233,278</b>	<b>474,988</b>	<b>-</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	79,725	182,035	261,760	-
Claims and judgements	4,777	4,777	9,554	-
Compensated absences	98,141	97,513	195,654	284,033
Interfund loans	95,323	41,981	137,304	-
Deposits	82,859	-	82,859	-
Total current liabilities	360,825	326,306	687,131	284,033
Noncurrent liabilities:				
Claims and judgements	7,545	7,545	15,090	-
Interfund loans	550,089	826,613	1,376,702	-
Compensated absences	14,198	14,039	28,237	94,870
Net pension liability	1,067,226	1,029,997	2,097,223	-
Total noncurrent liabilities	1,639,058	1,878,194	3,517,252	94,870
<b>Total liabilities</b>	<b>1,999,883</b>	<b>2,204,500</b>	<b>4,204,383</b>	<b>378,903</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	36,427	35,157	71,584	-
<b>Total deferred inflows of resources</b>	<b>36,427</b>	<b>35,157</b>	<b>71,584</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	5,277,813	7,325,121	12,602,934	393,347
Unrestricted	595,773	2,538,905	3,134,678	362,196
Total net position	\$ 5,873,586	\$ 9,864,026	\$ 15,737,612	\$ 755,543

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, 2021**

	Business-type Activities			Governmental
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,214,287	\$ 2,822,407	\$ 5,036,694	\$ 421,838
Other operating revenues	506	-	506	-
<b>Total operating revenues</b>	<b>2,214,793</b>	<b>2,822,407</b>	<b>5,037,200</b>	<b>421,838</b>
<b>OPERATING EXPENSES:</b>				
Personnel services	762,893	740,224	1,503,117	168,423
Contractual services	217,096	132,114	349,210	-
Intergovernmental treatment costs	-	2,005,950	2,005,950	-
Utilities	97,990	15,407	113,397	-
Purchased water	597,725	-	597,725	-
Supplies and materials	320,218	271,245	591,463	877
Depreciation	292,815	248,783	541,598	110,160
<b>Total operating expenses</b>	<b>2,288,737</b>	<b>3,413,723</b>	<b>5,702,460</b>	<b>279,460</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(73,944)</b>	<b>(591,316)</b>	<b>(665,260)</b>	<b>142,378</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment revenues	15,067	37,799	52,866	5,439
Interest expense	(11,309)	(26,160)	(37,469)	-
<b>Total nonoperating revenues (expenses)</b>	<b>3,758</b>	<b>11,639</b>	<b>15,397</b>	<b>5,439</b>
<b>Income before contributions and transfers</b>	<b>(70,186)</b>	<b>(579,677)</b>	<b>(649,863)</b>	<b>147,817</b>
<b>Change in net position</b>	<b>(70,186)</b>	<b>(579,677)</b>	<b>(649,863)</b>	<b>147,817</b>
<b>NET POSITION:</b>				
Beginning of year	5,943,772	10,443,703	16,387,475	607,726
End of year	\$ 5,873,586	\$ 9,864,026	\$ 15,737,612	\$ 755,543

**City of Cotati**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2021**

	Business-type Activities			Governmental
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 2,244,402	\$ 2,774,512	\$ 5,018,914	\$ -
Interfund charges for services	-	-	-	421,838
Payments to suppliers	(1,258,507)	(2,266,896)	(3,525,403)	(129,095)
Payments to employees	(730,983)	(691,549)	(1,422,532)	(177,563)
<b>Net cash provided by (used in) operating activities</b>	<b>254,912</b>	<b>(183,933)</b>	<b>70,979</b>	<b>115,180</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund loans	-	193,160	193,160	-
Interfund interest	(11,309)	(50,878)	(62,187)	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Repayments of interfund balances	(193,160)	(72,867)	(266,027)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(204,469)</b>	<b>69,415</b>	<b>(135,054)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of capital assets	-	(609,702)	(609,702)	(94,396)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>-</b>	<b>(609,702)</b>	<b>(609,702)</b>	<b>(94,396)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest receipts	15,067	37,799	52,866	5,439
<b>Net cash provided by (used in) investing activities</b>	<b>15,067</b>	<b>37,799</b>	<b>52,866</b>	<b>5,439</b>
<b>Net cash flows</b>	<b>65,510</b>	<b>(686,421)</b>	<b>(620,911)</b>	<b>26,223</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>1,939,138</b>	<b>4,127,507</b>	<b>6,066,645</b>	<b>714,876</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 2,004,648</b>	<b>\$ 3,441,086</b>	<b>\$ 5,445,734</b>	<b>\$ 741,099</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (73,944)	\$ (591,316)	\$ (665,260)	\$ 142,378
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	292,815	248,783	541,598	110,160
Changes in assets and liabilities:				
Receivables, net	29,627	(11,328)	18,299	-
Prepayments	(18,309)	(7,641)	(25,950)	-
Due from other governments	(194)	(36,567)	(36,761)	-
Accounts payable	(7,169)	165,461	158,292	(128,218)
Net pension liability	69,911	76,259	146,170	-
Other liabilities	(37,825)	(27,584)	(65,409)	(9,140)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 254,912</b>	<b>\$ (183,933)</b>	<b>\$ 70,979</b>	<b>\$ 115,180</b>

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.

*Custodial Fund*, a custodial 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, 2021**

	Private Purpose Trust	Custodial Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,114,139	\$ 316,712
Cash with trustees	4,038	270,756
Prepayments	1,847	-
Tax receivable	-	102
Notes receivable	1,442,571	-
Capital assets:		
Land	287,048	-
<b>Total assets</b>	<b>2,849,643</b>	<b>587,570</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on debt refunding	98,771	-
<b>Total deferred outflows of resources</b>	<b>98,771</b>	<b>-</b>
<b>LIABILITIES</b>		
Accounts payable	63,423	-
Interest payable	25,009	-
Tax allocation bonds	7,754,781	-
<b>Total liabilities</b>	<b>7,843,213</b>	<b>-</b>
<b>NET POSITION (DEFICIT):</b>		
Held in trust for :		
Successor agency	(4,894,799)	-
Bondholders	-	587,570
<b>Total net position (deficit)</b>	<b>\$ (4,894,799)</b>	<b>\$ 587,570</b>

**City of Cotati**  
**Statement of Changes in Fiduciary Net Position**  
**For the year ended June 30, 2021**

	Private Purpose Trust Fund	Custodial Fund
<b>ADDITIONS:</b>		
Net investment income	\$ 39,251	\$ -
Assessment revenue	-	369,913
Distributions for enforceable obligations	530,086	-
<b>Total additions</b>	<b>569,337</b>	<b>369,913</b>
<b>DEDUCTIONS:</b>		
Bond interest	116,145	119,830
Bond principal	-	231,343
Administrative costs	250,037	6,400
Payments on pass-through agreements	59,222	-
Bond disclosure	2,500	-
Bond trustee	9,000	-
Bond Issuance cost	179,999	-
Bond amortization cost - debt refunding	3,848	-
<b>Total deductions</b>	<b>620,751</b>	<b>357,573</b>
<b>Change in net position</b>	<b>(51,414)</b>	<b>12,340</b>
<b>NET POSITION (DEFICIT):</b>		
Beginning of year, as restated	(4,843,385)	575,230
End of year	<b>\$ (4,894,799)</b>	<b>\$ 587,570</b>

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**cotati**

**There's Nothing Square  
About This Town**

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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, 2021**

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**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, 2021**

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**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, 2021**

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**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.

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 a 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.

**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.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***B. Basis of Accounting and Measurement Focus, Continued***

**Proprietary Fund Financial Statements, Continued**

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 a custodial fund. Private purpose trust funds account for all other trust arrangements in which principal and income benefit individuals, private organizations, and other governments (i.e. unclaimed property/escheat property). Custodial 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, 2021**

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**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 Custodial Fund – is a 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, 2021.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**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. The pension liability are allocated across the governmental, proprietary and fiduciary funds. The governmental portion is liquidated by the General Fund.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**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, 2021
Measurement Period	July 1, 2020 to June 30, 2021

**M. 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.

**N. New Accounting Pronouncements**

In 2021, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 84 - *Fiduciary Activities* - The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
- GASB Statement No. 90 - *Majority Equity Interests* - The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legal separate organization should be reported as an investment if a government's holding of the equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.
- GASB Statement No. 93 - *Interbank Offered Rates (except LIBOR removal and lease modifications)* - Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) -most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*N. New Accounting Pronouncements, Continued*

current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with GASB Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The objective of GASB Statement No. 93 is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR.

- *GASB STATEMENT NO. 97 - Certain Component Unit Criteria, And Accounting And Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment Of GASB Statements No. 14 And No. 84, And A Supersession Of GASB Statement No. 32* - The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

**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, 2021:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 12,528,029	\$ 5,445,734	\$ 1,430,851	\$ 19,404,614
Cash with trustees	-	-	274,794	274,794
<b>Total cash and investments</b>	<b>\$ 12,528,029</b>	<b>\$ 5,445,734</b>	<b>\$ 1,705,645</b>	<b>\$ 19,679,408</b>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**2. CASH AND INVESTMENTS, CONTINUED**

*A. Summary of Cash and Investments, Continued*

Pooled deposits	\$ 2,504,984
Total cash on hand and deposits	<u>2,504,984</u>
Local Agency Investment Funds (LAIF)	15,732,385
Sonoma County Investment Pool	658,516
Insured deposits	283,369
Certificates of deposits	<u>225,360</u>
Total investments	<u>16,899,630</u>
Total City Treasury	<u>19,404,614</u>
Investments with trustees	<u>274,794</u>
Total cash and investments	<u><u>\$ 19,679,408</u></u>

*B. Deposits*

The carrying amount of the City’s cash deposit was \$2,504,984 as of June 30, 2021. Bank balances before reconciling items were a positive amount of \$2,724,885 at June 30, 2021. 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, 2021**

**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, 2021:

Interest income	\$ 311,100
Unrealized gain (loss) on changes in fair value of investments	-
Total investment income	<u>\$ 311,100</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, 2021 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 below.

*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.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**2. CASH AND INVESTMENTS, CONTINUED**

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

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, 2021, the City had \$15,732,385 invested in LAIF, which had invested 2.31% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 3.37% in the previous year. The LAIF fair value factor of 1.00008297 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, 2021 are as follow:

Investment Type	Total	Investment Maturities (in Months)		
		12 Months or less	13 to 24 Months	More than 24 Months
Insured Deposits	283,369	283,369	-	-
Negotiable Certificates of Deposit	225,360	225,360	-	-
Subtotal	508,729	508,729	-	-
Joint investment pools:				
Local Agency Investment Fund (LAIF)	15,732,385	15,732,385	-	-
Sonoma County Investment Pool	658,516	658,516	-	-
Total	\$ 16,899,630	\$ 16,899,630	\$ -	\$ -

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.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**2. CASH AND INVESTMENTS, CONTINUED**

**D. Risk Disclosures, Continued**

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 \$225,360 investment made in other than the pools and mutual funds, the entire \$225,360 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, 2021 are described below.

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Negotiable Certificates of Deposit	225,360	225,360	-	-
Total investments subject to fair value	225,360	\$ 225,360	\$ -	\$ -
Investments not subject to levelling:				
Local Agency Investment Pool (LAIF)	15,732,385			
Sonoma County Investment Pool	658,516			
Insured Deposits	283,369			
Total Investments	\$ 16,899,630			

The City's investments are valued using Level 1 inputs for both the negotiable certificates of deposit. 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, 2021 consisted of \$1,114,139 in bank deposits held by the City.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**3. INTERFUND ACTIVITIES**

**A. Due To/From Other Funds**

At June 30, 2021, the City had the following due to/from other funds:

<b>Due To</b>	<b>Due From</b>
	General Fund
Nonmajor Governmental Funds	103,479
Total	\$ 103,479

**B. Advances to/From Other Funds**

At June 30, 2021, the City had the following advances to/from other funds:

<b>Advance To</b>	<b>Advance From</b>		
	Inclusionary Housing Fund	Wastewater	Total
Water Fund	\$ -	\$ 645,412	\$ 645,412
Wastewater Fund	868,594	-	868,594
Total	\$ 868,594	\$ 645,412	\$ 1,514,006

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%.

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, 2021, the City had the following transfers in/out:

<b>Transfers Out</b>	<b>Transfers In</b>			
	General Fund	City Capital Projects Fund	Nonmajor Governmental	Total
General Fund	\$ -	\$ 1,370,128	\$ 197,422	\$ 1,567,550
Nonmajor Governmental Funds	219,431	521,402	9,422	750,255
Total	\$ 219,431	\$ 1,891,530	\$ 206,844	\$ 2,317,805

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.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**4. NOTES RECEIVABLE**

The City's loans receivable were comprised of the following at June 30, 2021:

Description	Balance as of June 30, 2021	Accrued interest	Total Receivable
Note receivable, original principal \$370,000	\$ 370,000	\$ 254,197	\$ 624,197
Note receivable, original principal \$397,000	397,000	117,309	514,309
Totals	<u>\$ 767,000</u>	<u>\$ 371,506</u>	<u>\$ 1,138,506</u>

The notes receivable consists of two notes with original principal of \$767,000 plus \$371,506 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.

**5. CAPITAL ASSETS**

Capital assets activity relating to governmental activities for the year ended June 30, 2021 was as follows:

	Balance at July 1, 2020,	Additions	Retirements	Transfers	Balance at June 30, 2021
<b>Governmental activities:</b>					
Nondepreciable capital assets:					
Land	\$ 8,631,561	\$ -	\$ -	\$ -	\$ 8,631,561
Construction in progress	850,663	2,822,587	-	(3,318,724)	354,526
Total nondepreciable capital assets	<u>9,482,224</u>	<u>2,822,587</u>	<u>-</u>	<u>(3,318,724)</u>	<u>8,986,087</u>
Depreciable capital assets:					
Buildings	8,317,483	62,231	-	1,601,989	9,981,703
Machinery and equipment	722,586	-	-	-	722,586
Vehicles	1,485,913	92,498	-	-	1,578,411
Improvements	20,646,384	37,910	-	1,716,735	22,401,029
Leased assets	34,874	-	-	-	34,874
Total depreciable capital assets	<u>31,207,240</u>	<u>192,639</u>	<u>-</u>	<u>3,318,724</u>	<u>34,718,603</u>
Less accumulated depreciation:					
Buildings	(2,975,295)	(210,586)	-	-	(3,185,881)
Machinery and equipment	(615,102)	(24,156)	-	-	(639,258)
Vehicles	(1,074,902)	(110,161)	-	-	(1,185,063)
Improvements	(10,112,077)	(662,179)	-	-	(10,774,256)
Leased assets	(15,155)	(4,596)	-	-	(19,751)
Total accumulated depreciation	<u>(14,792,531)</u>	<u>(1,011,678)</u>	<u>-</u>	<u>-</u>	<u>(15,804,209)</u>
Total depreciable capital assets, net	<u>16,414,709</u>	<u>(819,039)</u>	<u>-</u>	<u>3,318,724</u>	<u>18,914,394</u>
Total capital assets	<u>\$ 25,896,933</u>	<u>\$ 2,003,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,900,481</u>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**5. CAPITAL ASSETS, CONTINUED**

Construction in progress at June 30, 2021 represents primarily costs incurred related to construction improvements to the City's street system.

For the year ended June 30, 2021, depreciation expense by program/function for capital assets was as follows:

<b>Governmental activities:</b>	
General government	\$ 309,440
Public safety	115,061
Public works	477,017
Transportation	-
Other internal service	110,160
	<hr/>
Total depreciation expense	<u>\$ 1,011,678</u>

Capital assets activity relating to business-type activities for the year ended June 30, 2021 was as follows:

	Balance at July 1, 2020	Additions	Retirements	Transfers	Balance at June 30, 2021
<b>Business-type activities:</b>					
Nondepreciable capital assets:					
Construction in progress	\$ 68,267	\$ -	\$ -	\$ -	\$ 68,267
Total nondepreciable capital assets	<hr/> 68,267	<hr/> -	<hr/> -	<hr/> -	<hr/> 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	15,190,759	609,702	-	309,259	16,109,720
Equipment	419,081	-	-	(309,259)	109,822
Total depreciable capital assets	<hr/> 19,998,970	<hr/> 609,702	<hr/> -	<hr/> -	<hr/> 20,608,672
Less accumulated depreciation:					
Water wells	(1,085,729)	(31,230)	-	-	(1,116,959)
Reservoirs	(1,140,961)	(28,334)	-	-	(1,169,295)
Improvements	(487,116)	(56,959)	-	-	(544,075)
Pipelines and collection system	(4,667,954)	(417,315)	-	-	(5,085,269)
Equipment	(150,647)	(7,760)	-	-	(158,407)
Total accumulated depreciation	<hr/> (7,532,407)	<hr/> (541,598)	<hr/> -	<hr/> -	<hr/> (8,074,005)
Total depreciable capital assets, net	<hr/> 12,466,563	<hr/> 68,104	<hr/> -	<hr/> -	<hr/> 12,534,667
Total capital assets	<hr/> <u>\$ 12,534,830</u>	<hr/> <u>\$ 68,104</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 12,602,934</u>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**5. CAPITAL ASSETS, CONTINUED**

For the year ended June 30, 2021, depreciation expense by program/function for capital assets was as follows:

<b>Business-type activities:</b>	
Water	\$ 292,815
Wastewater	248,783
	<hr/>
Total depreciation expense	<u>\$ 541,598</u>

**6. COMPENSATED ABSENCES**

Compensated absences activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences payable	\$ 388,043	\$ 245,600	\$ (254,740)	\$ 378,903	\$ 284,033
<b>Business-Type Activities:</b>					
Compensated absences payable	269,620	59,357	(105,086)	223,891	195,654
Total	<u>\$ 657,663</u>	<u>\$ 304,957</u>	<u>\$ (359,826)</u>	<u>\$ 602,794</u>	<u>\$ 479,687</u>

**7. LONG-TERM DEBT**

The following is a summary of the City's long-term debt activity for the year ended June 30, 2021:

	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2021	Due Within One Year
<b>Governmental Activities:</b>					
Lease obligation	\$ 18,785	\$ -	\$ (7,167)	\$ 11,618	\$ 7,632
Total	<u>\$ 18,785</u>	<u>\$ -</u>	<u>\$ (7,167)</u>	<u>\$ 11,618</u>	<u>\$ 7,632</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
2022	\$ 7,632	\$ 500	\$ 8,132
2023	3,986	80	4,066
Totals	<u>\$ 11,618</u>	<u>\$ 580</u>	<u>\$ 12,198</u>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**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
2022	\$ 210,000	\$ 231,400	\$ 441,400
2023	225,000	217,263	442,263
2024	240,000	202,150	442,150
2025	255,000	194,350	449,350
2026	270,000	177,775	447,775
2027-2031	1,650,000	599,625	2,249,625
2032-2033	815,000	80,275	895,275
Totals	<u>\$ 3,665,000</u>	<u>\$ 1,702,838</u>	<u>\$ 5,367,838</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, 2021**

**9. DEFINED BENEFIT PENSION PLANS, CONTINUED**

Benefits Provided, Continued

The rate plan provisions and benefits in effect at June 30, 2021 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	14.194%	9.281%	7.732%
Required unfunded liability payment	\$543,330	\$6,339	\$8,913

	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%	13.00%
Required employer contribution rates	22.437%	18.152%	13.044%
Required unfunded liability payment	\$287,601	\$2,037	\$3,540

*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, 2020 were \$1,144,938.

**City of Cotati**  
**Notes to Basic Financial Statements**  
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**9. DEFINED BENEFIT PENSION PLANS, CONTINUED**

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

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$10,841,096.

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, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 were as follows:

Proportion - June 30, 2020	0.09964%
Proportion - June 30, 2019	<u>0.10214%</u>
Change - Increase (decrease)	0.00250%

For the year ended June 30, 2021, the City recognized pension expense of \$1,674,930. At June 30, 2021 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	\$ 678,626	\$ -
Changes in assumptions	-	59,793
Net differences between projected actual earnings and actual earnings on plan investments	285,288	-
Changes in employer's proportion	-	432,309
Differences between the employer's contributions and the employer's proportionate share of contributions	144,653	128,833
Pension contributions subsequent to the measurement date	<u>1,272,801</u>	<u>-</u>
<b>Total</b>	<u>\$ 2,381,368</u>	<u>\$ 620,935</u>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**9. DEFINED BENEFIT PENSION PLANS, CONTINUED**

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

\$1,272,801 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, 2022. 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,	
2022	\$ (44,551)
2023	224,111
2024	169,095
2025	138,977
2026	-
Thereafter	-

*Actuarial Assumptions* – The total pension liabilities in the June 30, 2019 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 <sup>(1)</sup>	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 table used was developed based on CalPERS specific MP 2016 published by the Society of Actuaries data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016.

*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, 2021**

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**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 considered 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 <sup>(1)</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>(2)</sup>	Real Return Years 11+ <sup>(3)</sup>
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 ACFR, 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, 2021**

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**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	\$ 15,990,011	\$ 10,841,096	\$ 6,600,216

*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, 2021 the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**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, 2021, 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
Total	47

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**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, 2021, the City's average contribution rate was .005 percent of covered employee payroll. The amount contributed for fiscal 2021 was \$17,688 which amount was the amount of City paid benefit payments.

*Actuarial Assumptions* - The total OPEB liability in the June 30, 2021 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	2.19%
Healthcare cost trend rates	6.5% for 2021, decreasing 0.25 percent per year ultimate rate of 4.5 percent for 2028 and later years

Changes in the Total OPEB Liability

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 276,582
Changes for the year:	
Service cost	10,514
Interest	7,403
Changes of benefit terms	(61,104)
Changes in assumptions	8,266
Differences between expected and actual experience	(5,374)
Benefit payments	(17,688)
Net changes	(57,983)
Balances at June 30, 2021	\$ 218,599

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED**

*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 (1.19 percent) or 1-percentage point higher (3.19 percent) than the current discount rate.

	1% Decrease 1.19%	Current Discount Rate 2.19%	1% Increase 3.19%
Total OPEB Liability	\$ 237,499	\$ 218,599	\$ 201,460

*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	\$ 194,524	\$ 218,599	\$ 247,065

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

For the year ended June 30, 2021, the City recognized OPEB expense of negative \$50,059. At June 30, 2021, 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
Differences between expected and actual experience	\$ -	\$ 64,796
Changes in assumptions	14,647	12,534
<b>Total</b>	<b>\$ 14,647</b>	<b>\$ 77,330</b>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED**

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,		
2022	\$	(6,872)
2023		(6,872)
2024		(6,872)
2025		(6,872)
2026		(6,872)
Thereafter		(28,323)

Payable to the OPEB Plan

At June 30, 2021, 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, 2021:

- Community Facilities Fund - Negative \$3,322 is primarily due to the initiation of the fund expenditures accrued expenditures and are pending receipt of new property tax assessments.
- Private Purpose Trust Fund - Negative \$4,872,576 is primarily due to the outstanding tax allocation bond liability, (see note 15).

The following funds had expenditures in excess of appropriations:

- Landscape and Lighting Fund has expenditures in excess of appropriations of \$3,511.
- K-9 Program Fund has expenditures in excess of appropriations of \$680
- Capital Projects Unspent Bonds Proceeds Fund has expenditures in excess of appropriations of \$50.

**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

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**12. RISK MANAGEMENT, CONTINUED**

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 2021. Settlements have not exceeded coverage for each of the past four fiscal years. The City has no material claim liabilities at June 30, 2021. 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, 2021 were as follows:

	Workers Compensation	General Liability	Totals
Liability - July 1, 2020	\$ 96,289	\$ 52,400	\$ 148,689
Claims Incurred	-	-	-
Claims Payments	(24,073)	(17,466)	(41,539)
Changes to prior year estimates	-	-	-
Liability - June 30, 2021	<u>\$ 72,216</u>	<u>\$ 34,934</u>	<u>\$ 107,150</u>

**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.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**13. CONTINGENCIES AND COMMITMENTS, CONTINUED**

*Encumbrances* - The City establishes encumbrances to record the amount of purchase orders, contracts, and other obligations, which have not yet been fulfilled, cancelled or discharged, at June 30, 2021, total governmental funds encumbrance balances for the City were:

	<u>Encumbrances</u>
General fund	\$ 142,938
City capital project fund	1,260,661
Non-major governmental fund	\$ 186,273

**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**  
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**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, 2021 were as follows:

Private Purpose Trust Fund:	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
2001 Tax Allocation Bonds, Series A	\$ 5,775,000	\$ -	\$ (5,775,000)	\$ -	\$ -
2004 Tax Allocation Bonds, Series A	2,300,000	-	(2,300,000)	-	-
Discount on bonds	(71,723)		71,723	-	-
2020 Tax Allocation Bond	-	7,754,781	-	7,754,781	-
<b>Total</b>	<b>\$ 8,003,277</b>	<b>\$ 7,754,781</b>	<b>\$ (8,003,277)</b>	<b>\$ 7,754,781</b>	<b>\$ -</b>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**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. This debt was fully refunded during fiscal year 2021.

**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. This debt was fully refunded during fiscal year 2021.

**Tax Allocation Refunding Bonds 2020**

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. On July 28, 2021, the Agency refunded the obligations issued by the former Redevelopment Agency reducing the interest rate. Interest and principal on the bonds is payable each March 1 and September 1 through 2035. The bonds bear interest at rate of 1.290%percent. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$102,619, which is reported as a deferred outflow of resources in the accompanying financial statements and amortized over the remaining life of the refunded debt. The City completed the refunding to reduce its total debt service payments by \$2,557,497 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,859,770.

**City of Cotati**  
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**15. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, CONTINUED**

***B. Enforceable Obligations, Continued***

Fiscal Year	Principal	Interest	Total
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	698,995	77,002	775,997
2027-2031	3,645,401	246,105	3,891,506
2032-2035	1,686,174	49,372	1,735,546
2036	288,106	1,858	289,964
<b>Totals</b>	<b>\$ 7,754,781</b>	<b>\$ 754,129</b>	<b>\$ 8,508,910</b>

**Tax Allocation Pledged Revenues**

The former Redevelopment Agency had pledged future tax increment revenues to pay debt service on the 2020 Tax Allocation Bonds. At June 30, 2021, total principal and interest remaining on the Successor Agency's bonds is \$8,508,910.

**16. FUND BALANCE CLASSIFICATION**

As of June 30, 2021, fund balances were classified as shown below.

	General Fund	Inclusionary Housing Fund	Low Income Housing Fund	City Capital Project Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>	\$ 95,835	\$ -	\$ -	\$ -	\$ 1,046	\$ 96,881
Subtotal	95,835	-	-	-	1,046	96,881
<b>Restricted:</b>						
Affordable housing	-	3,259,445	-	-	98,103	3,357,548
Public safety	-	-	-	-	29,474	29,474
Streets	-	-	-	-	607,918	607,918
Parks	-	-	-	-	295,922	295,922
Public education	-	-	-	-	19,007	19,007
Capital projects	-	-	-	-	272,082	272,082
Subtotal	-	3,259,445	-	-	1,322,506	4,581,951
<b>Committed:</b>						
Emergencies	2,131,107	-	-	-	-	2,131,107
Capital projects	-	-	-	274,728	77	274,805
Subtotal	2,131,107	-	-	274,728	77	2,405,912
<b>Assigned:</b>	142,939	-	-	-	-	142,939
Subtotal	142,939	-	-	-	-	142,939
<b>Unassigned</b>	6,847,836	-	-	-	-	6,847,836
<b>Total</b>	<b>\$ 9,074,778</b>	<b>\$ 3,259,445</b>	<b>\$ -</b>	<b>\$ 274,728</b>	<b>\$ 1,323,629</b>	<b>\$ 14,075,519</b>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**16. FUND BALANCE CLASSIFICATION, CONTINUED**

**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.

**17. DEFERRED COMPENSATION PLAN**

The City established a Mission Square 457 deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all City employees, provides tax-deferred savings and/or a retirement supplement. Employees made contributions through payroll deductions, and the City provides matching contribution for certain groups of employees as negotiated within each MOU. Full-time regular employees with Tier 2 or Tier 3 ("PEPRA") pension benefits are eligible to participate in a City matching deferred compensation plan. Provided the total City contribution to Tier 2 or Tier 3 pension benefits remains under twenty percent (20%) of the employee's base salary, the City will match employee contributions to the City's deferred compensation plan, up to a maximum of three percent (3%) of base salary. During fiscal year 2021, the City incurred \$39,592.23 of expense and had a zero related liability as of June 30, 2021.

**18. PRIOR PERIOD ADJUSTMENTS**

The South Sonoma Business Park Custodial Fund did not report fund balance in prior year financial statement as an Agency Fund. The adjustment is to recognize the implementation of GASB Statement 84 reporting requirement.

	Net Position/ Fund Balance as Previously Reported	Prior Period Adjustments		Net Position/ Fund Balance Net Position as Restated
		Adjustment to to Due to bondholders	Adjustment to Assessment receivables	
<i>Fund Financial Statements</i>				
South Sonoma Business Park Custodial Fund	\$ -	\$ 575,714	\$ (484)	\$ 575,230
Total	\$ -	\$ 575,714	\$ (484)	\$ 575,230

The restatement in government-wide beginning net position and governmental funds beginning fund balance is resulted from an immaterial omission of the Community Facilities District Fund, which had a negative \$2,045 beginning fund balance.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**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.

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**Mother Nature Loves it Here**



# Required Supplementary Information

Budgetary Comparison Schedules - General Fund  
and Inclusionary Housing Special Revenue Fund.  
Schedule of Changes in City's Total OPEB Liability and Related  
Ratios  
Schedule of The City's Proportionate 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. Low income housing fund holds balance sheet activity for notes issued for inclusionary housing projects, as such it does not have revenue and expenditures or related adopted budget.

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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**Where Good Times Happen**

**City of Cotati**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 1,797,379	\$ 1,890,725	\$ 1,773,535	\$ (117,190)
Sales taxes	4,334,000	5,506,363	5,837,741	331,378
Other taxes	516,000	560,500	646,454	85,954
Licenses and permits	509,800	546,285	624,513	78,228
Intergovernmental	188,454	190,979	200,751	9,772
Charges for services	313,700	944,026	1,178,338	234,312
Interest and rents	121,000	108,300	124,643	16,343
Miscellaneous	8,800	51,938	157,499	105,561
<b>Total revenues</b>	<b>7,789,133</b>	<b>9,799,116</b>	<b>10,543,474</b>	<b>744,358</b>
<b>EXPENDITURES:</b>				
General government:				
City Council	115,700	135,130	129,859	5,271
City manager/city clerk	615,142	788,914	769,096	19,818
Administrative services	338,440	331,593	307,238	24,355
Public safety:				
Police	4,173,233	4,063,345	3,959,827	103,518
Community development	754,681	821,325	719,621	101,704
Public works:				
Public works, parks, buildings	1,545,563	1,432,870	1,375,318	57,552
<b>Total expenditures</b>	<b>7,542,759</b>	<b>7,573,177</b>	<b>7,269,091</b>	<b>304,086</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>246,374</b>	<b>2,225,939</b>	<b>3,274,383</b>	<b>1,048,444</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	156,000	219,430	219,431	1
Transfers (out)	(792,179)	(2,824,913)	(1,567,550)	1,257,363
<b>Total other financing sources (uses)</b>	<b>(636,179)</b>	<b>(2,605,483)</b>	<b>(1,348,119)</b>	<b>1,257,364</b>
<b>Net change in fund balances</b>	<b>(389,805)</b>	<b>(379,544)</b>	<b>1,926,264</b>	<b>2,305,808</b>
<b>FUND BALANCES:</b>				
Beginning of year	3,152,005	5,644,843	7,291,453	1,646,610
End of year	\$ 2,762,200	\$ 5,265,299	\$ 9,217,717	\$ 3,952,418

**City of Cotati**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - Inclusionary Housing Fund**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 67,499	\$ 62,000	\$ 69,389	\$ 7,389
<b>Total revenues</b>	<b>67,499</b>	<b>62,000</b>	<b>69,389</b>	<b>7,389</b>
<b>EXPENDITURES:</b>				
General government:				
City Council	-	287,500	38,672	248,828
<b>Total expenditures</b>	<b>-</b>	<b>287,500</b>	<b>38,672</b>	<b>248,828</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>67,499</b>	<b>(225,500)</b>	<b>30,717</b>	<b>256,217</b>
<b>Net change in fund balances</b>	<b>67,499</b>	<b>(225,500)</b>	<b>30,717</b>	<b>256,217</b>
<b>FUND BALANCES:</b>				
Beginning of year	2,152,190	2,137,545	3,228,728	1,091,183
End of year	\$ 2,219,689	\$ 1,912,045	\$ 3,259,445	\$ 1,347,400

**City of Cotati**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**DEFINED BENEFIT PENSION PLANS**

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

<u>Fiscal Year End:</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Measurement Date	6/30/2020	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	0.99640%	0.10214%	0.10525%	0.10666%	0.11214%	0.12248%	0.11983%
City's proportionate share of the net pension liability	\$ 10,841,096	\$ 10,466,093	\$ 10,142,246	\$ 10,577,410	\$ 9,703,297	\$ 8,406,983	\$ 7,456,420
City's covered payroll (plan year)	\$ 3,601,857	\$ 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	300.99%	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	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

**Notes to the schedule:**

\*Benefit changes: In fiscal year 2020-2021 there were no benefit changes.

\*Changes in assumptions: 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%. In fiscal year 2020-2021, the discount rate changed to 7.15%

\*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*

<u>Contributions for the fiscal year ending June 30,</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,272,801	\$ 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	(1,272,801)	(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)	\$ 3,810,492	\$ 3,601,857	\$ 3,297,800	\$ 3,066,402	\$ 2,921,800	\$ 2,935,345	\$ 2,789,822
Contributions as a percentage of covered payroll	33.40%	31.79%	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 FY2021 were derived from June 30, 2019 funding valuation report.

Actuarial cost method	Entry age normal cost method
Amortization method/period	Level percent of pay, direc rate smoothing; Period differs by employer rate paln but not more than 30 years
Inflation	2.500%
Investment rate of return	7.00% net of investment and administrative expense
Salary increase	Vary by category, entry age, and duration of service
Mortality	Derived using CalPERS' Membership Data for all funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries

**City of Cotati**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**OTHER POST EMPLOYMENT BENEFIT PLANS (OPEB)**

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

	FY2020/21	FY 2019/20	FY 2018/19	FY 2017/18
<b>Total OPEB liability - beginning of year</b>	\$ 276,582	\$ 299,337	\$ 289,775	\$ 361,662
Service cost	10,515	10,004	9,106	13,394
Interest	7,403	10,563	11,183	12,975
Changes in benefit terms	(61,104)	-	-	-
Changes in assumptions	8,266	(2,762)	9,123	(14,780)
Differences between expected and actual experience	(5,375)	(23,630)	-	(57,987)
Benefit payments	(17,688)	(16,930)	(19,850)	(25,489)
Net change in total OPEB liability	(57,983)	(22,755)	9,562	(71,887)
<b>Total OPEB liability - end of year</b>	<u>\$ 218,599</u>	<u>\$ 276,582</u>	<u>\$ 299,337</u>	<u>\$ 289,775</u>
Covered employee payroll	\$ 3,640,289	\$ 3,542,830	\$ 3,143,993	\$ 3,143,993
City's total OPEB liability as a percentage of covered payroll	6.0%	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.

\*Changes in assumptions: In fiscal year 2020-2021, discount rate changed from 2.66% to 2.19%

\*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 S 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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**Where Good Times Happen**

**City of Cotati**  
**Budgetary Comparison Schedule - City Capital Projects Fund**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 153,149	\$ 171,553	\$ 172,242	\$ 689
Interest and rents	-	3,000	2,524	(476)
<b>Total revenues</b>	<b>153,149</b>	<b>174,553</b>	<b>174,766</b>	<b>213</b>
<b>EXPENDITURES:</b>				
Capital outlay	250,550	3,426,235	2,089,773	1,336,462
<b>Total expenditures</b>	<b>250,550</b>	<b>3,426,235</b>	<b>2,089,773</b>	<b>1,336,462</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(97,401)</b>	<b>(3,251,682)</b>	<b>(1,915,007)</b>	<b>1,336,675</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	250,550	3,390,634	1,891,530	(1,499,104)
Transfers (out)	-	(200,000)	-	200,000
<b>Total other financing sources (uses)</b>	<b>250,550</b>	<b>3,190,634</b>	<b>1,891,530</b>	<b>(1,299,104)</b>
<b>Net change in fund balances</b>	<b>\$ 153,149</b>	<b>\$ (61,048)</b>	<b>(23,477)</b>	<b>\$ 37,571</b>
<b>FUND BALANCES:</b>				
Beginning of year			298,205	
End of year			\$ 274,728	

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**cotati**

**There's Nothing Square  
About This Town**

## 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.

*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.

*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.

*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.

*Community Facilities District Fund* accounts for financing district that provides for funding specific facilities and services related to growth and development.

### **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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**There's Nothing Square  
About This Town**

**City of Cotati**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Landscape and Lighting	Gas Taxes	Bed Tax	Parks In-Lieu	MTC Street	Traffic Mitigation
<b>ASSETS</b>						
Cash and investments	\$ 142,586	\$ 16,142	\$ 32,227	\$ 91,037	\$ 5,598	\$ 423,482
Taxes receivable	88	-	-	-	-	-
Accounts receivable	162	-	-	-	-	-
Due from other governments	-	-	-	-	17,653	-
Prepayments	-	-	-	-	-	-
<b>Total assets</b>	<b>142,836</b>	<b>16,142</b>	<b>32,227</b>	<b>91,037</b>	<b>23,251</b>	<b>423,482</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	3,009	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	7,891	-	-	-	-	-
<b>Total liabilities</b>	<b>10,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>						
Long-term receivables	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted for affordable housing	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	-	-
Restricted for streets	131,936	16,142	-	-	23,251	423,482
Restricted for parks	-	-	32,227	91,037	-	-
Restricted for public education	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-
Committed for capital projects	-	-	-	-	-	-
<b>Total fund balances</b>	<b>131,936</b>	<b>16,142</b>	<b>32,227</b>	<b>91,037</b>	<b>23,251</b>	<b>423,482</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 142,836</b>	<b>\$ 16,142</b>	<b>\$ 32,227</b>	<b>\$ 91,037</b>	<b>\$ 23,251</b>	<b>\$ 423,482</b>

RMRA	Community Development Projects	Grant	CDBG	Public Safety	K-9 Program	Affordable Housing Linkage	PEG
\$ -	\$ 162,287	\$ 24,872	\$ 77	\$ 9,705	\$ 4,612	\$ 98,103	\$ 14,047
-	-	-	-	-	-	-	-
-	-	40,582	-	-	-	-	4,960
13,613	24,538	61,225	-	5,602	-	-	-
-	-	-	-	-	-	-	1,046
<u>13,613</u>	<u>186,825</u>	<u>126,679</u>	<u>77</u>	<u>15,307</u>	<u>4,612</u>	<u>98,103</u>	<u>20,053</u>
-	-	17,513	-	-	667	-	-
-	-	25,380	-	-	-	-	-
506	-	83,786	-	-	3,945	-	-
<u>506</u>	<u>-</u>	<u>126,679</u>	<u>-</u>	<u>-</u>	<u>4,612</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	1,046
-	-	-	-	-	-	98,103	-
-	14,167	-	-	15,307	-	-	-
13,107	-	-	-	-	-	-	-
-	172,658	-	-	-	-	-	-
-	-	-	-	-	-	-	19,007
-	-	-	-	-	-	-	-
-	-	-	77	-	-	-	-
<u>13,107</u>	<u>186,825</u>	<u>-</u>	<u>77</u>	<u>15,307</u>	<u>-</u>	<u>98,103</u>	<u>20,053</u>
<u>\$ 13,613</u>	<u>\$ 186,825</u>	<u>\$ 126,679</u>	<u>\$ 77</u>	<u>\$ 15,307</u>	<u>\$ 4,612</u>	<u>\$ 98,103</u>	<u>\$ 20,053</u>

**City of Cotati**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Community Facilities District	Capital Projects Unspent Bond Proceeds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 3,938	\$ 279,004	\$ 1,307,717
Taxes receivable	-	-	88
Accounts receivable	91	-	45,795
Due from other governments	-	-	122,631
Prepayments	-	-	1,046
<b>Total assets</b>	<b>4,029</b>	<b>279,004</b>	<b>1,477,277</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	-	3,600	24,789
Accrued liabilities	-	-	25,380
Due to other funds	7,351	-	103,479
<b>Total liabilities</b>	<b>7,351</b>	<b>3,600</b>	<b>153,648</b>
<b>Fund Balances:</b>			
Nonspendable	-	-	1,046
Restricted for affordable housing	-	-	98,103
Restricted for public safety	-	-	29,474
Restricted for streets	-	-	607,918
Restricted for parks	-	-	295,922
Restricted for public education	-	-	19,007
Restricted for capital projects	(3,322)	275,404	272,082
Committed for capital projects	-	-	77
<b>Total fund balances</b>	<b>(3,322)</b>	<b>275,404</b>	<b>1,323,629</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,029</b>	<b>\$ 279,004</b>	<b>\$ 1,477,277</b>

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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, 2021**

	Landscape and Lighting	Gas Taxes	Bed Tax	Parks In-Lieu	MTC Street	Traffic Mitigation
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	70,455	-
Intergovernmental	-	171,276	-	-	-	-
Charges for services	50,644	-	-	72,919	-	55,221
Interest and rents	1,008	325	18,863	368	129	2,870
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>51,652</b>	<b>171,601</b>	<b>18,863</b>	<b>73,287</b>	<b>70,584</b>	<b>58,091</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	47,531	4,883	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>47,531</b>	<b>4,883</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,121</b>	<b>166,718</b>	<b>18,863</b>	<b>73,287</b>	<b>70,584</b>	<b>58,091</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	(163,819)	-	-	(65,000)	(142,581)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(163,819)</b>	<b>-</b>	<b>-</b>	<b>(65,000)</b>	<b>(142,581)</b>
<b>Net change in fund balances</b>	<b>4,121</b>	<b>2,899</b>	<b>18,863</b>	<b>73,287</b>	<b>5,584</b>	<b>(84,490)</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year	127,815	13,243	13,364	17,750	17,667	507,972
End of year	\$ 131,936	\$ 16,142	\$ 32,227	\$ 91,037	\$ 23,251	\$ 423,482

RMRA	Community Development Projects	Grant	CDBG	Public Safety	K-9 Program	Affordable Housing Linkage	PEG
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	95,823	-	-	-	-	-	-
-	-	738,806	331,464	170,673	-	-	-
-	2,971	-	-	-	-	-	19,177
208	854	37	-	486	-	770	86
138,885	-	-	-	-	238	-	-
139,093	99,648	738,843	331,464	171,159	238	770	19,263
-	-	-	-	-	-	-	13,888
-	-	-	-	-	6,030	-	-
-	-	-	-	-	-	-	-
-	-	472,954	290,582	-	-	-	-
-	-	472,954	290,582	-	6,030	-	13,888
139,093	99,648	265,889	40,882	171,159	(5,792)	770	5,375
-	-	202,232	-	-	4,612	-	-
(150,001)	(9,423)	-	(29,431)	(190,000)	-	-	-
(150,001)	(9,423)	202,232	(29,431)	(190,000)	4,612	-	-
(10,908)	90,225	468,121	11,451	(18,841)	(1,180)	770	5,375
24,015	96,600	(468,121)	(11,374)	34,148	1,180	97,333	14,678
\$ 13,107	\$ 186,825	\$ -	\$ 77	\$ 15,307	\$ -	\$ 98,103	\$ 20,053

**City of Cotati**  
**Combining Statement of Revenues, Expenditures and Changes in F**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2021**

	Community Facilities District	Capital Projects Unspent Bond Proceeds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ 707	\$ -	\$ 707
Sales taxes	-	-	166,278
Intergovernmental	-	-	1,412,219
Charges for services	-	-	200,932
Interest and rents	707	-	26,711
Miscellaneous	-	-	139,123
<b>Total revenues</b>	<b>1,414</b>	<b>-</b>	<b>1,945,970</b>
<b>EXPENDITURES:</b>			
Current:			
General government	-	33,006	46,894
Public safety	-	-	6,030
Public works	2,691	-	55,105
Capital outlay	-	-	763,536
<b>Total expenditures</b>	<b>2,691</b>	<b>33,006</b>	<b>871,565</b>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<b>(1,277)</b>	<b>(33,006)</b>	<b>1,074,405</b>
<b>OTHER FINANCING</b>			
<b>SOURCES (USES):</b>			
Transfers in	-	-	206,844
Transfers (out)	-	-	(750,255)
<b>Total other financing</b>			
<b>sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(543,411)</b>
<b>Net change in fund balances</b>	<b>(1,277)</b>	<b>(33,006)</b>	<b>530,994</b>
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	(2,045)	308,410	792,635
End of year	\$ (3,322)	\$ 275,404	\$ 1,323,629

**City of Cotati**  
**Budgetary Comparison Schedule - Landscape and Lighting**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ -	\$ 47,895	\$ 50,644	\$ 2,749
Interest and rents	-	1,324	1,008	(316)
<b>Total revenues</b>	<b>-</b>	<b>49,219</b>	<b>51,652</b>	<b>2,433</b>
<b>EXPENDITURES:</b>				
Public works:				
Public works, parks, buildings	-	44,020	47,531	(3,511)
<b>Total expenditures</b>	<b>-</b>	<b>44,020</b>	<b>47,531</b>	<b>(3,511)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>5,199</b>	<b>4,121</b>	<b>(1,078)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 5,199</b>	<b>4,121</b>	<b>\$ (1,078)</b>
<b>FUND BALANCES:</b>				
Beginning of year			127,815	
End of year			\$ 131,936	

**City of Cotati**  
**Budgetary Comparison Schedule - Gas Taxes**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 193,111	\$ 168,722	\$ 171,276	\$ 2,554
Interest and rents	-	325	325	-
<b>Total revenues</b>	<b>193,111</b>	<b>169,047</b>	<b>171,601</b>	<b>2,554</b>
<b>EXPENDITURES:</b>				
Public works:				
Public works, parks, buildings	4,500	4,882	4,883	(1)
<b>Total expenditures</b>	<b>4,500</b>	<b>4,882</b>	<b>4,883</b>	<b>(1)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>188,611</b>	<b>164,165</b>	<b>166,718</b>	<b>2,553</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	-	(185,000)	(163,819)	21,181
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(185,000)</b>	<b>(163,819)</b>	<b>21,181</b>
<b>Net change in fund balances</b>	<b>\$ 188,611</b>	<b>\$ (20,835)</b>	<b>2,899</b>	<b>\$ 23,734</b>
<b>FUND BALANCES:</b>				
Beginning of year			13,243	
End of year			\$ 16,142	

**City of Cotati**  
**Budgetary Comparison Schedule - Bed Tax**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 4,000	\$ 18,901	\$ 18,863	\$ (38)
<b>Total revenues</b>	<b>4,000</b>	<b>18,901</b>	<b>18,863</b>	<b>(38)</b>
<b>Net change in fund balances</b>	<b>4,000</b>	<b>18,901</b>	<b>18,863</b>	<b>(38)</b>
<b>FUND BALANCES:</b>				
Beginning of year			13,364	
End of year			\$ 32,227	

**City of Cotati**  
**Budgetary Comparison Schedule - Park In-Lieu**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 130,000	\$ 75,000	\$ 72,919	\$ (2,081)
Interest and rents	-	250	368	118
<b>Total revenues</b>	<b>130,000</b>	<b>75,250</b>	<b>73,287</b>	<b>(1,963)</b>
<b>Net change in fund balances</b>	<b>\$ 130,000</b>	<b>\$ 75,250</b>	<b>73,287</b>	<b>\$ (1,963)</b>
<b>FUND BALANCES:</b>				
Beginning of year			17,750	
End of year			\$ 91,037	

**City of Cotati**  
**Budgetary Comparison Schedule - MTC Street**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Sales taxes	\$ 50,000	\$ 63,621	\$ 70,455	\$ 6,834
Interest and rents	-	100	129	29
<b>Total revenues</b>	<b>50,000</b>	<b>63,721</b>	<b>70,584</b>	<b>6,863</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>50,000</b>	<b>63,721</b>	<b>70,584</b>	<b>6,863</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	(25,000)	(65,000)	(65,000)	-
<b>Total other financing sources (uses)</b>	<b>(25,000)</b>	<b>(65,000)</b>	<b>(65,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 25,000</b>	<b>\$ (1,279)</b>	<b>5,584</b>	<b>\$ 6,863</b>
<b>FUND BALANCES:</b>				
Beginning of year			17,667	
End of year			\$ 23,251	

**City of Cotati**  
**Budgetary Comparison Schedule - Traffic Mitigation**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 247,920	\$ 6,500	\$ 55,221	\$ 48,721
Interest and rents	-	2,500	2,870	370
<b>Total revenues</b>	<b>247,920</b>	<b>9,000</b>	<b>58,091</b>	<b>49,091</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>247,920</b>	<b>9,000</b>	<b>58,091</b>	<b>49,091</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	-	(175,000)	(142,581)	32,419
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(175,000)</b>	<b>(142,581)</b>	<b>32,419</b>
<b>Net change in fund balances</b>	<b>\$ 247,920</b>	<b>\$ (166,000)</b>	<b>(84,490)</b>	<b>\$ 81,510</b>
<b>FUND BALANCES:</b>				
Beginning of year			507,972	
End of year			\$ 423,482	

**City of Cotati**  
**Budgetary Comparison Schedule - Road Maintenance and Rehabilitation (RMRA)**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ 417	\$ 208	\$ (209)
Miscellaneous	136,100	129,124	138,885	9,761
<b>Total revenues</b>	<b>136,100</b>	<b>129,541</b>	<b>139,093</b>	<b>9,552</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	-	(150,000)	(150,001)	(1)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(150,000)</b>	<b>(150,001)</b>	<b>(1)</b>
<b>Net change in fund balances</b>	<b>\$ 136,100</b>	<b>\$ (20,459)</b>	<b>(10,908)</b>	<b>\$ 9,551</b>
<b>FUND BALANCES:</b>				
Beginning of year			24,015	
End of year			\$ 13,107	

**City of Cotati**  
**Budgetary Comparison Schedule - Community Development Projects**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Sales taxes	\$ 86,054	\$ 93,000	\$ 95,823	\$ 2,823
Charges for services	2,500	2,600	2,971	371
Interest and rents	-	1,075	854	(221)
<b>Total revenues</b>	<b>88,554</b>	<b>96,675</b>	<b>99,648</b>	<b>2,973</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	-	-	(9,423)	(9,423)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(9,423)</b>	<b>(9,423)</b>
<b>Net change in fund balances</b>	<b>\$ 88,554</b>	<b>\$ 96,675</b>	<b>90,225</b>	<b>\$ (6,450)</b>
<b>FUND BALANCES:</b>				
Beginning of year			96,600	
End of year			\$ 186,825	

**City of Cotati**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - Grants Fund**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 200,000	\$ 432,008	\$ 738,806	\$ 306,798
Interest and rents	-	-	37	37
<b>Total revenues</b>	<b>200,000</b>	<b>432,008</b>	<b>738,843</b>	<b>306,835</b>
<b>EXPENDITURES:</b>				
Capital outlay	558,820	491,625	472,954	18,671
<b>Total expenditures</b>	<b>558,820</b>	<b>491,625</b>	<b>472,954</b>	<b>18,671</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(358,820)</b>	<b>(59,617)</b>	<b>265,889</b>	<b>325,506</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	123,157	202,232	79,075
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>123,157</b>	<b>202,232</b>	<b>79,075</b>
<b>Net change in fund balances</b>	<b>\$ (358,820)</b>	<b>\$ 63,540</b>	<b>468,121</b>	<b>\$ 404,581</b>
<b>FUND BALANCES:</b>				
Beginning of year			(468,121)	
End of year			\$ -	

**City of Cotati**  
**Budgetary Comparison Schedule - CDBG**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 309,910	\$ 320,014	\$ 331,464	\$ 11,450
<b>Total revenues</b>	<b>309,910</b>	<b>320,014</b>	<b>331,464</b>	<b>11,450</b>
<b>EXPENDITURES:</b>				
Capital outlay	311,719	290,584	290,582	2
<b>Total expenditures</b>	<b>311,719</b>	<b>290,584</b>	<b>290,582</b>	<b>2</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,809)</b>	<b>29,430</b>	<b>40,882</b>	<b>11,452</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	-	29,430	(29,431)	(58,861)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>29,430</b>	<b>(29,431)</b>	<b>(58,861)</b>
<b>Net change in fund balances</b>	<b>\$ (1,809)</b>	<b>\$ 58,860</b>	<b>11,451</b>	<b>\$ (47,409)</b>
<b>FUND BALANCES:</b>				
Beginning of year			(11,374)	
End of year			\$ 77	

**City of Cotati**  
**Budgetary Comparison Schedule - Public Safety**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 156,000	\$ 158,941	\$ 170,673	\$ 11,732
Interest and rents	-	250	486	236
<b>Total revenues</b>	<b>156,000</b>	<b>159,191</b>	<b>171,159</b>	<b>11,968</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	(156,000)	(190,000)	(190,000)	-
<b>Total other financing sources (uses)</b>	<b>(156,000)</b>	<b>(190,000)</b>	<b>(190,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ (30,809)</b>	<b>(18,841)</b>	<b>\$ 11,968</b>
<b>FUND BALANCES:</b>				
Beginning of year			34,148	
End of year			\$ 15,307	

**City of Cotati**  
**Budgetary Comparison Schedule - K-9 Program**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ -	\$ -	\$ -
Miscellaneous	5,000	300	238	(62)
<b>Total revenues</b>	<b>5,000</b>	<b>300</b>	<b>238</b>	<b>(62)</b>
<b>EXPENDITURES:</b>				
Public safety:				
Police	6,200	5,350	6,030	(680)
<b>Total expenditures</b>	<b>6,200</b>	<b>5,350</b>	<b>6,030</b>	<b>(680)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(1,200)</b>	<b>(5,050)</b>	<b>(5,792)</b>	<b>(742)</b>
<b>Net change in fund balances</b>	<b>\$ (1,200)</b>	<b>\$ (1,179)</b>	<b>(1,180)</b>	<b>\$ (1)</b>
<b>FUND BALANCES:</b>				
Beginning of year			1,180	
End of year			\$ -	

**City of Cotati**  
**Budgetary Comparison Schedule - Affordable Housing Linkage**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ 1,077	\$ 770	\$ (307)
<b>Total revenues</b>	<b>-</b>	<b>1,077</b>	<b>770</b>	<b>(307)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 1,077</b>	<b>770</b>	<b>\$ (307)</b>
<b>FUND BALANCES:</b>				
Beginning of year			97,333	
End of year			\$ 98,103	

**City of Cotati**  
**Budgetary Comparison Schedule - PEG**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 20,000	\$ 18,700	\$ 19,177	\$ 477
Interest and rents	-	100	86	(14)
<b>Total revenues</b>	<b>20,000</b>	<b>18,800</b>	<b>19,263</b>	<b>463</b>
<b>EXPENDITURES:</b>				
General government:				
City Council	-	15,623	13,888	1,735
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>15,623</b>	<b>13,888</b>	<b>1,735</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>20,000</b>	<b>3,177</b>	<b>5,375</b>	<b>2,198</b>
<b>Net change in fund balances</b>	<b>\$ 20,000</b>	<b>\$ 3,177</b>	<b>5,375</b>	<b>\$ 2,198</b>
<b>FUND BALANCES:</b>				
Beginning of year			14,678	
End of year			\$ 20,053	

**City of Cotati**  
**Budgetary Comparison Schedule - Community Facilities District**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ 707	\$ 707
Interest and rents	-	-	707	707
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,414</b>	<b>1,414</b>
<b>EXPENDITURES:</b>				
Public works:				
Public works, parks, buildings	-	2,641	2,691	(50)
<b>Total expenditures</b>	<b>-</b>	<b>2,641</b>	<b>2,691</b>	<b>(50)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>(2,641)</b>	<b>(1,277)</b>	<b>1,464</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ (2,641)</b>	<b>(1,277)</b>	<b>\$ 1,464</b>
<b>FUND BALANCES:</b>				
Beginning of year			(2,045)	
End of year			<u><u>\$ (3,322)</u></u>	

**City of Cotati**  
**Budgetary Comparison Schedule - Capital Projects Unspent Bond Proceeds**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES:</b>				
General government:				
City Council	\$ 238,557	\$ 50,000	\$ 33,006	\$ 16,994
<b>Total expenditures</b>	<u>238,557</u>	<u>50,000</u>	<u>33,006</u>	<u>16,994</u>
<b>Net change in fund balances</b>	<u>\$ (238,557)</u>	<u>\$ (50,000)</u>	<u>(33,006)</u>	<u>\$ (16,994)</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>308,410</u>	
End of year			<u>\$ 275,404</u>	

## 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, 2021**

	Vehicle Replacement	Compensated Absences	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 263,346	\$ 477,753	\$ 741,099
Total current assets	263,346	477,753	741,099
Noncurrent assets:			
Capital assets:			
Equipment	1,578,410	-	1,578,410
Less accumulated depreciation	(1,185,063)	-	(1,185,063)
Net capital assets	393,347	-	393,347
<b>Total assets</b>	<b>656,693</b>	<b>477,753</b>	<b>1,134,446</b>
<b>LIABILITIES</b>			
Current liabilities:			
Compensated absences	-	284,033	284,033
Total current liabilities	-	284,033	284,033
Noncurrent liabilities:			
Compensated absences	-	94,870	94,870
Total noncurrent liabilities	-	94,870	94,870
<b>Total liabilities</b>	<b>-</b>	<b>378,903</b>	<b>378,903</b>
<b>NET POSITION</b>			
Net investment in capital assets	393,347	-	393,347
Unrestricted	263,346	98,850	362,196
Total net position	\$ 656,693	\$ 98,850	\$ 755,543

**City of Cotati**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2021**

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	Vehicle Replacement	Compensated Absences	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 244,275	\$ 177,563	\$ 421,838
<b>Total operating revenues</b>	<b>244,275</b>	<b>177,563</b>	<b>421,838</b>
<b>OPERATING EXPENSES:</b>			
Personnel services	-	168,423	168,423
Supplies and materials	877	-	877
Depreciation	110,160	-	110,160
<b>Total operating expenses</b>	<b>111,037</b>	<b>168,423</b>	<b>279,460</b>
<b>OPERATING INCOME (LOSS)</b>	<b>133,238</b>	<b>9,140</b>	<b>142,378</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest and investment revenues	1,688	3,751	5,439
<b>Total nonoperating revenues (expenses)</b>	<b>1,688</b>	<b>3,751</b>	<b>5,439</b>
<b>Change in net position</b>	<b>134,926</b>	<b>12,891</b>	<b>147,817</b>
<b>NET POSITION:</b>			
Beginning of year	521,767	85,959	607,726
End of year	\$ 656,693	\$ 98,850	\$ 755,543

**City of Cotati**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2021**

	Vehicle Replacement	Compensated Absences	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Interfund charges for services	\$ 244,275	\$ 177,563	\$ 421,838
Payments to suppliers	(129,095)	-	(129,095)
Payments to employees	-	(177,563)	(177,563)
<b>Net cash provided by (used in) operating activities</b>	<b>115,180</b>	<b>-</b>	<b>115,180</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of capital assets	(94,396)	-	(94,396)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(94,396)</b>	<b>-</b>	<b>(94,396)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest receipts	1,688	3,751	5,439
<b>Net cash provided by (used in) investing activities</b>	<b>1,688</b>	<b>3,751</b>	<b>5,439</b>
<b>Net cash flows</b>	<b>22,472</b>	<b>3,751</b>	<b>26,223</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>240,874</b>	<b>474,002</b>	<b>714,876</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 263,346</b>	<b>\$ 477,753</b>	<b>\$ 741,099</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 133,238	\$ 9,140	\$ 142,378
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	110,160	-	110,160
Changes in assets and liabilities:			
Accounts payable	(128,218)	-	(128,218)
Other liabilities	-	(9,140)	(9,140)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 115,180</b>	<b>\$ -</b>	<b>\$ 115,180</b>



# Measure S Financial Summary



**City of Cotati**  
**Schedule of Measure S Revenues and Uses**  
**For the year ended June 30, 2021**

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**REVENUES:**

Measure S revenues	\$ 2,954,366
<b>Total Measure S revenues</b>	<b>2,954,366</b>

**USES:**

Operations and maintenance:	
Street, sidewalk and storm drain	137,191
Public safety program	835,908
Recreation program	278,732
Park and landscape program	24,065
Public building program	188,637
Capital improvements and equipment:	
Street, sidewalk and storm drain	924,393
Public safety program	185,004
Park and landscape program	209,824
Public building program	158,792
State administrative fees	11,820
<b>Total Measure S uses</b>	<b>\$ 2,954,366</b>

# City of Cotati

## Comparative Schedule of Capital Assets Used In Governmental Activities By Source

For the year ended June 30, 2021

	June, 30	
	2021	2020
Capital assets used in governmental activities:		
Land	\$ 8,631,561	\$ 8,631,561
Construction in progress	354,526	850,663
Buildings	9,981,703	8,317,483
Machinery & equipment	722,586	722,586
Vehicles	1,578,411	1,485,913
Improvements	22,401,029	20,646,384
Leased assets	34,874	34,874
Total capital assets	<u>\$ 43,704,690</u>	<u>\$ 40,689,464</u>
Investment in capital assets from:		
General fund	\$ 24,969,624	\$ 22,372,429
Special revenue funds	9,248,970	8,923,437
Capital projects	5,785,485	5,785,485
Internal service funds	1,578,411	1,485,913
Contributed assets	2,122,200	2,122,200
Total investment in capital assets used in governmental activities	<u>\$ 43,704,690</u>	<u>\$ 40,689,464</u>
<p>This schedule shows only gross capital asset balances related to Governmental Funds.            For more information, see the reconciliation below.</p>		
Total Governmental Fund related capital assets, gross		\$ 43,704,690
Total Governmental Fund related accumulated amortization		19,751
Total Governmental Fund related accumulated depreciation		<u>15,784,458</u>
Total capital assets shown on Statement of Net Position under the Governmental Activities column		<u>\$ 27,900,481</u>

# City of Cotati

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

For the year ended June 30, 2021

	Land	Construction in Progress	Buildings	Machinery & Equipment	Vehicles
General capital assets					
July 1, 2020	\$ 8,631,561	\$ 850,663	\$ 8,317,483	\$ 722,586	\$ 1,485,913
Add:					
Expenditures from:					
General fund	-	2,497,055	62,231	-	-
Special revenue funds	-	325,532	-	-	-
Internal service	-	-	-	-	92,498
Deduct:					
Retirements and transfers	-	(3,318,724)	1,601,989	-	-
General capital assets					
June 30, 2021	<u>\$ 8,631,561</u>	<u>\$ 354,526</u>	<u>\$ 9,981,703</u>	<u>\$ 722,586</u>	<u>\$ 1,578,411</u>

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Improvements	Leased Assets	Total Cost
\$ 20,646,384	\$ 34,874	\$ 40,689,464
37,910	-	2,597,196
-	-	325,532
-	-	92,498
<u>1,716,735</u>	<u>-</u>	<u>-</u>
<u>\$ 22,401,029</u>	<u>\$ 34,874</u>	<u>\$ 43,704,690</u>

# City of Cotati

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

For the year ended June 30, 2021

	Land	Construction in Progress	Buildings	Machinery & Equipment	Vehicles
Function and Activity					
General government:					
Parks	\$ 5,448,205	\$ 21,893	\$ 1,852,524	\$ -	\$ -
Roads	-	310,189	-	-	-
Recreation	328,350	10,193	-	17,752	-
Public Works	809,087	-	404,544	28,646	1,025,339
Administration	609,031	12,251	621,437	469,473	80,917
Total general government	7,194,673	354,526	2,878,505	515,871	1,106,256
Public safety:					
Emergency services	46,888	-	4,150,904	206,715	472,155
Transportation	-	-	2,952,294	-	-
Parking	1,390,000				
Total Function and Activity	\$ 8,631,561	\$ 354,526	\$ 9,981,703	\$ 722,586	\$ 1,578,411

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Improvements	Leased Assets	Total Cost
\$ 1,267,278	\$ -	\$ 8,589,900
17,726,035	-	18,036,224
1,620,619	-	1,976,914
551,541	-	2,819,157
696,748	20,967	2,510,825
<u>21,862,221</u>	<u>20,967</u>	<u>33,933,020</u>
<u>-</u>	<u>13,907</u>	<u>4,890,569</u>
<u>45,785</u>	<u>-</u>	<u>2,998,079</u>
<u>493,023</u>	<u>-</u>	<u>-</u>
<u>493,023</u>	<u>-</u>	<u>1,883,023</u>
<u>\$ 22,401,029</u>	<u>\$ 34,874</u>	<u>\$ 43,704,690</u>

# City of Cotati

## Schedule of Changes in Capital Assets Used In Governmental Activities

### By Function and Activity

For the year ended June 30, 2021

Function and Activity	July 1, 2020	Additions	Deletions	June 30, 2021
General government:				
Parks	\$ 7,530,880	\$ 1,059,020	\$ -	\$ 8,589,900
Roads	16,367,795	1,668,429	-	18,036,224
Recreation	1,976,914	-	-	1,976,914
Public Works	2,726,659	92,498	-	2,819,157
Administration	2,330,568	180,256	-	2,510,824
Total general government	30,932,816	3,000,203	-	33,933,019
Public safety:				
Emergency services	4,875,546	15,023	-	4,890,569
Transportation	2,998,079	-	-	2,998,079
Parking	1,883,023	-	-	1,883,023
Total Function and Activity	\$ 40,689,464	\$ 3,015,226	\$ -	\$ 43,704,690



# **Statistical Section**

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

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# STATISTICAL SECTION

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This part of the City of Cotati's Annual Comprehensive 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. Note: Fewer than 10 employers account for at least 50% of employment for the City. Consistently over the last 10 years, the top employers are; Lowes, Olivers Market, CRPUSD and City of Cotati.

### **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**  
**TABLE 1**  
**NET POSITION BY COMPONENT**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Governmental Activities</b>										
Net Investment in capital assets	\$ 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	\$ 27,881,695
Restricted	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	5,697,447
Unrestricted	1,900,287	2,413,751	3,410,860	(2,719,089)	(1,392,655)	(957,876)	(257,960)	1,822,203	233,206	3,021,625
<b>Total governmental activities net position</b>	<b>\$ 20,095,130</b>	<b>\$ 20,320,224</b>	<b>\$ 22,701,724</b>	<b>\$ 16,397,661</b>	<b>\$ 20,773,747</b>	<b>\$ 24,010,357</b>	<b>\$ 27,231,773</b>	<b>\$ 29,460,622</b>	<b>\$ 31,706,743</b>	<b>\$ 36,600,767</b>
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 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	\$ 12,602,934
Restricted	7,380,087	7,152,866	6,797,239	6,153,822	4,535,027	3,783,904	4,517,050	102,103	-	-
Unrestricted	2,165,644	2,520,053	3,223,345	2,463,815	2,753,618	3,486,382	2,735,965	2,710,421	3,852,645	3,134,678
<b>Total business-type activities net position</b>	<b>\$ 17,210,274</b>	<b>\$ 17,166,555</b>	<b>\$ 17,311,012</b>	<b>\$ 16,091,685</b>	<b>\$ 16,289,932</b>	<b>\$ 16,520,795</b>	<b>\$ 16,117,403</b>	<b>\$ 15,917,283</b>	<b>\$ 16,387,475</b>	<b>\$ 15,737,612</b>
<b>Primary government</b>										
Net Investment in capital assets	\$ 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	\$ 40,484,629
Restricted	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	5,697,447
Unrestricted	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	6,156,303
<b>Total primary government net position</b>	<b>\$ 37,305,404</b>	<b>\$ 37,486,779</b>	<b>\$ 40,012,736</b>	<b>\$ 32,489,346</b>	<b>\$ 37,063,679</b>	<b>\$ 40,531,152</b>	<b>\$ 43,349,176</b>	<b>\$ 45,377,905</b>	<b>\$ 48,094,218</b>	<b>\$ 52,338,379</b>

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

Source of information: Audited financial statements

**CITY OF COTATI**  
**TABLE 2**  
**CHANGES IN NET POSITION**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Expenses:</b>										
<b>Governmental Activities</b>										
General government	\$ 1,097,181	\$ 1,222,940	\$ 1,357,022	\$ 1,837,502	\$ 1,729,742	\$ 1,311,401	\$ 1,382,139	\$ 2,499,291	\$ 1,808,561	\$ 1,238,745
Public safety	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	4,186,303
Community development	770,350	376,010	349,845	610,472	1,070,087	427,963	439,133	581,568	644,933	972,578
Public works	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	1,857,882
Interest on long-term debt	657,695	339,014	329,055	315,034	306,313	-	-	-	1,911	965
Total governmental activities expenses	\$ 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	\$ 8,256,473
<b>Business-type activities</b>										
Water	\$ 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	\$ 2,300,046
Wastewater	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	3,439,883
Total business-type activities expenses	\$ 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	\$ 5,739,929
<b>Total primary government expenses</b>	<b>\$ 9,852,297</b>	<b>\$ 9,295,013</b>	<b>\$ 9,267,554</b>	<b>\$ 10,505,876</b>	<b>\$ 11,273,744</b>	<b>\$ 10,149,866</b>	<b>\$ 11,925,721</b>	<b>\$ 12,912,048</b>	<b>\$ 13,549,156</b>	<b>\$ 13,996,402</b>
<b>Program revenues:</b>										
<b>Governmental Activities</b>										
Charges for services										
General government	\$ 49,887	\$ 150,419	\$ 172,858	\$ 457,148	\$ 112,018	\$ 165,292	\$ 165,598	\$ 554,930	\$ 930,779	\$ 995,882
Public safety	96,196	92,409	65,070	92,496	121,292	120,841	95,170	437,647	328,557	309,572
Community development	565,132	362,140	333,856	198,539	783,105	770,643	734,913	271,021	304,005	908,994
Public works	65,780	65,026	254,078	567,312	94,862	394,040	679,712	114,508	117,783	109,433
Operating grants and contributions	496,473	460,346	390,886	342,433	431,468	679,146	428,962	301,544	850,304	1,629,669
Capital grants and contributions	147,580	29,543	1,587,557	136,500	4,113,824	697,062	2,122,200	-	-	-
Total governmental activities program revenues	\$ 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	\$ 3,953,550
<b>Business-type activities</b>										
Charges for services										
Water	\$ 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	\$ 2,214,793
Wastewater	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	2,822,407
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	\$ 3,637,933	\$ 3,418,653	\$ 3,811,430	\$ 3,493,578	\$ 3,845,675	\$ 4,339,475	\$ 4,520,549	\$ 4,115,136	\$ 5,342,714	\$ 5,037,200
<b>Total primary government revenues</b>	<b>\$ 5,058,981</b>	<b>\$ 4,578,536</b>	<b>\$ 6,615,735</b>	<b>\$ 5,288,006</b>	<b>\$ 9,502,244</b>	<b>\$ 7,166,499</b>	<b>\$ 8,747,104</b>	<b>\$ 5,794,786</b>	<b>\$ 7,874,142</b>	<b>\$ 8,990,750</b>
<b>Net revenues (expenses)</b>										
<b>Governmental Activities</b>	\$ (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)	\$ (4,302,923)
<b>Business-type activities</b>	(113,613)	14,821	204,957	51,031	198,247	293,827	(20,119)	(356,886)	324,373	(702,729)
<b>Total net revenues (expenses)</b>	<b>\$ (4,793,316)</b>	<b>\$ (4,716,477)</b>	<b>\$ (2,651,819)</b>	<b>\$ (5,217,870)</b>	<b>\$ (1,771,500)</b>	<b>\$ (2,983,367)</b>	<b>\$ (3,178,617)</b>	<b>\$ (7,117,262)</b>	<b>\$ (5,675,014)</b>	<b>\$ (5,005,652)</b>
<b>General revenues and other changes in net position</b>										

**CITY OF COTATI**  
**TABLE 2**  
**CHANGES IN NET POSITION**

Last Ten Fiscal Years  
(accrual basis of accounting)

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Governmental Activities</b>										
Taxes:										
Property taxes	\$ 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	\$ 1,774,242
Sales taxes	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	6,004,019
Other taxes	480,642	479,163	598,985	567,114	603,792	678,955	829,535	907,508	1,054,055	1,192,032
Incremental property taxes	2,328,360	-	-	-	-	-	-	-	-	-
Interest and rents	121,390	98,180	104,179	92,831	44,094	76,785	137,294	339,211	286,349	228,707
Other general revenues	39,118	225,000	179,822	31,169	-	-	-	-	-	-
Special item	147,071	-	(420,000)	-	-	-	-	-	-	-
Extraordinary item	(4,967,948)	575,699	-	-	-	-	-	-	-	-
Transfers	58,539	58,540	60,500	90,500	-	62,964	161,053	-	-	-
Total governmental activities	\$ 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	\$ 9,199,000
<b>Business-type activities</b>										
Other revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,766	\$ 145,819
Transfers	(58,539)	(58,540)	(60,500)	(90,500)	-	(62,964)	(161,053)	-	-	-
Total business-type activities	\$ (58,539)	\$ (58,540)	\$ (60,500)	\$ (90,500)	\$ -	\$ (62,964)	\$ (161,053)	\$ (156,766)	\$ 145,819	\$ 52,866
<b>Total primary government</b>	<b>\$ 1,908,610</b>	<b>\$ 4,897,852</b>	<b>\$ 5,038,574</b>	<b>\$ 5,574,527</b>	<b>\$ 6,375,967</b>	<b>\$ 6,450,840</b>	<b>\$ 6,657,555</b>	<b>\$ 8,246,977</b>	<b>\$ 8,391,327</b>	<b>\$ 9,251,866</b>
<b>Changes in net position</b>										
<b>Governmental Activities</b>	\$ (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	\$ 4,896,077
<b>Business-type activities</b>	(172,152)	(43,719)	144,457	(39,469)	198,247	230,863	(181,172)	(200,120)	470,192	(649,863)
<b>Total primary government</b>	<b>\$ (2,884,706)</b>	<b>\$ 181,375</b>	<b>\$ 2,386,755</b>	<b>\$ 356,657</b>	<b>\$ 4,604,467</b>	<b>\$ 3,467,473</b>	<b>\$ 3,478,938</b>	<b>\$ 1,129,715</b>	<b>\$ 2,716,313</b>	<b>\$ 4,246,214</b>

Source of information: Audited financial statements

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

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	35,549	5,004	55,152	60,517	42,311	26,778	51,017	51,112	82,937	95,835
Committed for special projects	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	1,400,254	1,700,118	1,910,969	2,131,107
Assigned for encumbrances	-	-	-	-	-	-	-	-	-	-
Unassigned	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	6,847,836
<b>Total general fund</b>	<b>\$ 1,904,813</b>	<b>\$ 2,176,300</b>	<b>\$ 3,171,847</b>	<b>\$ 2,964,188</b>	<b>\$ 3,960,345</b>	<b>\$ 4,554,657</b>	<b>\$ 5,737,961</b>	<b>\$ 7,250,190</b>	<b>\$ 7,291,453</b>	<b>\$ 9,217,717</b>
All other governmental funds:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,046
Restricted for affordable housing	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	3,357,548
Restricted for community development	-	-	-	-	-	-	-	-	-	-
Restricted for public safety	86,484	141,664	88,827	44,420	141,656	149,404	113,934	23,243	35,328	29,474
Restricted for streets	572,409	361,514	481,733	350,947	332,857	490,272	1,055,063	777,091	690,712	607,918
Restricted for parks	610,625	2,948	472	2,108	2,317	314,861	281,825	188,139	31,114	295,922
Restricted for public education	-	-	65,535	2,332	7,214	15,665	23,325	10,290	14,678	19,007
Restricted for debt service	824,793	679,140	764,912	850,397	919,278	930,095	943,984	-	-	-
Restricted for recycling	97,676	97,676	115,283	115,283	5,310	-	-	-	-	-
Restricted for special projects	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	272,082
Committed for capital projects	-	-	-	-	-	-	568,484	269,262	298,205	274,805
Assigned	-	-	-	-	-	-	-	-	24,718	-
Unassigned	(1,460)	-	-	-	-	-	-	-	(479,495)	-
<b>Total governmental activities net position</b>	<b>\$ 5,990,806</b>	<b>\$ 5,772,486</b>	<b>\$ 6,131,523</b>	<b>\$ 6,299,975</b>	<b>\$ 6,405,435</b>	<b>\$ 6,030,988</b>	<b>\$ 6,949,059</b>	<b>\$ 5,133,475</b>	<b>\$ 4,321,613</b>	<b>\$ 4,857,802</b>
<b>Total Governmental Funds</b>	<b>\$ 7,895,619</b>	<b>\$ 7,950,786</b>	<b>\$ 9,303,370</b>	<b>\$ 9,264,163</b>	<b>\$ 10,365,780</b>	<b>\$ 10,585,645</b>	<b>\$ 12,687,020</b>	<b>\$ 12,383,665</b>	<b>\$ 11,613,066</b>	<b>\$ 14,075,519</b>

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

Source of information: Audited financial statements

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

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Revenues:</b>								Restated	Restated	
Property taxes	\$ 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	\$ 1,774,242
Sales taxes	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	6,004,019
Other taxes	471,793	675,301	105,204	110,345	46,314	44,041	173,119	401,685	509,572	646,454
Licenses and permits	25,916	33,652	440,722	402,151	502,033	521,507	544,780	515,547	546,010	624,513
Fines and forfeits	62,051	182,120	42,429	109,435	235,551	4,839	-	-	-	-
Intergovernmental	1,066,114	373,315	2,012,895	575,014	1,350,366	998,301	424,872	643,120	779,480	1,612,970
Charges for services	740,089	641,757	885,542	908,956	1,201,768	1,450,185	1,515,847	699,800	717,283	1,551,512
Interest and rents	131,371	116,403	122,575	106,107	85,921	112,270	206,880	332,626	297,910	223,267
Miscellaneous	198,164	55,546	203,606	341,905	107,382	150,298	222,104	270,375	431,445	296,622
<b>Total revenues</b>	<b>\$ 8,271,837</b>	<b>\$ 5,597,038</b>	<b>\$ 8,390,572</b>	<b>\$ 7,487,955</b>	<b>\$ 9,310,712</b>	<b>\$ 9,086,694</b>	<b>\$ 8,893,901</b>	<b>\$ 9,769,861</b>	<b>\$ 10,249,665</b>	<b>\$ 12,733,599</b>
<b>Expenditures:</b>										
Current:										
General government	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	1,291,759
Public safety	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	3,965,857
Community development	770,350	363,709	335,514	610,472	476,483	427,963	439,133	581,558	644,933	719,621
Public works	461,722	535,072	568,563	855,454	1,088,141	1,137,856	1,074,822	1,458,531	1,390,244	1,430,423
Capital Outlay	421,207	370,289	2,159,960	1,429,863	2,320,464	2,650,334	795,748	2,020,839	4,178,919	2,853,309
Debt Service:										
Principal retirement	420,814	151,333	158,506	130,000	135,000	145,000	158,022	6,331	6,736	7,167
Interest and fiscal charges	611,162	341,506	331,655	317,850	309,238	300,138	291,432	1,801	1,911	965
<b>Total Expenditures</b>	<b>\$ 6,188,960</b>	<b>\$ 5,600,411</b>	<b>\$ 7,216,100</b>	<b>\$ 7,617,562</b>	<b>\$ 8,880,145</b>	<b>\$ 8,929,793</b>	<b>\$ 6,988,453</b>	<b>\$ 8,910,548</b>	<b>\$ 11,020,264</b>	<b>\$ 10,269,101</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,082,877</b>	<b>(3,373)</b>	<b>1,174,472</b>	<b>(129,707)</b>	<b>430,567</b>	<b>156,901</b>	<b>1,905,448</b>	<b>859,313</b>	<b>(770,599)</b>	<b>2,464,498</b>
<b>Other financing sources (uses):</b>										
Contributions from successor agency	\$ -	\$ -	\$ -	\$ -	\$ 701,184	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds of capital leasing	115,653	-	-	-	-	-	-	-	-	-
Right of use lease financing	-	-	-	-	-	-	34,874	-	-	-
Transfers in	2,111,121	714,842	975,604	1,264,468	1,612,149	2,383,566	910,786	2,237,319	3,537,819	2,317,805
Transfers out	(2,052,582)	(656,302)	(915,104)	(1,173,968)	(1,612,149)	(2,320,602)	(749,733)	(2,452,003)	(3,537,819)	(2,317,805)
<b>Total business-type activities net position</b>	<b>174,192</b>	<b>58,540</b>	<b>60,500</b>	<b>90,500</b>	<b>701,184</b>	<b>62,964</b>	<b>195,927</b>	<b>(214,684)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 2,257,069</b>	<b>\$ 55,167</b>	<b>\$ 1,234,972</b>	<b>\$ (39,207)</b>	<b>\$ 1,131,751</b>	<b>\$ 219,865</b>	<b>\$ 2,101,375</b>	<b>\$ 644,629</b>	<b>\$ (770,599)</b>	<b>\$ 2,464,498</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>17.9%</b>	<b>9.4%</b>	<b>9.7%</b>	<b>7.2%</b>	<b>6.8%</b>	<b>7.1%</b>	<b>7.3%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>

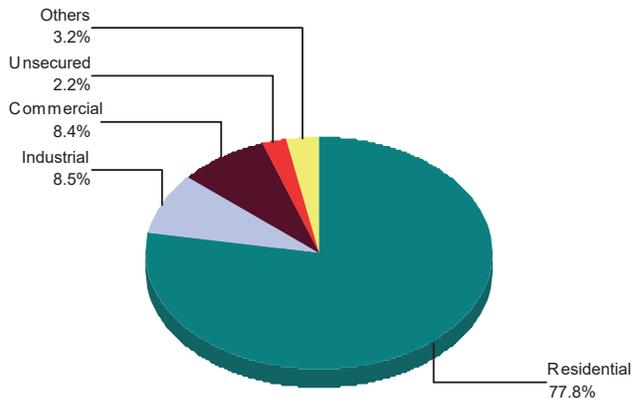
# THE CITY OF COTATI

## 2020/21 USE CATEGORY SUMMARY

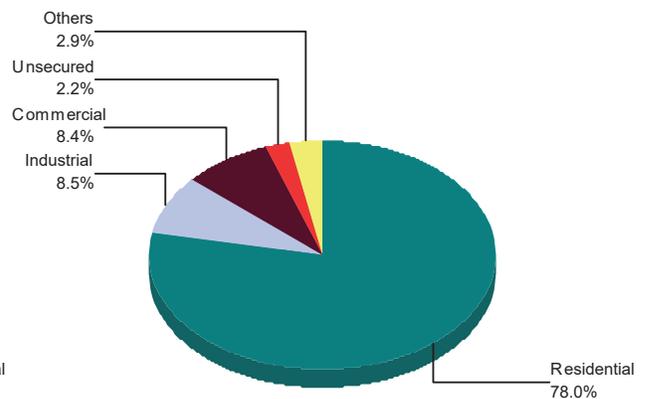
### BASIC PROPERTY VALUE TABLE

Category	Parcels	Assessed Value	Net Taxable Value
Residential	2,434	\$981,059,047 (77.8%)	\$969,710,258 (78.0%)
Commercial	80	\$105,630,410 (8.4%)	\$104,599,685 (8.4%)
Industrial	85	\$107,458,525 (8.5%)	\$105,403,915 (8.5%)
Govt. Owned	80	\$0 (0.0%)	\$0 (0.0%)
Institutional	15	\$5,379,823 (0.4%)	\$2,366,763 (0.2%)
Miscellaneous	10	\$760,858 (0.1%)	\$760,358 (0.1%)
Recreational	1	\$3,299,054 (0.3%)	\$3,299,054 (0.3%)
Vacant	127	\$27,221,646 (2.2%)	\$27,077,285 (2.2%)
Cross Reference	[75]	\$3,138,368 (0.2%)	\$3,101,052 (0.2%)
Unsecured	[454]	\$27,780,643 (2.2%)	\$27,633,799 (2.2%)
<b>TOTALS</b>	<b>2,832</b>	<b>\$1,261,728,374</b>	<b>\$1,243,952,169</b>

**ASSESSED VALUE**

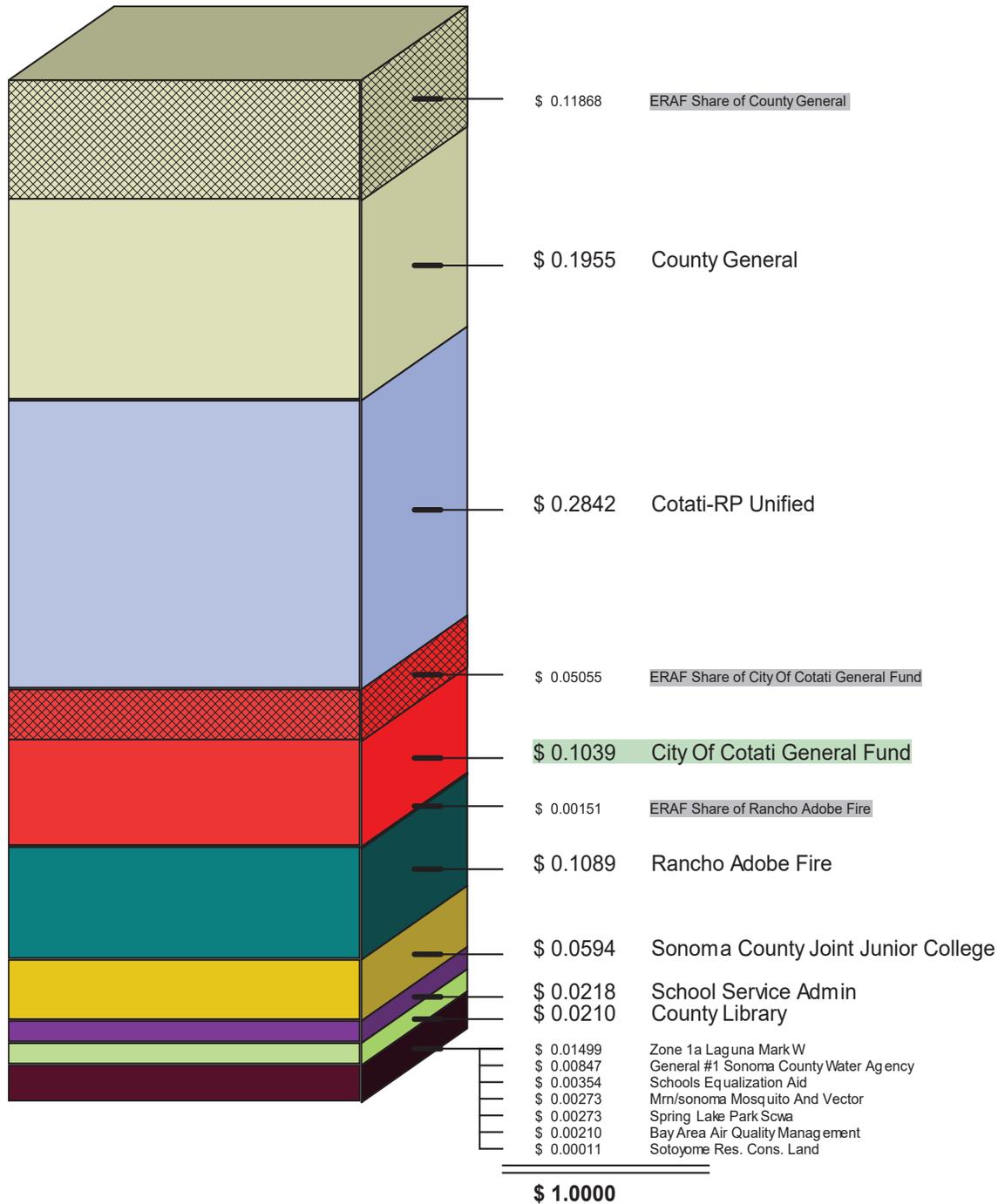


**NET TAXABLE VALUE**



Data Source: Sonoma County Assessor 2020/21 Combined Tax Rolls  
 This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

# 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 2020/21 Annual Tax Increment Tables

Prepared On 7/28/2021 By MV

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

# THE CITY OF COTATI

## 2020/21 ROLL SUMMARY

### Taxable Property Values

	Secured	Nonunitary Utilities	Unsecured
Parcels	2,832	0	454
TRAs	14	0	13
<b>Values</b>			
Land	483,397,721	0	305,502
Improvements	745,961,686	0	2,237
Personal Property	3,927,621	0	18,926,723
Fixtures	660,703	0	8,546,181
Aircraft	0	0	0
<b>Total Value</b>	<b>\$1,233,947,731</b>	<b>\$0</b>	<b>\$27,780,643</b>
<b>Exemptions</b>			
Real Estate	17,416,064	0	13,012
Personal Property	199,340	0	130,046
Fixtures	13,957	0	3,786
Aircraft	0	0	0
Homeowners*	8,750,000	0	0
<b>Total Exemptions*</b>	<b>\$17,629,361</b>	<b>\$0</b>	<b>\$146,844</b>
<b>Total Net Value</b>	<b>\$1,216,318,370</b>	<b>\$0</b>	<b>\$27,633,799</b>

Combined Values	Total
<b>Total Values</b>	<b>\$1,261,728,374</b>
<b>Total Exemptions</b>	<b>\$17,776,205</b>
<b>Net Total Values</b>	<b>\$1,243,952,169</b>
<b>Net Aircraft Values</b>	<b>\$0</b>

\* Note: Homeowner Exemptions are not included in Total Exemptions

Totals do not Include Aircraft Values or Exemptions

Data Source: Sonoma County Assessor 2020/21 Combined Tax Rolls  
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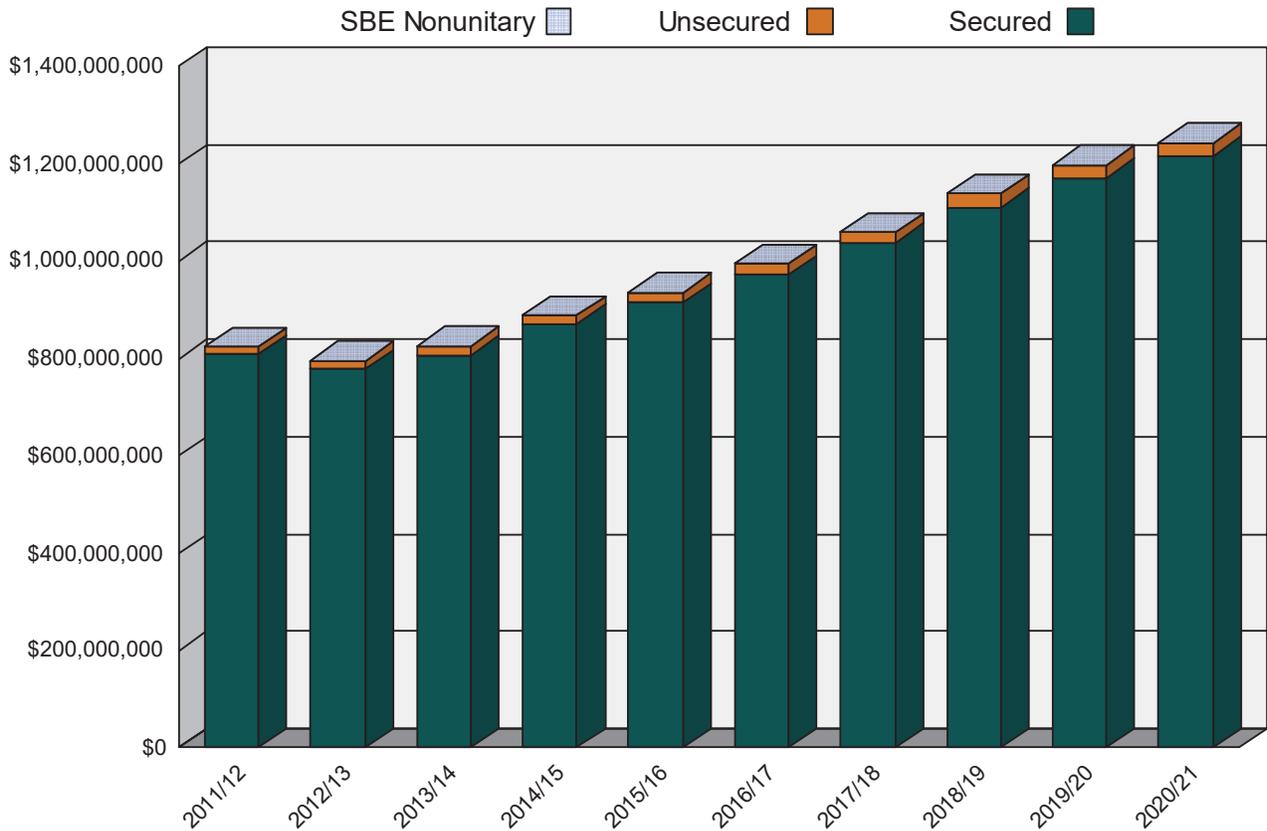
Prepared On 7/28/2021 By MV

# THE CITY OF COTATI

## NET TAXABLE ASSESSED VALUE HISTORY

2011/12 - 2020/21 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2011/12	\$808,720,683	\$16,491,973	\$0	825,212,656	
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%
2020/21	\$1,216,318,370	\$27,633,799	\$0	1,243,952,169	3.80%
				<b>Average % Change</b>	<b>5.14%</b>



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

Data Source: Sonoma County Assessor O/ - 2020/21 Combined Tax Rolls

Prepared On 7/28/2021 By MV

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

# THE CITY OF COTATI

## ASSESSED VALUE OF TAXABLE PROPERTY

### 2011/12 - 2020/21 Taxable Property Values

Category	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Residential	603,464,386	584,373,933	615,360,303	678,311,562	715,951,764	767,060,996	826,433,803	889,070,832	935,486,786	969,710,258
Commercial	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	104,599,885
Industrial	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	105,403,915
Govt. Owned	0	0	0	0	0	0	0	0	0	0
Institutional	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	2,366,763
Miscellaneous	786,045	801,764	490,255	539,897	550,450	558,841	570,015	730,838	745,453	760,358
Recreational	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	3,299,054
Vacant	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	27,077,285
Cross Reference	2,534,230	2,386,253	2,228,069	2,183,346	2,220,244	2,521,139	2,869,097	2,972,313	2,958,262	3,101,052
Unsecured	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	27,633,799
Exempt	[0]									
TOTALS	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	1,243,952,169
Total Direct Rate	0.50517	0.50068	0.10153	0.10157	0.10129	0.10117	0.10104	0.10092	0.10073	0.09440

**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.

Data Source: Sonoma County Assessor 2011/12 - 2020/21 Combined Tax Rolls

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

# THE CITY OF COTATI

## 2020/21 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured		Unsecured		Combined		Primary Use & Primary Agency
	Parcels	Value % of NetAV	Parcels	Value % of NetAV	Value	% of NetAV	
1) LOWES HIW INC	1	\$18,000,000 1.48%	1	\$1,592,870 5.76%	\$19,592,870	1.57%	Commercial Successor Agency
2) SUNHILL ENTERPRISES LP	2	\$8,505,130 0.70%			\$8,505,130	0.68%	Commercial Successor Agency
3) ADK DEVELOPMENT GROUP LLC	2	\$7,365,781 0.61%			\$7,365,781	0.59%	Industrial Successor Agency
4) GTY - PACIFIC LEASING LLC	2	\$7,095,341 0.58%			\$7,095,341	0.57%	Commercial Successor Agency
5) SCOTT RAYMOND ET AL	2	\$7,091,522 0.58%			\$7,091,522	0.57%	Residential City of Cotati General Fund
6) EMC PROPERTY COMPANY LLC	1	\$5,630,810 0.46%			\$5,630,810	0.45%	Industrial Successor Agency
7) VINEYARD MEADOWS APARTMENTS LP	3	\$5,298,521 0.44%			\$5,298,521	0.43%	Residential City of Cotati General Fund
8) COTATI COMMONS MARKETPLACE LLC	4	\$5,179,433 0.43%			\$5,179,433	0.42%	Vacant Successor Agency
9) REDWOOD SELF STORAGE LLC	1	\$5,168,197 0.42%			\$5,168,197	0.42%	Industrial Successor Agency
10) JEFFERY H WEISMAN TRUST ET AL	14	\$4,654,418 0.38%			\$4,654,418	0.37%	Residential Successor Agency
<b>Top Ten Total</b>	32	\$73,989,153 6.08%	1	\$1,592,870 5.76%	\$75,582,023	6.07%	
<b>City Total</b>		\$1,217,180,983		\$27,633,799	\$1,244,814,782*		

\*Value includes Outer TRAs

Top Owners last edited on 7/12/21 by krodriguez using sales through 06/30/21 (Version R.1)

Data Source: Sonoma County Assessor 2020/21 Combined Tax Rolls and the SBE Non Unitary Tax Roll  
This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

Prepared On 7/28/2021 By MV

# THE CITY OF COTATI

## 2011/12 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured		Unsecured		Combined		Primary Use & Primary Agency
	Parcels	Value % of NetAV	Parcels	Value % of NetAV	Value	% of NetAV	
1) LOWES HIW INC	1	\$25,360,737 3.13%			\$29,580,757	5.07%	Commercial Successor Agency
2) COLVIN GROUP FUND LP	19	\$5,623,037 0.69%			\$9,825,057	0.83%	Industrial Successor Agency
3) NEWMAN DEV GROUP OF COTATI LLC	4	\$5,334,484 0.66%			\$9,556,636	0.89%	Vacant Successor Agency
4) SUNHILL ENTERPRISES LP	1	\$4,992,116 0.62%			\$6,442,118	0.80%	Commercial Successor Agency
5) VINEYARD MEADOWS APARTMENTS LP	3	\$4,526,074 0.56%			\$6,928,076	0.99%	Residential City of Cotati General Fund
6) MILAN MILTON HOLDORF TRUST	1	\$4,504,834 0.56%			\$6,906,356	0.99%	Industrial Successor Agency
7) SCOTT P WILSON TRUST ET AL	1	\$4,300,000 0.53%			\$6,500,000	0.92%	Commercial Successor Agency
8) MICHAELA KENNEY TRUST	1	\$4,140,564 0.51%			\$6,160,986	0.90%	Industrial Successor Agency
9) BENSON INVESTMENTS INC	2	\$3,800,000 0.47%			\$5,300,000	0.68%	Industrial Successor Agency
10) STEVE R ORTH TRUST	1	\$3,772,252 0.47%			\$5,772,292	0.68%	Commercial Successor Agency
<b>Top Ten Total</b>	34	\$66,354,098 8.20%	0	\$0 0.00%	\$88,596,043	3.05%	
<b>City Total</b>		\$809,641,683		\$16,525,842	\$328,187,929*		

\*Value includes Outer TRAs

Top Owners last edited on 7/25/17 by MaheaV using sales through 06/30/12 (Version R.1)

Data Source: Sonoma County Assessor 2011/12 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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Prepared On 7/28/2021 By MV

# THE CITY OF COTATI

## DIRECT & OVERLAPPING PROPERTY TAX RATES

(RATE PER \$100 OF TAXABLE VALUE)

Last 10 Fiscal Years										
Agency	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Basic Levy<sup>1</sup></b>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Cotati-Rohnert Park Unified	0.10000	0.10000	0.10000	0.16400	0.15100	0.13900	0.16700	0.16500	0.16400	0.15600
Sonoma County Junior College	0.02100	0.02100	0.02100	0.01800	0.01600	0.04000	0.03700	0.03600	0.03700	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
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.12800</b>	<b>1.12800</b>	<b>1.12800</b>	<b>1.18900</b>	<b>1.17400</b>	<b>1.18600</b>	<b>1.21100</b>	<b>1.20800</b>	<b>1.20800</b>	<b>1.20000</b>
<b>City's Share of 1% Levy Per Prop 13<sup>3</sup></b>	0.10704	0.10694	0.10694	0.10694	0.10661	0.10651	0.10637	0.10624	0.10616	0.10390
<b>Voter Approved City Debt Rate</b>										
<b>Redevelopment Rate<sup>4</sup></b>	1.00700									
<b>Total Direct Rate<sup>5</sup></b>	0.50517	0.50068	0.10153	0.10157	0.10129	0.10117	0.10104	0.10092	0.10073	0.09440

**Notes:**

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

<sup>2</sup>Overlapping 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.

<sup>3</sup>City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

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

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

Data Source: Sonoma County Assessor 2011/12 - 2020/21 Tax Rate Table

Prepared On 7/28/2021 By MV

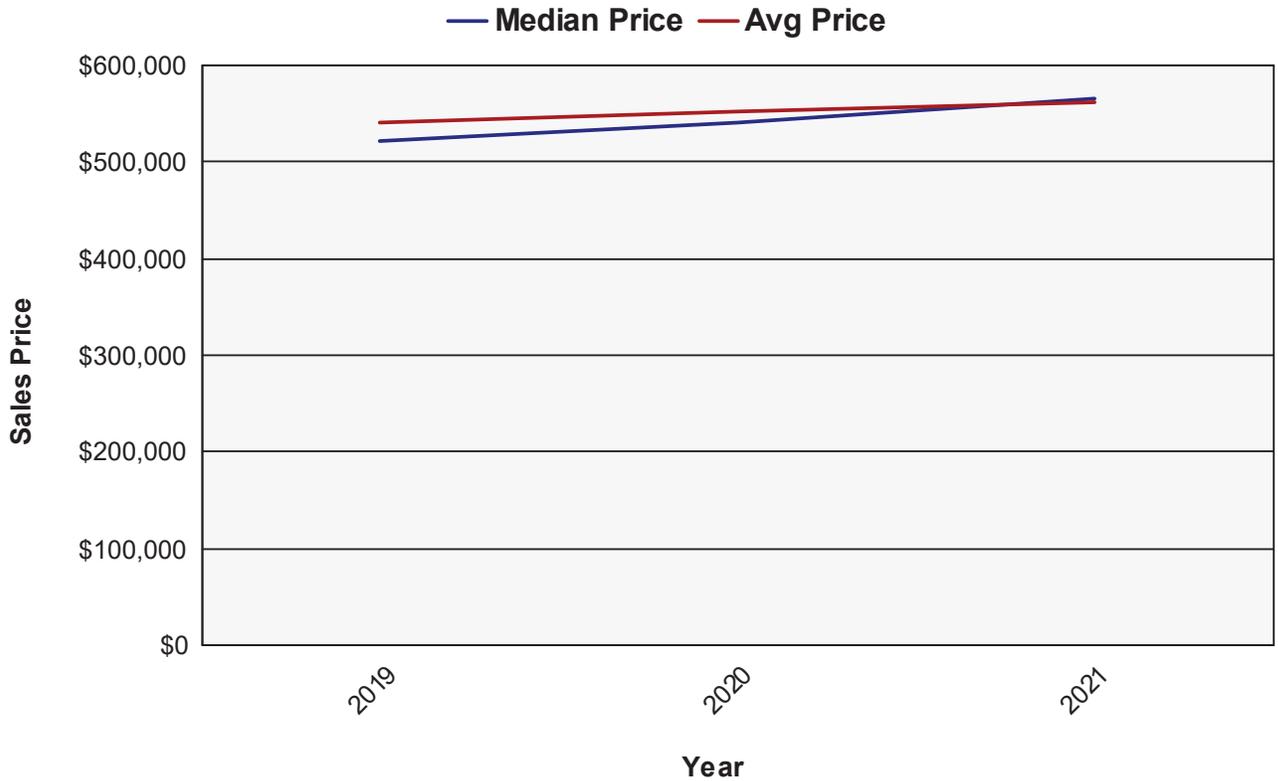
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# THE CITY OF COTATI

## SALES VALUE HISTORY

Single Family Residential Full Value Sales (01/01/2019 - 6/30/2021)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2019	104	\$541,413	\$521,250	
2020	88	\$551,335	\$540,000	3.60%
2021	70	\$562,457	\$566,000	4.81%



\*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 7/28/2021 By MV

**CITY OF COTATI**  
**TOP 25 SALES TAX PRODUCERS**  
**FOR FISCAL YEAR 2011-12**

<b>Business Name</b>	<b>Business Category</b>
Archs Glass	Paint/Glass/Wallpaper
B2 Enterprises	Sporting Goods/Bike Stores
Chevron	Service Stations
Chouinard & Myhre	Business Services
Circle K 76	Service Stations
Cotati Gas & Food Mart	Service Stations
Cotati Market	Convenience Stores/Liquor
Dunn Edwards Paint	Paint/Glass/Wallpaper
Gilmore Chevron	Service Stations
Instrument Technology	Electrical Equipment
Le Cache Wine Cabinets	Specialty Stores
Lowe's	Building Materials
McLea's Tire Service	Automotive Supply Stores
McPhail Fuel	Fuel/Ice Dealers
Mercy Wellness Center	Cannabis Related
Mi Pueblo	Casual Dining
Michaels Harley Davidson	Boats/Motorcycles
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 = 83.02%

\* Firms Listed Alphabetically  
 Period: July 2011 Thru June 2012

Printed 07/28/2021

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 2020-21**

<b>Business Name</b>	<b>Business Category</b>
76/Circle K	Service Stations
Acme Burger	Quick-Service Restaurants
Chevron	Service Stations
Cotati Chevron	Service Stations
Cotati Gas Mart	Service Stations
Delta Separations	Heavy Industrial
Fume Highroad	Cannabis Related
Growbiz	Garden/Agricultural Supplies
Growgeneration Cotati	Garden/Agricultural Supplies
Instrument Technology	Electrical Equipment
Jaded Toad BBQ & Grill	Casual Dining
Lowe's	Building Materials
McPhail Fuel	Fuel/Ice Dealers
Mercy Wellness Center	Cannabis Related
Mi Pueblo	Casual Dining
North Bay Motors Sonoma Rv	Used Automotive Dealers
Olivers Market	Grocery Stores
Outdoor Pro Shop	Sporting Goods/Bike Stores
Paradise Valley Spas	Specialty Stores
San FranStitchco	Textiles/Furnishings
Shamrock Building Materials	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 = 79.61%

\* Firms Listed Alphabetically  
 Period: July 2020 Thru March 2021

Printed 07/28/2021

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>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>	<u>2020</u>
Eating and Drinking Places	\$ 9,179	\$ 11,454	\$ 11,720	\$ 11,581	\$ 12,949	\$ 16,794	\$ 18,643	\$ 19,940	\$ 19,581	\$ 16,973
Auto Dealers and Supplies	1,740	2,196	2,431	3,374	3,930	3,182	2,238	5,339	6,197	5,912
Service Stations	32,347	36,079	37,717	36,400	29,572	28,636	31,764	38,279	37,564	25,575
Other Retail Stores	81,967	81,774	87,844	94,225	98,549	105,611	117,258	122,263	126,704	143,219
All Other Outlets	39,533	37,762	46,400	48,220	46,843	47,476	51,198	54,145	61,192	70,943
<b>Total</b>	<b>\$ 164,767</b>	<b>\$ 169,266</b>	<b>\$ 186,112</b>	<b>\$ 193,800</b>	<b>\$ 191,843</b>	<b>\$ 201,699</b>	<b>\$ 221,100</b>	<b>\$ 239,966</b>	<b>\$ 251,237</b>	<b>\$ 262,622</b>

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 COTAT DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR FISCAL YEAR 2020-21

## CITY OF COTATI

2020/21 Assessed Valuation: \$1,243,983,449

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt</u>	<u>Percent</u>	<u>City's Share</u>
<u>6/30/21</u>	<u>6/30/21</u>	<u>Applicable</u> <sup>(1)</sup>	<u>of Debt</u>
Sonoma County Joint Community College District	\$356,205,000	1.245%	\$ 4,434,752
Cotati-Rohnert Park Unified School District	171,055,000	16.323	27,921,308
City of Cotati 1915 Act Bonds	3,776,634	100.000	<u>3,776,634</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$36,132,694</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Sonoma County General Fund Obligations	\$ 11,252,000	1.255%	\$ 141,213
Sonoma County Pension Obligation Bonds	286,690,000	1.255	3,597,960
Sonoma County Office of Education General Fund Obligations	3,513,603	1.255	44,096
Cotati-Rohnert Park Unified School District General Fund Obligations	1,434,283	16.323	234,118
<b>City of Cotati</b>	<b>0</b>	<b>100.000</b>	<b><u>0</u></b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$4,017,387</b>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	 \$7,754,781	 99.869%	 \$7,744,622
 <b>TOTAL DIRECT DEBT</b>			 <b>\$0</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$47,894,703</b>
 <b>COMBINED TOTAL DEBT</b>			 <b>\$47,894,703 <sup>(2)</sup></b>

**NOTES:**

(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 2020/21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 2.90%  
**Total Direct Debt** ..... **0.00%**  
 Combined Total Debt..... 3.85%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$582,235,737):

Total Overlapping Tax Increment Debt ..... 1.33%

AB:(\$500)

**CITY OF COTATI**  
**LEGAL DEBT MARGIN INFORMATION**  
 Last Ten Fiscal Years

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total Assessed Value	\$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	\$1,243,952,169
Debt Limit (15% of Assessed Value)	123,781,898	119,302,921	123,795,055	133,408,406	140,297,259	149,226,868	158,944,748	170,740,817	179,760,712	186,592,825
Debt applicable to Limit:										
General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
<b>Legal Debt Margin:</b>	<b>\$123,781,898</b>	<b>\$119,302,921</b>	<b>\$123,795,055</b>	<b>\$133,408,406</b>	<b>\$140,297,259</b>	<b>\$149,226,868</b>	<b>\$158,944,748</b>	<b>\$170,740,817</b>	<b>\$179,760,712</b>	<b>\$186,592,825</b>
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Total net debt applicable to the limit as a percentage of debt limit.

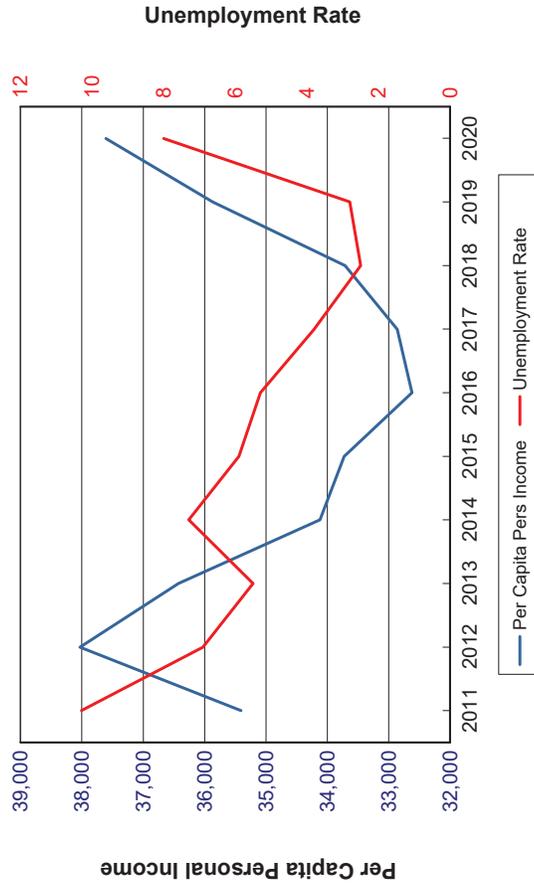
Source of information: Sonoma County Auditor-Controller-Treasurer-Tax Collector

# THE CITY OF COTATI

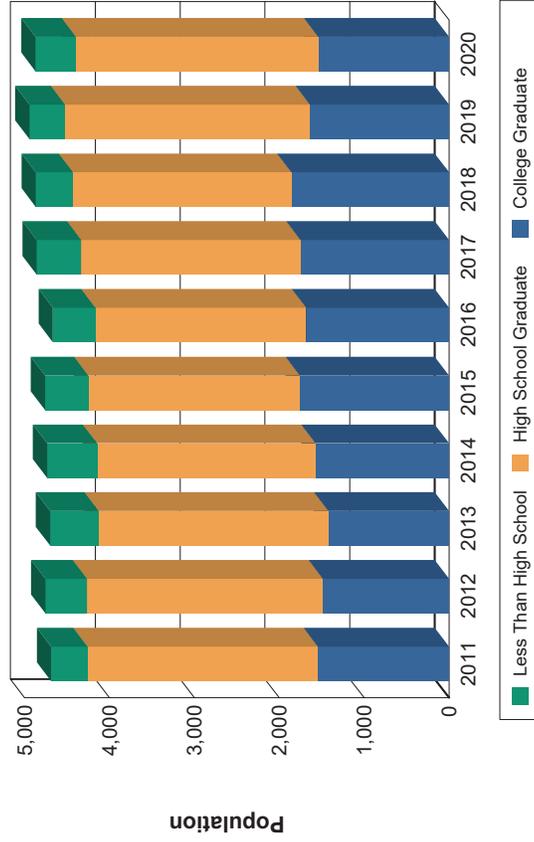
## DEMOGRAPHIC AND ECONOMIC STATISTICS

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
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%
2020	7,429	\$279,386	\$37,607	8.0%	36.0	90.2%	31.7%

### 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

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Prepared On 7/28/2021 By MV

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

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Elected Officials</b>	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	2.50	2.50
<b>Staff Positions</b>										
City Manager	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	4.50	4.50
Recreation				1.00	1.50	2.50	2.30	3.20	2.70	2.80
Administrative Services	4.00	4.00	4.00	4.50	4.50	4.50	4.50	3.00	4.50	4.00
Planning & Building	3.00	3.00	3.00	4.00	4.00	4.00	3.00	3.00	3.00	3.70
Public Works	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.50	7.60
Police Services	25.00	25.00	25.00	25.50	20.50	19.50	19.50	20.50	20.50	18.60
<b>Total</b>	<b>43.00</b>	<b>43.50</b>	<b>43.50</b>	<b>46.50</b>	<b>42.00</b>	<b>42.00</b>	<b>40.80</b>	<b>41.20</b>	<b>44.70</b>	<b>41.20</b>

# THE CITY OF COTATI

## OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

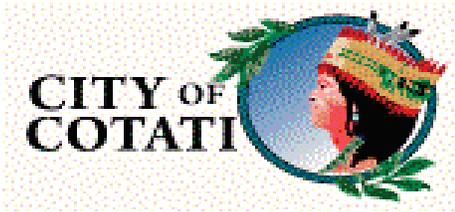
Fiscal Year	Water Sales	Total Operating Revenue	Percentage of Water Sales to Operating Revenues
2011/12	1,187,091	1,274,729	93.1%
2012/13	1,240,584	1,312,403	94.5%
2013/14	1,277,987	1,361,650	93.9%
2014/15	1,195,750	1,296,539	92.2%
2015/16	1,260,006	1,363,734	92.4%
2016/17	1,358,350	1,548,697	87.7%
2017/18	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%
2020/21	2,046,966	2,137,127	95.8%



**THE CITY OF COTATI**  
**CAPITAL ASSETS STATISTICS BY FUNCTION**

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	5	5	5	5	5	6	6	6	6	6
<b>Public Works:</b>										
Street Miles	22	22	22	22	22	22	22	22	22	23
Streetlights & vintage street lights	277	277	277	277	277	312	312	312	312	331
Traffic Signals	7	7	7	7	7	8	8	8	8	8
<b>Parks:</b>										
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
<b>Water:</b>										
Water main (miles)	30	30	30	30	30	30	30	30	30	30
Fire hydrants	427	431	431	431	432	432	432	432	432	438



[cotaticity.org](http://cotaticity.org)

**City of Cotati  
201 W. Sierra Ave.  
Cotati, CA 97931**