

Sonoma County, California



# City of Cotati



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED  
JUNE 30, 2023

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**Mother Nature Loves it Here**



# City of Cotati, California

## Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2023

Prepared by the Administrative Services Department

Angela Courter, Director of Administrative Services  
Neil Tomlinson, Senior Accountant

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**The Hub of Sonoma County**

**City of Cotati**  
**Annual Comprehensive Financial Report**  
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**Where Good Times Happen**



# Introductory Section

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

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**A City Rooted in Agriculture**

# MEET THE COTATI CITY COUNCIL



**Susan Harvey**  
Mayor (2023)  
sharvey@cotaticity.org  
707-792-4600 (ext. 193)  
Elected Term:(2020-2024)



**Laura Sparks**  
Vice Mayor (2023)  
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)



**Sylvia Lemus**  
Council Member  
slemus@cotaticity.org  
707-792-4600 (ext. 201)  
Elected Term:(2022-2026)



**Kay Rivers**  
Council Member  
krivers@cotaticity.org  
707-792-4600 (ext. 202)  
Elected Term:(2022-2026)

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 MANAGEMENT TEAM



***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



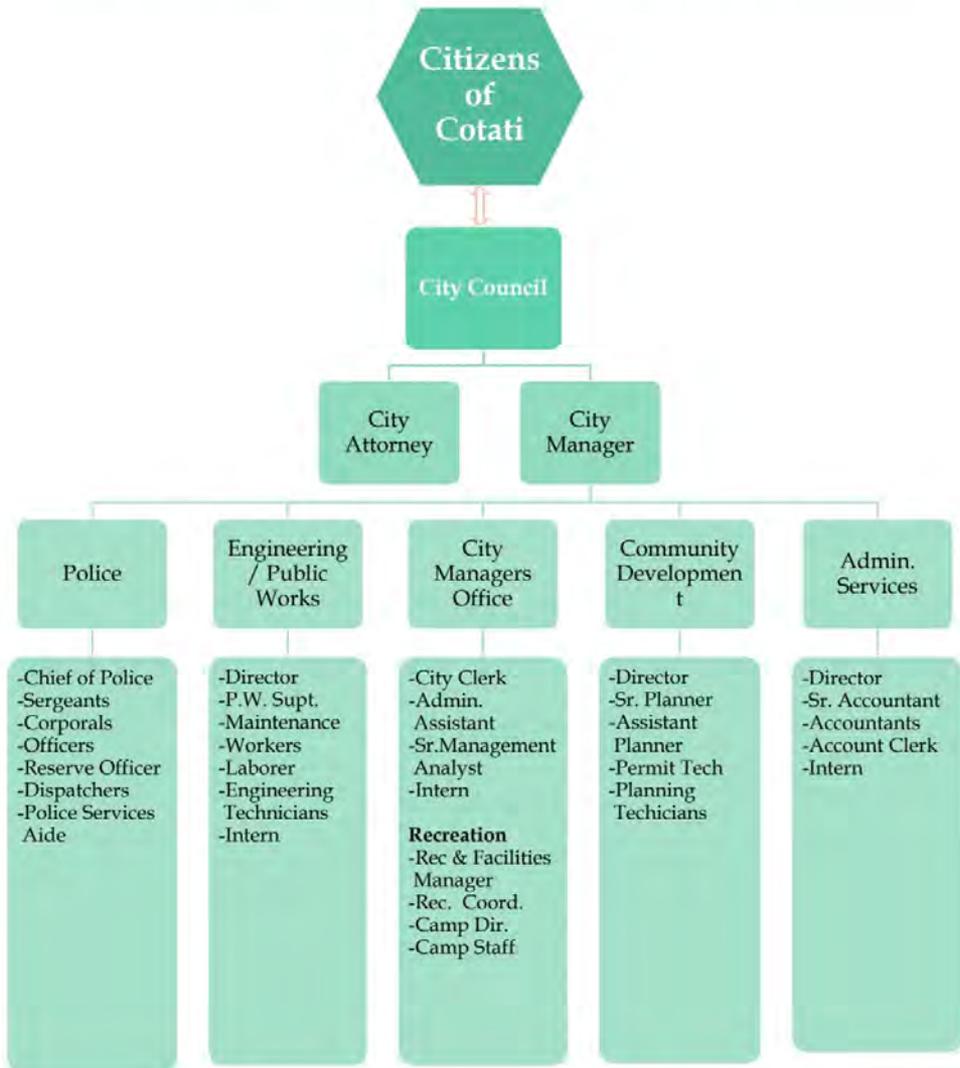
***Craig Scott***  
**Director of  
Public Works /  
City Engineer**  
cscott@cotaticity.org



***Noah Housh***  
**Director of  
Community  
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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, 2022

*Christopher P. Morill*

Executive Director/CEO



January 30, 2024

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 or Annual Report) for the fiscal year ended June 30, 2023. The fiscal year covers financial transactions from July 1, 2022, to June 30, 2023, on a modified or full accrual basis, depending on the fund type. While the City is only required to present a basic financial audit, the City has provided award-winning and comprehensive Annual Reports to provide the highest level of financial transparency to the City Council and community. The City follows a policy of preparing and submitting a complete set of financial statements, with the independent auditor's report which are in conformity with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB) and compliant with City and California Government Code Sections 25250 and 25253. To the best of our knowledge and belief, the data as presented is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and changes in financial position of the City as measured by the financial activity of its various funds. This information includes disclosures that are necessary to enable the maximum understanding of the City's financial affairs.

City management assumes full responsibility for the completeness and reliability of the information provided in this report. The City has established a comprehensive framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. The independent auditor's report presents an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

The City has prepared the Annual Report using the financial reporting requirements as prescribed by GASB Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments. This GASB Statement requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

## Auditor's Report Summary

Badawi & Associates, an independent and 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, 2023, 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 is a reasonable basis for rendering an unmodified audit opinion that the City of Cotati's financial statements for the fiscal year that ended June 30, 2023, 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.

In accordance with Government Finance Officers Association (GFOA) best practices, which recommend changing auditors every five years<sup>1</sup>, this is the fourth year that the City is using a new auditor to review the financial statements of the City.

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

## Annual Comprehensive Financial Report

The Annual Report includes the funds of the primary government, which includes the General Fund and several enterprise activities, as well as all its component units. Component units include legally separate entities for which the primary government is financially accountable and that have the same board as the City or provide services entirely to the City.

The Annual Report is presented in four sections: Introductory, Financial, and Statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of municipal officers and officials. The financial section includes the 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 about the City, presented on a multi-year basis.

## 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 US 101 corridor between Rohnert Park and Petaluma. The City is approximately 1.88 square miles with an estimated population of 7,317, making it among the smallest incorporated communities in Sonoma County. Community amenities include a charming downtown along the historical Old Redwood Highway, with various shops and restaurants. The City is also known for festivals that draw international visitors 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:**<sup>2</sup> 7,317

**Population Ranking of CA cities:**<sup>3</sup> 559 of 1,578

**Race & Ethnicity:** White-70.2%, Hispanic-22.3%, Asian-2.1%, African American-1.0%, Two or More Races-4.0%, Others-0.4%

**Median Age:** 38.7 years, Aged 18-64: 64.5%

**Highschool graduate or higher:** 91.5%

(State: 83.9%)

**Median Household Income (2020):** \$86,982

(State:\$78,362)

**Estimated Median House:** \$642,000

(State: \$538,500)

<sup>2</sup> See statistical data after basic financial statements.  
<sup>3</sup> [https://www.california-demographics.com/cities\\_by\\_population](https://www.california-demographics.com/cities_by_population)

## Accounting System and Budgetary Control

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 and capital 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 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 the corresponding higher annual payments) and the necessary replacement and upgrades of city infrastructure.

With compounded inflation since 2022, the City continues to experience rising costs for all things, including labor and materials as well as large increases in liability and property insurance costs across the cities in our insurance pool. We need to stay cognizant of those trends and make pragmatic decisions accordingly as the actual impacts become known, while remaining fiscally prudent and focused on using our resources to maintaining core services. While we prioritize 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 operating costs (primarily 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, diversification of revenue, paying for capital improvements and improving levels of service to the residents.

## Economic Overview of the City and Region

The City is located in beautiful Sonoma County, approximately forty-five miles north of San Francisco on US Highway 101. Just minutes from popular destinations including hundreds of local wineries, the Pacific Ocean, and giant redwoods, 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, community engagement and equity. 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 a "stop loss" approach to address areas of excess service costs to make them revenue neutral. The medium to long term strategy continues to be diversification of the existing sales and property tax base to provide more stability, primarily through a more flexible business and development environment to encourage a wide array of businesses that fit into the fabric of Cotati and provides the jobs, services, and revenue needed by the community.

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

### Employment

Unemployment in the nation dropped to 3.7% in November 2023, and 3.7% overall in the third quarter of 2023. In October, there were 0.7 unemployed persons for every job opening, indicating a tight labor market, despite higher interest rates<sup>4</sup>. At the local level unemployment rates are also declining and have been reduced to below the pre-COVID levels as of June 2023. According to the Sonoma County Indicators Report for 2023 as produced by the Sonoma County Economic Development Board<sup>5</sup>, the County experienced the largest percent change in jobs from 2017 to 2022 in Public Safety (21%), followed by Life, Physical, & Social Sciences Occupations (20%), Management (15%), Military-Only (11%), Business & Financial Operations (9%), and Healthcare Support (6%). In the next five years the county anticipates Healthcare, Protective Services, and Food Preparation Occupations to experience the highest amount of growth. Cotati has similar trends with unemployment at 3.5% and a labor force participation rate of 70.8%. Overall, the top industries or employment are Transportation and Warehousing (22%), Construction and Retail Trade (both at 14%), Accommodation and Food (10%) and Other Services (8%)<sup>6</sup>.



### Unemployment Rate<sup>7</sup>:

**United States 3.7%, California 4.7%, Sonoma County 4.0%, Cotati 3.5%**

### Inflation

Inflation is the rate at which the general level of prices for goods and services is increasing and consequently results in a decline in the purchasing power of money. The annual calendar year average inflation rate in the US has calmed back to a reduced 3.7% as of September 2023 compared to the high of 8.2% in September 2022.<sup>8</sup> This is consistent with inflation within the state of California and the Bay Area<sup>9</sup> where the calendar year average inflation for the state was at 6.9% in 2022, and then slowed to a 4.4% increase in 2023. In December 2023, the Federal Open Market Committee stated, "they are seeking to achieve a maximum employment and inflation rate of 2 percent over the longer run".

### Personal Saving Rate

The personal saving rate is calculated as the ratio of personal saving to disposable personal income. In September 2023, the personal saving rate in the U.S. increased to 3.8%<sup>10</sup>. In 2022, the personal saving rate was 3.1%. By comparison, in 1970, the personal saving rate was 12.9%. The personal saving rate is a significant economic indicator, as it is a measure of the accumulation of money for future use.

<sup>4</sup> Hdl, Companies California Forecast December 2023

<sup>5</sup> <https://sonomacounty.gov/development/development%20board/Documents/Reports/2023/2023%20indicators%20final%20ADA.pdf>

<sup>6</sup> [https://sonomacounty.gov/development/development%20board/Documents/Reports/2023/City%20Report%20Cotati%202023\\_ADA\\_v3.pdf](https://sonomacounty.gov/development/development%20board/Documents/Reports/2023/City%20Report%20Cotati%202023_ADA_v3.pdf)

<sup>7</sup> <https://www.statista.com/statistics/273418/unadjusted-monthly-inflation-rate-in-the-us/>

<sup>8</sup> <https://fred.stlouis.gov/data/forecasting/economic/economic-indicators/inflation/>

<sup>9</sup> <https://www.bls.gov/bizovercome-saving/personal-saving-rate>

### Consumer Spending Rate

Consumer Spending in the United States is a significant component of Gross Domestic Production (GDP) and a leading economic indicator of recession or economic growth. Personal consumption expenditures continue to increase and in September of 2023 saw month over month growth of \$138.7 billion or 0.7%.

### Sales Tax

Sales tax revenue (combined Bradley Burns and Measure S) accounts for approximately 62% of General Fund revenues.

- **Bradley Burns - State Sales Tax:** The Bradley-Burns Uniform Sales and Use Tax Law provides 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/S - Local Sales Tax:** In the June 2014 election, Cotati voters approved a ballot measure, Measure G, to increase sales tax by 1%. In November of 2020, the citizens of Cotati voted overwhelmingly to continue this special tax as Measure S until the voters repeal it. These additional sales tax dollars help ensure the City's financial viability as a full-service city, improve infrastructure, and protect the small-town quality of life. For FY 22/23, the City collected approximately \$3.1 million in Measure 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 recreation, public safety, and capital projects including parks and streets.



Sales Tax Breakdown: As of June 30, 2023, the total sales tax rate in Cotati was 9.50%<sup>11</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 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 (0.25%) (SOMT) Combined, they total 1.250% of the overall sales tax rate in Cotati.

<sup>11</sup> <https://www.cdfita.ca.gov/taxes-and-fees/rates.aspx>

### Property Taxes

The City of Cotati receives approximately 10% of the property taxes collected within the City. The other 90% of property taxes collected support the Cotati-Rohnert Park School District, the County of Sonoma, and to a lesser degree, the Rancho Adobe Fire District. There are also a variety of special district property direct tax assessments, school district bonds assessments, and a special property tax assessment by Rancho Adobe Fire District. Properties in Cotati experienced a net taxable value increase of 4.5% or \$1.4 billion for the 2022/23 tax roll.

Overall property values increased by \$61.2 million. Growth in values was attributed to a combination of the sale of single-family residential property (\$17.8 million) and the completion of a new subdivision by Richmond American Homes, which added \$11.5 million. Other increases included multi-family unit sales which added \$8.9 million.



Residential values continued to increase from their 2021/22 levels by almost \$33.1 million. This increase was primarily driven by the sale of new homes which increased the value by \$15 million, and the resale of existing housing as well as the up to 2% valuation increases allowed by the County under Proposition 13.

Commercial values grew by only a minor amount (\$855,000). Slow commercial growth was attributed to the reduction of \$1.0 million for Lowes under Proposition 8 review. For the next fiscal year, the City is expecting a significant increase due to the development of new commercial business within the industrial area, most notably two new warehouses for PODS storage.

As of June 2023, statewide home sales volume has declined for the prior 9 months, due to high interest rates and low inventory. There were 19.7% fewer home sales in June 2023 than in June 2022; 46.5% fewer than at the peak in 2021. The state median home price in June was \$838,260. This is 2.4% below the median a year ago, a smaller annual decline than in recent months. 2022 sale prices impacted values on the 2023/24 tax rolls. Value changes from 2023 sales through June are trending up each month but are below 2022 levels. The median sale price of Cotati detached single-family homes from January through August 2023 was \$717,000, a decrease of -\$43,000 (-5.7%) from 2022's median sale price.

### Housing/Building Permits

Building improvements and construction declined within the City in Fiscal Year 2022/23, with the number of building permits issued (293 permits totaling \$21,927,027 in value) decreasing by approximately 26%, but with an increase in valuation of more than 430% compared to Fiscal Year 2021/22 (397 permits totaling \$11,041,988 in value). This increase is primarily related to the completion of larger single building permit projects and a decrease in smaller home improvement projects which require building permits.

## **Economic Condition and Outlook for the General Fund**

The City's estimated ending General Fund Balance in the FY2023/24 Budget is \$4.6 million, which is equivalent to 53% of total operating expenses. This estimated reserve exceeds the required budgetary 25% reserve, set by City Council resolution. 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 FY2023/24 Budget:

- Property tax growth of around 3.2% based on 2% assessor applied CPI plus change in assessed value due to transfer of ownership as well as new construction.
- Sales tax increase by less than 1.0% due to change in consumer spending towards services which are not subject to sales tax as well as countering impacts from inflation where both consumer spending is decreased but the cost of goods purchased are increased.
- Cannabis business tax reducing to \$650,000 due to expected continued declines in sales across the state.
- Staffing Costs increased by 12% based on an employee vacancy rate of 0%, set pension required payments, and programed salary increases contained in the approved MOUs.
- Increased cost of City-Wide Insurance estimated at 13%.
- Increased cost of contract services and utilities of 11.2% and 15% based on contracts and noticed rate changes.

## Strategic Goals

- **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.

## Significant Events and Accomplishments

### Financial and Operational Stability

1. Received the Government Finance Officers Association (GFOA) Triple Crown Award for completing awards in the same year for the Distinguished Budget Presentation Award, Certificate of Achievement for Excellence in Financial Reporting, and the Certificate of Outstanding Achievement for Popular Financial Reporting.
2. Implemented an Investment Policy update and engaged a more active investment management mindset to facilitate the best use of funds on hand while optimizing safety, liquidity, and yield.
3. Expanded communication with our citizens by supporting both in person and online City Council meetings including moving the City internet over to fiber service to build resiliency and required internet speeds for meeting streams to YouTube, the City Website, and the cable broadcast station. These meetings were also updated to have live captioning that is available in multiple languages through zoom participation.
4. Approved a move to monthly utility billing to implement best practices and allow for more typical cycled bills for customers.

## Economic Development

1. Completed to 6<sup>th</sup> cycle housing element update as well as implemented the 5<sup>th</sup> cycle housing element program which is used to plan how to meet the housing needs of our community.
2. Created a Woonerf Ordinance to outline requirements for multi-use space for multimodal transportation and blend pedestrian and vehicle space in a more people friendly open space.
3. Updated the Urban Agriculture rezoning allowing for more specialized agricultural activities in specific zones around the City.
4. Continued work on the accessory dwelling unit (ADU) housing by creating a marketing and support program which includes easy to permit pre-approved plans.
5. Established the City's parklet and outdoor dining standards to allow for more outdoor business space that adheres to the aesthetics and safety of the community.



## Community Safety

1. Police Enforcement: Continue efforts to maintain a safe community including partnering with the City of Rohnert Park and Sonoma State University with the SAFE (Specialized Assistance for Everyone) Team which provides 24/7 mobile mental health crisis responses to both Cities and the University.
2. Training of our new K9 officer Dolly who is the first scent tracking dog in the region. She will be put to work both in Cotati as well as supporting other departments in need of finding high risk missing persons.
3. Implementation of robust training on de-escalation, implicit bias, and support for individuals in mental health crisis.
4. Facilitated and coordinated with local other public safety organizations the community's first Public Safety Blood Drive and second annual Hi-Lo emergency drill.
5. Purchased equipment and started training on 360 digital crime and vehicle accident scene mapping technology. This technology will allow for ease of investigation and evidence retention.
6. Deployed the City's first all-electric patrol vehicle. Since implementation, the City has purchased and upfit four more EV's in our effort to reduce greenhouse gases.
7. Continue to maintain and build relationships with residents through support of "National Night Out" and "Coffee with a Cop."
8. Continued collaboration with Sonoma State University safety and dispatch operations.

## Infrastructure

1. Completed major infrastructure projects including significant restoration of streets with pavement preservation work with the Old Redwood Highway Traffic Flow Improvements as well as the planned 2023 Pavement Rehabilitation and Preservation throughout the City. With each street project the City also incorporated bicycle and pedestrian improvements.
2. Completion of the City Hall and Civic Center Window Replacement and Repainting revitalizing the core buildings for City Operations outside of public works and the police department.
3. Revitalized Kotate Park with fun new playground equipment, an outside workout center, a shaded picnic area, and restroom facilities.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended June 30, 2022. This marks the fourth consecutive year the City has received this award.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To receive this award, the City published an easily readable and efficiently organized ACFR. The report satisfied accounting principles generally accepted in the United States of America and applicable legal requirements. We believe this ACFR also meets the requirements of the program, and we will be submitting it to the GFOA to determine its eligibility for the certificate.

The professionalism, commitment, and effort of each employee of the entire staff of the Administrative Services Department have made this report possible. We also want to thank the other employees in the other City Departments who contributed to the preparation of this report and their dedication to the City. Finally, we thank the Mayor and City Council for their continuing commitment and support in planning and conducting the City's financial operations in a responsible manner, consistent with the City's mission to protect, preserve and enhance the quality of life for present and future generations.

I would like to express my special appreciation to the Administrative Services Team, specifically Angela Courter, Neil Tomlinson, and Rosie Speranza. I would also like to thank the Mayor and City Council Members for their support, stewardship and commitment in planning and conducting 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 online, visit the City website at [www.cotaticity.org](http://www.cotaticity.org)

Respectfully submitted,



Damien O'Bid  
City Manager

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**cotati**

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



# Financial Section

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

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**The City with a Heart**



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cotati (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-14 and 83-90 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### *Supplementary 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 combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Honorable Mayor and Members  
of the City Council of the City of Cotati  
Cotati, California  
Page 4

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024 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 solely 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Badawi & Associates, CPAs  
Berkeley, California  
January 26, 2024

# 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, 2023. 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 \$57.9 million (Total net position in the government wide.)
- As of June 30, 2023, the City's governmental activities reported a net position of \$43.25 million (See Table 2).
- As of June 30, 2023, the City's business-type activities reported a net position of \$14.6 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 \$18.5 million.
- Within the governmental funds ending fund balance, \$6.8 million was restricted for capital projects including streets, parks, and ride lot, \$3.4 million is reserved for housing, and \$5.2 million is unassigned. (See Governmental Funds Balance Sheet June 30, 2023).

The General Fund reported total fund balance of \$10.2 million of which \$0.2 million is non-spendable, \$2.4 million is committed for emergencies and \$7.6 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
Scope		Entire City Government	The activities of the City that are not proprietary or fiduciary, such as police, public works and parks	Activities the City operates similar to private businesses: the water and wastewater systems.
Required financial statements		Statement of Net Position Statement of Activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows
Accounting basis and measurement focus		Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information		All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long term
Type of inflow/outflow information		All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

## Government-Wide Statements:

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

The two government-wide statements report the City's net position and its respective changes.

*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 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, Grants Fund, City Capital Projects Fund, and the Streets Bond Project 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.

- **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 like proprietary fund accounting. The City reported two fiduciary funds. One Private Purpose Trust Fund and one Custodial Fund.

**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.

**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.

# Management Discussion & Analysis

## Financial Analysis of the City as a Whole

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

The following table is a condensed comparative analysis of the net position of governmental and business-type activities as of June 30, 2022, and June 30, 2023:

**TABLE 2**  
**Summary of Net Position**  
As of June 30, 2022, and 2023  
(in million dollars)

	Governmental Activities			Business Type Activities			TOTAL		Change	
	2023	2022	\$ Change	2023	2022	\$ Change	2023	2022	%	\$
<b>ASSETS</b>										
Current and Other Assets	\$ 18.8	\$ 14.8	\$ 4.0	\$ 7.3	\$ 6.7	\$ 0.6	\$ 26.1	\$ 21.5	21.4%	\$ 4.6
Internal Balances	3.7	1.9	1.8	(3.7)	(1.9)	(1.8)	-	-	0.0%	-
Long Term Receivables	1.1	1.1	-	-	-	-	1.1	1.1	0.0%	-
Leases Receivable	-	-	-	0.8	0.8	-	0.8	0.8	0.0%	-
Capital Assets	40.1	32.2	7.9	12.5	12.0	(0.5)	52.6	44.2	19.0%	8.4
<b>Total Assets</b>	<b>63.7</b>	<b>50.0</b>	<b>13.7</b>	<b>16.9</b>	<b>17.6</b>	<b>(0.7)</b>	<b>80.6</b>	<b>67.6</b>	<b>19.2%</b>	<b>13.0</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>										
Pension Plan Contributions and Timing Differences	5.6	6.9	(1.3)	1.3	1.5	(0.2)	6.9	8.4	(17.9)%	(1.5)
<b>LIABILITIES</b>										
Current Liabilities	4.3	4.3	3.0	0.4	0.4	-	4.7	1.7	176.5%	3.0
Noncurrent Liabilities	16.8	11.6	5.2	1.2	1.2	-	18.0	12.8	40.6%	5.2
<b>Total Liabilities</b>	<b>21.1</b>	<b>12.9</b>	<b>8.2</b>	<b>1.6</b>	<b>1.6</b>	<b>-</b>	<b>22.7</b>	<b>14.5</b>	<b>56.6%</b>	<b>8.2</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Pension Plan Differences in Projections	4.9	4.6	0.2	2.0	1.9	0.1	6.9	6.5	6.2%	0.4
<b>NET POSITION</b>										
Invested in Capital Assets	29.2	30.5	0.1	12.5	12.0	0.5	43.1	42.5	1.4%	0.6
Restricted	14.2	7.4	6.8	-	-	-	14.2	7.4	91.9%	6.8
Unrestricted	(0.2)	1.5	(3.1)	2.1	3.5	(1.4)	0.5	5.0	(90.0)%	(4.5)
<b>Total Net Position</b>	<b>\$ 43.2</b>	<b>\$ 39.4</b>	<b>\$ 3.8</b>	<b>\$ 14.6</b>	<b>\$ 15.5</b>	<b>\$ (0.9)</b>	<b>\$ 57.9</b>	<b>\$ 54.9</b>	<b>5.5%</b>	<b>\$ 3.0</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 \$3.0 million, or 5.5% 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 has incurred with the lease obligations for the streets improvements. The City uses these capital assets to provide services to citizens; as such, these assets are not available for future spending. The \$1.3 million, or 4% decrease in net investment in capital assets was due to purchases of updated fleet as the city expands its replacement of aged vehicles with all electric vehicles other improvements include the completion of Kotate Park and continued work on the streets maintenance and phased rehab offset by the additional drawdown for lease obligation bond related to street improvement project.

*Restricted Net Position* of \$14.2 million represents resources that are subject to external restrictions on their use, or by enabling legislation. Restricted net position is comprised of amounts restricted for housing (\$4.5 million or 32.0%) capital and street projects (\$7.1 million or 49.7%), public safety (\$2.4 million or 17.0%), other restricted (\$0.1 million, or 1.3%). Restricted net position increased by \$6.8 million, or 91.9%, primarily due to \$3.4 million in funds held in the street bonds project funding and reserved to pay for future streets improvements and \$2.4 million held in escrow for Caltrans park and ride developments.

# Management Discussion & Analysis

*Unrestricted Net Position* in the amount of (\$0.2) million represents a net position of the City that is not restricted for any project or purpose. The decrease of \$1.7 million, or 113%, was primarily due to the use of funds for operations for business type activities as well as increased restricted funds for capital projects, housing, and public safety.

*Total Current and Other Assets* increased by \$4.6 million, or 21.4% due to; a \$4.0 million increase in governmental activities related to cash equivalents of \$1.8 million held in escrow for the construction of two park and ride lots as well as funding for streets construction provided by the 2022 Street Bonds Project Fund which holds a remaining cash and cash equivalents balance of \$3.4 million. Other significant increases in assets were made up of increases in capital assets of \$8.4 million or 19.0% over the prior year. Most capital assets were city improvements for streets and parks as described on page 15.

*Total Current and Other Liabilities* increased over the prior year with a change of \$8.2 million or 56.6%. The variance is primarily due to the final drawdown of the issuance of the \$6.0 million lease-backed bonds for streets improvements. In Fiscal Year 2021/22 the City drew down an initial \$2.0 million of the Tax-Exempt Streets Improvement Bonds for projects. Subsequently in Fiscal Year 2022/23 the remaining \$5.7 million was distributed to the City and is now subject to inclusion within the debt service and available funding for identified streets improvement projects. This deferred drawdown of funds saved the City approximately \$0.1 million in interest. Other significant changes in Liabilities includes a \$2.2 million increase in current accounts payable, \$0.4 million increase in accrued liabilities, and \$0.1 increase in Net pension liabilities. Accounts payable and accrued liabilities primarily increased related to the capital projects in place as of the end of the fiscal year.

*Deferred Outflows of Resources* decreased \$1.5 million and *Deferred Inflows of Resources* increased \$0.4 million due to changes in pension plan contributions and future liabilities.

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, 2022, and 2023.

**TABLE 3**  
**Changes in Net Position**  
For the Fiscal Years Ended June 30, 2022, and 2023.  
(in million dollars)

	Governmental Activities				Business Type Activities				TOTAL			
	2023	2022	% Change	\$ Change	2023	2022	% Change	\$ Change	2023	2022	% Change	\$ Change
<b>REVENUES</b>												
<b>Program Revenues</b>												
Charges for Services	\$ 2.1	\$ 2.1		\$ -	\$ 5.0	\$ 5.4		\$ (0.4)	\$ 7.1	\$ 7.6	(5.3)%	\$ (0.4)
Operating Grants and Contributions	1.5	2.3		(0.8)	-	-		-	1.5	2.3	(34.8)%	(0.8)
Capital Grants and Contributions	-	-		-	-	-		-	-	-	0.0%	-
<b>General Revenues</b>												
Property Taxes	3.0	1.9		0.1	-	-		-	2.0	1.9	5.3%	0.1
Sales and Other Taxes	7.5	7.8		(0.3)	-	-		-	7.5	7.8	(3.9)%	(0.3)
Other	2.8	-		2.8	0.2	-		0.2	3.0	-	100.0%	3.0
<b>Total Revenues</b>	<b>15.9</b>	<b>14.1</b>	<b>12.8%</b>	<b>1.8</b>	<b>5.2</b>	<b>5.4</b>	<b>(3.7)%</b>	<b>(0.2)</b>	<b>21.1</b>	<b>19.5</b>	<b>8.2%</b>	<b>1.6</b>
<b>EXPENSES</b>												
General Government	3.2	1.6		1.4	-	-		-	3.2	1.6	77.8%	1.4
Public Safety	4.4	4.2		0.2	-	-		-	4.4	4.2	4.8%	0.2
Public Works	2.3	2.4		(0.1)	-	-		-	2.3	2.4	(4.2)%	(0.1)
Community Development	1.6	1.7		(0.1)	-	-		-	1.6	1.7	(5.9)%	(0.1)
Interest on Long Term Debt	0.9	0.2		0.8	-	-		-	0.9	0.2	150.0%	0.3
Water	-	-		-	2.3	2.0		0.3	2.3	2.0	15.0%	0.2
Sewer	-	-		-	3.8	3.6		0.2	3.8	3.6	5.6%	0.3
<b>Total Expenses</b>	<b>12.0</b>	<b>10.3</b>	<b>16.5%</b>	<b>1.7</b>	<b>6.1</b>	<b>5.8</b>	<b>8.9%</b>	<b>0.5</b>	<b>16.1</b>	<b>15.9</b>	<b>15.8%</b>	<b>2.2</b>
Revenue over (under) expenses	3.9	3.8		0.1	(0.9)	(0.2)		(0.7)	3.0	3.6	(16.7)%	(0.6)
Change in net position	3.9	3.8	2.6%	0.1	(0.9)	(0.2)	(350.0)%	(0.7)	3.0	3.6	(16.7)%	(0.6)
Net position, beginning of period	39.4	35.6		3.8	15.5	15.7		(0.2)	54.9	51.3	7.0%	3.6
<b>Net position, end of period</b>	<b>\$ 43.3</b>	<b>\$ 39.4</b>	<b>9.9%</b>	<b>\$ 3.9</b>	<b>\$ 14.6</b>	<b>\$ 15.5</b>	<b>(1.3)%</b>	<b>\$ (0.9)</b>	<b>\$ 57.9</b>	<b>\$ 54.9</b>	<b>5.5%</b>	<b>\$ 3.0</b>

# Management Discussion & Analysis

## **Analysis of the changes in Net Position**

Governmental and Business Type Activities increased the City's net position by \$3.0 million, or 5.5% to \$57.9 million for the year ended June 30, 2023, with Governmental Activities accounting for 74.8% of the City's total net position. These changes are discussed in more detail below.

## **Analysis of Governmental Activities**

**Governmental activities:** Net position of the City's governmental activities increased by \$3.9 million to \$43.3 million in the current year.

**Revenues:** Total revenues for governmental activities increased by \$1.8 million or 12.8% 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* showed an overall decrease from the previous year of \$0.8 million, or 34.8%, to \$4.6 million.

- Charges for services remained consistent with prior years with no growth.
- Operating grants and contributions decreased by \$0.8 million primarily related to the one-time grant funds received in fiscal year 2021/22 for ARPA grant of \$1.7 million offset by Public Works grants for streets projects and other one-time regional grants for housing.

*General Revenues* had an overall increase of approximately \$2.6 million or 26.8%. This increase is primarily related to the sale of the park and ride lot which is to be developed into a hotel. The proceeds from this sale are held in an escrow account to be used for two replacement park and ride lots for Caltrans. Other changes included Sales taxes decreases of \$0.2 million and Property taxes increases of \$0.1 million. The decrease in sales tax was due to changes in consumer spending post COVID-19 on transactions that are not subject to this revenue source. Property tax increases are consistent with the valuations of property assessments and inclusion of new housing developments at higher valuations. The other major change in revenues came from Interest and rents which increased by \$0.8 million due to higher interest earnings as a result of higher interest rates and improved implementation of active investment management. Facility rental fees have also increased as demand for meeting and event spaces has increased following the closures that occurred during COVID-19.

**Expenses** Total expenses for governmental activities increased \$1.7 million from the prior year, a 16.5% increase. The primary reason for this increase is due to the 1.4 million increased general government expenses related to it. Interest and expense on long-term debt also increased by \$0.3 million or 166% due to the interest on the full draw down of the Streets Bonds Project Fund. Other general government expenditures increased for Community Development related to funding provided to Burbank Housing of almost \$0.3 million to support sustaining affordable housing within the City. Additionally, Community Development provided more State Mandated Projects around housing development which required more consultants work previously not required. Lastly, the Public Works Department has also increased expenses related to maintenance projects around the City.

## **Analysis of Business Type Activities**

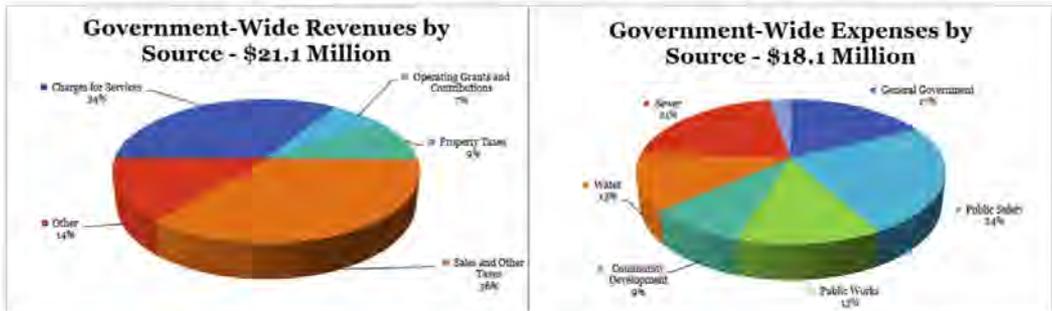
These resources cannot be used for governmental activities, as they are restricted for the continuing operations of the water and wastewater systems. The net position of business-type activities decreased by \$0.9 million, or 6.2% to \$14.6 million due to the following:

**Revenues:** Total revenues for business-type activities decreased \$0.2 million or 3.7% due to continued decreased Water Consumption and connection fees. The decreased consumption was partially offset by increased Water and Wastewater rates for consumption as well as base charges for service. The utility revenues are in line with our water and sewer rate plan but with decreased connection fees which are dependent on development.

**Expenses:** Total expenses for business-type activities increased by approximately \$0.5 million or 8.9%. This increase is primarily due to payments for debt service to the general government funds and increased personnel and insurance and other contract services costs.

# Management Discussion & Analysis

**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.

### 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, 2023, of \$18.5 million, an increase of \$3.1 million over the end of the previous fiscal year. (See Statement of Revenues Expenditures and Changes in Fund Balance Governmental Funds for the year ending June 30, 2023).

The General Fund is the chief operating fund of the City and the overall fund balance increased by just over \$1.2 million or 13.7%. This increase is mostly attributed to the miscellaneous one-time revenues of approximately \$2.2 million derived from the planning of the development of the park and ride lot to a hotel. Interest and rents increased by \$0.3 million due to active investment management of funds as well as increased rental income for events. The expenditure for the general fund significantly decreased due to the onetime \$2.0 million additional discretionary pension payment made in the prior year. The City has also continued to fund significant community infrastructure projects including streets and parks which made up most of the transfers out of \$4.0 million just down \$0.1 million from the prior year.

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

- Inclusionary Housing Fund with a year-end fund balance of \$3.1 million, an increase of \$0.1 million due to outstanding interest accruals for the outstanding affordable housing loans to Burbank Housing. This balance is fully reserved for affordable housing.
- Low Income Housing Fund has an ending fund balance of \$0.0 million. The Low-Income Housing Fund balance is accrued and has been deferred for a future period to be used for low-income housing projects.
- Grants Fund has a year ending fund balance of \$33.1 thousand due to transfers of funds from the General Fund for matching grant purposes. These funds are expected to be expended within the next fiscal year.
- The City Capital Projects Fund with a year-end fund balance of approximately \$0.2 million, which is consistent with the prior year, and is retained for future capital projects.
- Streets Bonds Project Fund has a fund balance of \$3.4 million which is reserved for funding streets capital projects.

# Management Discussion & Analysis

See additional detail at the Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2023.

The City's non-major funds ended Fiscal Year 2022/23 with a fund balance of under \$1.6 million, an increase of less than \$10 thousand. Most of these resources are restricted for use on street capital projects (\$0.9 million), affordable housing projects (\$0.3 million), and other special purposes. (See Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2023).

## **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 mid-year 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 \$2.5 million, while actual operating expenditures were over budget by \$0.3 million due to previously encumbered funds for contract services being released. The final ending fund balance for the fiscal year compared to the final budget had a positive variance of \$5.1 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.

## **Capital Assets and Debt Administration**

At the end of 2022/23, the City had invested \$50.2 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:

- Kotate Park Revitalization \$2,437,000
- City Streets Rehabilitation and Maintenance for \$3,228,000
- City Hall and Police Department Electric Vehicle procurement and Upfitting \$153,000

The City's Capital Assets as of June 30, 2022, and 2023 is provided next and additional information relative to capital assets is contained in Note 1 Section F and Note 6 of the general-purpose financial statements.

# Management Discussion & Analysis

**TABLE 5**  
**Capital Assets**  
 As of June 30, 2022 and 2023  
 (in million dollars)

	Governmental Activities		Business Type Activities		TOTAL			
	2023	2022	2023	2022	2023	2022	% Change	\$ Change
<b>Capital assets</b>								
Land	\$ 8.6	\$ 8.6	\$ -	\$ -	\$ 8.6	\$ 8.6	0%	\$ -
Construction in progress	5.5	5.2	-	-	5.5	5.2	5.8%	0.3
Buildings	10.0	10.0	-	-	10.0	10.0	5.0%	0.5
Vehicles	2.0	1.7	0.1	0.1	2.1	1.8	16.7%	0.3
Equipment	0.7	0.7	0.1	0.1	0.8	0.8	0%	-
Water and Sewer Lines	-	-	20.2	19.2	20.2	19.2	5.2%	1.0
Improvements	30.5	22.7	1.3	1.3	31.8	24.0	32.5%	7.8
Leased Assets	-	-	-	-	-	-	0%	-
<b>Total Capital Assets</b>	<b>\$ 57.8</b>	<b>\$ 48.9</b>	<b>\$ 21.7</b>	<b>\$ 20.7</b>	<b>\$ 79.5</b>	<b>\$ 69.6</b>	<b>14%</b>	<b>\$ 9.9</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

### 2022 Lease Obligations

As of June 30, 2023, the City holds lease obligation debt in the amount just under \$11.4 million, of which approximately \$0.5 million is considered a current liability. The 2022A Lease obligation was for \$7.7 million for street improvements and the 2022B Lease obligation in the amount of \$4.0 million was for a CalPERS UAL Prepayment. See footnote 8 within the basic financial statements for further detail.

### Compensated absences:

As of June 30, 2023, approximately \$0.5 million was owed to government employees for vacation leave and other compensated absences. These benefits are recorded as a liability to the City as the benefits are earned by the employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

### Net Pension and Other Post-Employment Benefits (OPEB) Liability

GASB Statement No. 68 significantly revamped the accounting and financial reporting for government employees 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 \$6.8 million to be reported on the statement of net position for the City as of June 30, 2023.

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, 2023 (see Statement of Net Position). More detailed information about long-term debt activity is included in Notes 9 and 10.

# Management Discussion & Analysis

## 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 2023/24 budget which includes the Five-Year Capital Improvement Program budget can be found at <https://www.cotaticity.org/188/City-Budgets>.

The budget was based on these key assumptions:

- Property Tax - The budget projection for 2023/24 assumes 3.1% increases in property tax collections, due to improved resale market and county assessor appraisals.
- Sales Tax (Bradley Burns and Measure S) - The budget projection for 2023/24 assumes continued modest growth during this recovery period from COVID-19 as well as offsetting increased cost of sales and decline in customer purchases related to inflation.
- Water and Wastewater revenues increase slightly due to increased rates offset by continued decreased consumption and connection fees due to uncertain timing of new development projects.
- Usage of up to \$3.4 million for continued street improvement projects funded by the tax-exempt streets bond.
- 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 and 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 will continue to present challenges to long-term financial solvency and service level solvency. As such the City is committed to applying financial strategies as outlined in our Unfunded Liability Management Policy to address this ongoing risk area.

## 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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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Cotati**  
**Statement of Net Position**  
**June 30, 2023**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 13,259,858	\$ 6,383,193	\$ 19,643,051
Restricted cash	2,375,000	-	2,375,000
Net receivables	2,924,669	881,073	3,805,742
Internal balances	3,668,213	(3,668,213)	-
Prepayments	213,011	109,485	322,496
<b>Total current assets</b>	<b>22,440,751</b>	<b>3,705,538</b>	<b>26,146,289</b>
Noncurrent assets:			
Long-term notes receivable	1,183,438	-	1,183,438
Leases receivable	-	737,441	737,441
Capital assets:			
Nondepreciable	14,137,234	-	14,137,234
Depreciable, net	25,943,164	12,519,601	38,462,765
<b>Total capital assets</b>	<b>40,080,398</b>	<b>12,519,601</b>	<b>52,599,999</b>
<b>Total noncurrent assets</b>	<b>41,263,836</b>	<b>13,257,042</b>	<b>54,520,878</b>
<b>Total assets</b>	<b>63,704,587</b>	<b>16,962,580</b>	<b>80,667,167</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	5,541,596	1,277,132	6,818,728
Deferred outflows of resources - OPEB	16,091	-	16,091
<b>Total deferred outflows of resources</b>	<b>5,557,687</b>	<b>1,277,132</b>	<b>6,834,819</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,466,640	103,670	2,570,310
Accrued liabilities	606,516	69,298	675,814
Compensated absences	233,340	148,884	382,224
Deposits	385,369	86,538	471,907
Lease liability - due within one year	501,110	-	501,110
Claims and judgements - due within one year	18,535	5,536	24,071
<b>Total current liabilities</b>	<b>4,341,685</b>	<b>413,926</b>	<b>4,755,611</b>
Noncurrent liabilities:			
Lease liability - due in more than one year	10,858,830	-	10,858,830
Compensated absences	67,200	20,032	87,232
Claims and judgements	-	-	-
Net pension liability	5,640,017	1,174,566	6,814,583
Total OPEB liability	217,445	-	217,445
<b>Total noncurrent liabilities</b>	<b>16,783,492</b>	<b>1,194,598</b>	<b>17,978,090</b>
<b>Total liabilities</b>	<b>21,125,177</b>	<b>1,608,524</b>	<b>22,733,701</b>

See accompanying Notes to Basic Financial Statements

**City of Cotati**  
**Statement of Net Position**  
**June 30, 2023**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - leases	40,144	797,481	837,625
Deferred inflows of resources - pension	4,772,843	1,214,637	5,987,480
Deferred inflows of resources - OPEB	75,640	-	75,640
<b>Total deferred inflows of resources</b>	<b>4,888,627</b>	<b>2,012,118</b>	<b>6,900,745</b>
<b>NET POSITION</b>			
Net investment in capital assets	29,236,283	12,519,601	41,755,884
Restricted for:			
Capital projects	383,300	-	383,300
Housing	4,548,348	-	4,548,348
Public safety	2,406,793	-	2,406,793
Park and ride lot	2,496,694	-	2,496,694
Streets	4,290,610	-	4,290,610
Public communications	68,854	-	68,854
<b>Total restricted</b>	<b>14,194,599</b>	<b>-</b>	<b>14,194,599</b>
Unrestricted	(182,412)	2,099,469	1,917,057
<b>Total net position</b>	<b>\$ 43,248,470</b>	<b>\$ 14,619,070</b>	<b>\$ 57,867,540</b>

**City of Cotati**  
**Statement of Activities**  
**For the year ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Total
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General government	\$ 3,199,265	\$ 1,240,293	\$ 285,950	\$ 1,526,243
Public safety	4,404,168	294,419	964,777	1,259,196
Community development	1,110,855	410,008	128,079	538,087
Public works	2,825,128	144,361	146,234	290,595
Interest expense on long-term debt	506,426	-	-	-
Total governmental activities	12,045,842	2,089,081	1,525,040	3,614,121
<b>Business-type activities</b>				
Water	2,301,068	2,087,050	-	2,087,050
Wastewater	3,726,683	2,911,124	-	2,911,124
Total business-type activities	6,027,751	4,998,174	-	4,998,174
<b>Total primary government</b>	<b>\$ 18,073,593</b>	<b>\$ 7,087,255</b>	<b>\$ 1,525,040</b>	<b>\$ 8,612,295</b>

**General Revenues:**

Taxes:

Property taxes  
Sales taxes  
Cannabis business tax  
Franchise taxes  
Other taxes

**Total taxes**

Interest and rents  
Proceeds from sale of property  
Transfers

**Total general revenues**

**Change in net position**

**Net position - beginning of year, as restated**

**Net position - end of year**

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,673,022)	\$ -	\$ (1,673,022)
(3,144,972)	-	(3,144,972)
(572,768)	-	(572,768)
(2,534,533)	-	(2,534,533)
(506,426)	-	(506,426)
(8,431,721)	-	(8,431,721)
-	(214,018)	(214,018)
-	(815,559)	(815,559)
-	(1,029,577)	(1,029,577)
(8,431,721)	(1,029,577)	(9,461,298)
2,002,321	-	2,002,321
6,217,892	-	6,217,892
619,670	-	619,670
595,296	-	595,296
87,386	-	87,386
9,522,565	-	9,522,565
568,048	174,012	742,060
2,000,000	-	2,000,000
194,721	-	194,721
12,285,334	174,012	12,459,346
3,853,613	(855,565)	2,998,048
39,394,857	15,474,635	54,869,492
\$ 43,248,470	\$ 14,619,070	\$ 57,867,540

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**Where Good Times Happen**

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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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**A City Rooted in Agriculture**

## 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.

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

*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.

*Streets Bond Project Fund* is a fund designed to account for the construction of streets projects using the funding obtained from the 2022 Street debt service

**City of Cotati**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	General Fund	Inclusionary Housing Fund	Low Income Housing Fund	Grants Fund	City Capital Project Fund
<b>ASSETS</b>					
Cash and investments	\$ 4,119,972	\$ 2,277,988	\$ 1,084	\$ 339,498	\$ 1,065,998
Restricted cash	2,375,000	-	-	-	-
Taxes receivable	1,245,650	-	-	-	-
Accounts receivable	270,092	24,718	-	-	15,185
Leases receivable	38,239	-	-	-	-
Due from other governments	30,784	-	-	1,194,596	-
Interfund loans	-	783,432	-	-	-
Due from other funds	2,956,601	-	-	-	-
Notes receivable	-	-	1,183,438	-	-
Prepayments	213,011	-	-	-	-
<b>Total assets</b>	<b>\$ 11,249,349</b>	<b>\$ 3,086,138</b>	<b>\$ 1,184,522</b>	<b>\$ 1,534,094</b>	<b>\$ 1,081,183</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 255,866	\$ -	\$ -	\$ 1,318,602	\$ 761,356
Accrued liabilities	346,802	-	-	152,600	102,900
Deposits	385,369	-	-	-	-
Due to other funds	-	-	-	29,755	-
<b>Total liabilities</b>	<b>988,037</b>	<b>-</b>	<b>-</b>	<b>1,500,957</b>	<b>864,256</b>
<b>Deferred inflows of resources:</b>					
Related to leases	40,144	-	-	-	-
Unavailable revenues	(2,113)	-	1,184,526	-	-
<b>Total deferred inflows of resources</b>	<b>38,031</b>	<b>-</b>	<b>1,184,526</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	248,017	-	-	-	-
Restricted for affordable housing	-	3,086,138	-	-	-
Restricted for public safety	-	-	-	-	-
Restricted for streets	-	-	-	-	-
Restricted for park and ride lot	2,375,000	-	-	-	-
Restricted for public education	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-
Committed for capital projects	-	-	-	33,137	216,927
Committed for emergencies	2,361,957	-	-	-	-
Assigned for encumbrances	-	-	-	-	-
Unassigned	5,238,307	-	(4)	-	-
<b>Total fund balances</b>	<b>10,223,281</b>	<b>3,086,138</b>	<b>(4)</b>	<b>33,137</b>	<b>216,927</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,249,349</b>	<b>\$ 3,086,138</b>	<b>\$ 1,184,522</b>	<b>\$ 1,534,094</b>	<b>\$ 1,081,183</b>

See accompanying Notes to Basic Financial Statements

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Streets Bonds Project Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,363,337	\$ 1,550,132	\$ 12,718,009
-	-	2,375,000
-	45,693	1,291,343
-	55,498	365,493
-	-	38,239
-	-	1,225,380
-	-	783,432
-	-	2,956,601
-	-	1,183,438
-	-	213,011
<u>\$ 3,363,337</u>	<u>\$ 1,651,323</u>	<u>\$ 23,149,946</u>

\$ -	\$ 13,863	\$ 2,349,687
-	-	602,302
-	-	385,369
-	42,065	71,820
-	55,928	3,409,178

-	-	40,144
-	-	1,182,413

-	-	1,222,557
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-	-	248,017
-	300,694	3,386,832
-	44,836	44,836
3,363,337	927,273	4,290,610
-	121,694	2,496,694
-	68,854	68,854
-	133,236	133,236
-	-	250,064
-	-	2,361,957
-	-	-
-	(1,192)	5,237,111
<u>3,363,337</u>	<u>1,595,395</u>	<u>18,518,211</u>

<u>\$ 3,363,337</u>	<u>\$ 1,651,323</u>	<u>\$ 23,149,946</u>
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# City of Cotati

## Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2023

**Total Fund Balances - Total Governmental Funds** \$ 18,518,211

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. 1,184,526

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	\$ 14,137,234	\$ -	14,137,234
Depreciable, net	25,943,164	(532,660)	25,410,504
<b>Total capital assets</b>	<b>\$ 40,080,398</b>	<b>\$ (532,660)</b>	<b>39,547,738</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. 657,016

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	5,541,596
Deferred outflows of resources related to OPEB	16,091
Deferred inflows of resources related to pension	(4,772,843)
Deferred inflows of resources related to OPEB	(75,640)

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	\$ (501,110)	\$ -	(501,110)
Claims and judgements payable - due within one year	(18,535)	-	(18,535)
Lease liability - due in more than one year	(10,858,830)	-	(10,858,830)
Claims and judgements payable - due in more than one year	-	-	-
Interest payable	(130,175)	-	(130,175)
Net pension liability	(5,640,017)	-	(5,640,017)
Total OPEB liability	(217,445)	-	(217,445)
<b>Total long-term liabilities</b>	<b>\$ (17,366,112)</b>	<b>\$ -</b>	<b>(17,366,112)</b>

**Net Position of Governmental Activities** **\$ 43,248,470**

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**City of Cotati**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2023**

	General Fund	Inclusionary Housing Fund	Low Income Housing Fund	Grant Fund	City Capital Project Fund
<b>REVENUES:</b>					
Property taxes	\$ 1,967,056	\$ -	\$ -	\$ -	\$ -
Sales taxes	6,024,055	-	-	-	-
Other taxes	651,507	-	-	-	-
Licenses and permits	684,245	-	-	-	-
Intergovernmental	161,573	-	-	1,281,911	-
Charges for services	737,190	-	-	-	179,256
Interest and rents	336,127	83,039	(4)	88	6,688
Miscellaneous	299,096	-	-	-	-
<b>Total revenues</b>	<b>10,860,849</b>	<b>83,039</b>	<b>(4)</b>	<b>1,281,999</b>	<b>185,944</b>
<b>EXPENDITURES:</b>					
Current:					
General government	1,252,473	-	-	-	-
Public safety	4,077,803	-	-	195,487	-
Community development	921,758	-	-	63,475	-
Public works	1,720,195	-	-	499,721	-
Capital outlay	-	-	-	3,136,881	5,466,877
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>7,972,229</b>	<b>-</b>	<b>-</b>	<b>3,895,564</b>	<b>5,466,877</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,888,620</b>	<b>83,039</b>	<b>(4)</b>	<b>(2,613,565)</b>	<b>(5,280,933)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of property	2,000,000	-	-	-	-
Proceeds from long term debt	714	-	-	-	-
Transfers in	391,208	-	-	2,770,884	5,412,276
Transfers (out)	(4,052,652)	-	-	(124,182)	-
<b>Total other financing sources (uses)</b>	<b>(1,660,730)</b>	<b>-</b>	<b>-</b>	<b>2,646,702</b>	<b>5,412,276</b>
<b>Net change in fund balances</b>	<b>1,227,890</b>	<b>83,039</b>	<b>(4)</b>	<b>33,137</b>	<b>131,343</b>
<b>FUND BALANCES:</b>					
Beginning of year, as restated	8,995,391	3,003,099	-	-	85,584
End of year	\$ 10,223,281	\$ 3,086,138	\$ (4)	\$ 33,137	\$ 216,927

Streets Bonds Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 35,265	\$ 2,002,321
-	193,837	6,217,892
-	-	651,507
-	-	684,245
-	384,012	1,827,496
-	348,862	1,265,308
77,253	47,522	550,713
-	167,923	467,019
<u>77,253</u>	<u>1,177,421</u>	<u>13,666,501</u>
-	52,128	1,304,601
-	14,699	4,287,989
-	-	985,233
-	93,087	2,313,003
-	-	8,603,758
-	487,633	487,633
-	376,251	376,251
-	<u>1,023,798</u>	<u>18,358,468</u>
<u>77,253</u>	<u>153,623</u>	<u>(4,691,967)</u>
-	-	2,000,000
-	5,847,573	5,848,287
5,653,566	715,545	14,943,479
<u>(4,058,212)</u>	<u>(6,708,433)</u>	<u>(14,943,479)</u>
<u>1,595,354</u>	<u>(145,315)</u>	<u>7,848,287</u>
1,672,607	8,308	3,156,320
<u>1,690,730</u>	<u>1,587,087</u>	<u>15,361,891</u>
<u>\$ 3,363,337</u>	<u>\$ 1,595,395</u>	<u>\$ 18,518,211</u>

## 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, 2023

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Net Change in Fund Balances - Total Governmental Funds \$ 3,156,320

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. 20,897

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. 8,603,758

Depreciation/Amortization 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. (856,949)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

Lease liability repayments 3,993  
Special assessment bonds activity (5,169,925)

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

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. (1,766,753)

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. 1,899

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. (41,437)

Interest payments are recorded as expenditures in the governmental funds, however interest expense is recognized as expenses are incurred on the Government-Wide Statement of Activities (130,175)

**Change in Net Position of Governmental Activities** \$ 3,853,613

## 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, 2023**

	Business-type Activities			Governmental
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,101,397	\$ 3,281,796	\$ 6,383,193	\$ 541,849
Accounts receivable	338,075	458,540	796,615	4,214
Due from other governments	-	36,567	36,567	-
Leases receivable	-	33,706	33,706	-
Notes receivable	5,789	8,396	14,185	-
Interfund loans	-	-	-	-
Prepayments	83,077	26,408	109,485	-
<b>Total current assets</b>	<b>3,528,338</b>	<b>3,845,413</b>	<b>7,373,751</b>	<b>546,063</b>
Noncurrent assets:				
Interfund loans	-	-	-	-
Leases receivable	-	737,441	737,441	-
Capital assets:				
Nondepreciable:				
-	-	-	-	-
Depreciable				
Reservoirs	1,650,972	-	1,650,972	-
Pipelines and meters	6,094,058	11,134,309	17,228,367	-
Water wells	1,451,506	-	1,451,506	-
Improvements	1,061,845	224,807	1,286,652	-
Equipment	-	109,822	109,822	1,961,784
Less accumulated depreciation	(5,479,579)	(3,728,139)	(9,207,718)	(1,429,124)
<b>Net capital assets</b>	<b>4,778,802</b>	<b>7,740,799</b>	<b>12,519,601</b>	<b>532,660</b>
<b>Total noncurrent assets</b>	<b>4,778,802</b>	<b>8,478,240</b>	<b>13,257,042</b>	<b>532,660</b>
<b>Total assets</b>	<b>8,307,140</b>	<b>12,323,653</b>	<b>20,630,793</b>	<b>1,078,723</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - pension	638,566	638,566	1,277,132	-
<b>Total deferred outflows of resources</b>	<b>638,566</b>	<b>638,566</b>	<b>1,277,132</b>	<b>-</b>

**City of Cotati**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	Business-type Activities			Governmental
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	72,913	30,757	103,670	116,953
Accrued liabilities	15,745	53,553	69,298	4,214
Due to other funds	1,473,410	1,411,371	2,884,781	-
Claims and judgements	2,768	2,768	5,536	-
Compensated absences	74,442	74,442	148,884	233,340
Interfund loans	-	43,181	43,181	-
Deposits	86,538	-	86,538	-
<b>Total current liabilities</b>	<b>1,725,816</b>	<b>1,616,072</b>	<b>3,341,888</b>	<b>354,507</b>
Noncurrent liabilities:				
Claims and judgements	-	-	-	-
Interfund loans	-	740,251	740,251	-
Compensated absences	10,016	10,016	20,032	67,200
Net pension liability	587,283	587,283	1,174,566	-
<b>Total noncurrent liabilities</b>	<b>597,299</b>	<b>1,337,550</b>	<b>1,934,849</b>	<b>67,200</b>
<b>Total liabilities</b>	<b>2,323,115</b>	<b>2,953,622</b>	<b>5,276,737</b>	<b>421,707</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - leases receivable	-	797,481	797,481	-
Deferred inflows of resources - pension	624,655	589,982	1,214,637	-
<b>Total deferred inflows of resources</b>	<b>624,655</b>	<b>1,387,463</b>	<b>2,012,118</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	4,778,802	7,740,799	12,519,601	532,660
Restricted	228,919	378,722	607,641	-
Unrestricted	990,215	501,613	1,491,828	124,356
<b>Total net position</b>	<b>\$ 5,997,936</b>	<b>\$ 8,621,134</b>	<b>\$ 14,619,070</b>	<b>\$ 657,016</b>

**City of Cotati**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2023**

	Business-type Activities			Governmental
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,100,679	\$ 2,910,513	\$ 5,011,192	\$ 214,523
Other operating revenues	(13,629)	611	(13,018)	-
<b>Total operating revenues</b>	<b>2,087,050</b>	<b>2,911,124</b>	<b>4,998,174</b>	<b>214,523</b>
<b>OPERATING EXPENSES:</b>				
Personnel services	776,951	774,962	1,551,913	158,640
Contractual services	374,425	152,640	527,065	-
Intergovernmental treatment costs	-	2,372,316	2,372,316	-
Utilities	95,853	20,848	116,701	-
Purchased water	511,724	-	511,724	-
Supplies and materials	218,971	86,063	305,034	-
Depreciation	296,578	272,160	568,738	114,656
<b>Total operating expenses</b>	<b>2,274,502</b>	<b>3,678,989</b>	<b>5,953,491</b>	<b>273,296</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(187,452)</b>	<b>(767,865)</b>	<b>(955,317)</b>	<b>(58,773)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment revenues	77,203	96,809	174,012	17,336
Interest expense	(26,566)	(47,694)	(74,260)	-
<b>Total nonoperating revenues (expenses)</b>	<b>50,637</b>	<b>49,115</b>	<b>99,752</b>	<b>17,336</b>
<b>Income before contributions and transfers</b>	<b>(136,815)</b>	<b>(718,750)</b>	<b>(855,565)</b>	<b>(41,437)</b>
<b>Change in net position</b>	<b>(136,815)</b>	<b>(718,750)</b>	<b>(855,565)</b>	<b>(41,437)</b>
<b>NET POSITION:</b>				
Beginning of year	6,134,751	9,339,884	15,474,635	698,453
End of year	\$ 5,997,936	\$ 8,621,134	\$ 14,619,070	\$ 657,016

**City of Cotati**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2023**

	Business-type Activities			Governmental
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 2,049,909	\$ 2,882,248	\$ 4,932,157	\$ -
Interfund charges for services	-	-	-	214,523
Payments to suppliers	(1,162,269)	(2,547,410)	(3,709,679)	116,953
Payments to employees	271,852	199,807	471,659	(214,523)
<b>Net cash provided by (used in) operating activities</b>	<b>1,159,492</b>	<b>534,645</b>	<b>1,694,137</b>	<b>116,953</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund loans	-	550,090	550,090	-
Interfund interest	(26,566)	(47,694)	(74,260)	-
Repayments of interfund balances	(550,090)	(43,181)	(593,271)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(576,656)</b>	<b>459,215</b>	<b>(117,441)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of capital assets	(90,382)	(959,996)	(1,050,378)	(270,401)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(90,382)</b>	<b>(959,996)</b>	<b>(1,050,378)</b>	<b>(270,401)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest receipts	77,203	96,808	174,011	17,336
<b>Net cash provided by (used in) investing activities</b>	<b>77,203</b>	<b>96,808</b>	<b>174,011</b>	<b>17,336</b>
<b>Net cash flows</b>	<b>569,657</b>	<b>130,672</b>	<b>700,329</b>	<b>(136,112)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>2,531,740</b>	<b>3,151,124</b>	<b>5,682,864</b>	<b>677,961</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 3,101,397</b>	<b>\$ 3,281,796</b>	<b>\$ 6,383,193</b>	<b>\$ 541,849</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (187,452)	\$ (767,865)	\$ (955,317)	\$ (58,773)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	296,578	272,160	568,738	114,656
Changes in assets and liabilities:				
Receivables, net	(27,203)	6,395	(20,808)	(4,214)
Prepayments	26,064	40,068	66,132	-
Due from other governments	5,836	(29,491)	(23,655)	-
Accounts payable	(3,105)	(9,164)	(12,269)	116,953
Accrued liabilities	15,745	53,553	69,298	-
Net pension liability	132,018	97,344	229,362	-
Other liabilities	901,011	871,645	1,772,656	(51,669)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,159,492</b>	<b>\$ 534,645</b>	<b>\$ 1,694,137</b>	<b>\$ 116,953</b>

See accompanying Notes to Basic Financial Statements

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**cotati**

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

## 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**  
**Fiduciary Funds**  
**June 30, 2023**

	Private Purpose Trust	Custodial Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,971,031	\$ 329,801
Cash with trustees	59	279,162
Prepayments	3,956	-
Tax receivable	-	951
Accounts receivable	(6,096)	-
Notes receivable	1,493,571	-
Capital assets:		
Land	287,048	-
<b>Total assets</b>	<b>3,749,569</b>	<b>609,914</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on debt refunding	83,378	-
<b>Total deferred outflows of resources</b>	<b>83,378</b>	<b>-</b>
<b>LIABILITIES</b>		
Accounts payable	1,365	-
Accrued liabilities	68,424	-
Interest payable	24,700	-
Tax allocation bonds	7,658,781	-
<b>Total liabilities</b>	<b>7,753,270</b>	<b>-</b>
<b>NET POSITION (DEFICIT):</b>		
Held in trust for :		
Successor agency	(3,920,323)	-
Bondholders	-	609,914
<b>Total net position (deficit)</b>	<b>\$ (3,920,323)</b>	<b>\$ 609,914</b>

**City of Cotati**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2023**

	Private Purpose Trust Fund	Custodial Fund
<b>ADDITIONS:</b>		
Net investment income	\$ 70,151	\$ -
Assessment revenue	-	126,735
Interest and rent	-	2,139
Interest on long-term notes	-	-
Accounts receivable	927,226	-
<b>Total additions</b>	<b>997,377</b>	<b>128,874</b>
<b>DEDUCTIONS:</b>		
Bond interest	99,108	(128,180)
Bond principal	-	231,343
Administrative costs	62,757	4,316
Payments on pass-through agreements	64,405	-
Bond disclosure	3,000	-
Bond trustee	8,691	-
<b>Total deductions</b>	<b>237,961</b>	<b>107,479</b>
<b>Change in net position</b>	<b>759,416</b>	<b>21,395</b>
<b>NET POSITION (DEFICIT):</b>		
Beginning of year, as restated	(4,679,739)	588,519
End of year	\$ (3,920,323)	\$ 609,914

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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, 2023**

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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.

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

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

**Government-Wide Financial Statements, Continued**

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.

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.

Grants Fund – is a fund which was established to account for the 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.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

**Governmental Fund Financial Statements, Continued**

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.

Streets Bonds Project Fund – is a fund which was established to account for the construction of streets projects using the funding obtained from the 2022 Street debt service

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.

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.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

**Proprietary Fund Financial Statements, Continued**

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.

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.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

**C. *Cash and Investments, Continued***

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 1, Level 2, or Level 3 inputs as of June 30, 2023.

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. *Leases Receivable***

The City's leases receivable are measured at the present value of lease payments expected to be received during the lease terms. Deferred inflows of resources are recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

**F. 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.

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

**G. 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.

**H. 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.

**I. 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 assets 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.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

**I. *Deferred Outflows/Inflows of Resources, Continued***

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 assets 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.

**J. *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.

*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.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

**J. *Net Position and Fund Balances, Continued***

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.

**K. *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.

**L. *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, 2023**

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

***M. 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, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

The governmental portion is liquidated by the General Fund

***N. 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.

***O. New Accounting Pronouncements***

In 2023, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 91, Conduit Debt Obligations - The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement did not apply to the City for the current fiscal year.
- GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements - The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this statement did not apply to the City for the current fiscal year.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

*O. New Accounting Pronouncements, Continued*

- GASB Statement No. 96, Subscription-Based Information Technology Arrangements – The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement did not apply to the City for the current fiscal year as the balance was immaterial.

**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.

*A. Summary of Cash and Investments*

The following is a summary of the cash and investments at June 30, 2023:

	Government-Wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and investments	\$ 13,259,858	\$ 6,383,193	\$ 2,300,832	\$ 21,943,883
Restricted Cash	2,375,000	-	-	2,375,000
Cash with trustees	-	-	279,221	279,221
<b>Total cash and investments</b>	<b>\$ 15,634,858</b>	<b>\$ 6,383,193</b>	<b>\$ 2,580,053</b>	<b>\$ 24,598,104</b>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. CASH AND INVESTMENTS, CONTINUED**

**A. Summary of Cash and Investments, Continued**

Cash and investments at June 30, 2023 consist of the following:

Pooled deposits	\$ (576,584)
Total cash on hand and deposits	<u>(576,584)</u>
Local Agency Investment Funds (LAIF)	15,447
Sonoma County Investment Pool	204,691
California Asset Management Program (CAMP)	8,298,435
U.S. Treasury Bill	5,421,721
Liquidity Plus Program - Class Y	13,817
U.S. Treasury Bond / Note	795,528
Federal Agency Bond / Note	3,058,085
Corporate Bond / Note	<u>4,712,743</u>
Total investments	<u>22,520,467</u>
Total City Treasury	<u>21,943,883</u>
Investments with trustees	279,221
Cash held in escrow	<u>2,375,000</u>
Total cash and investments	<u>\$ 24,598,104</u>

**B. Deposits**

The carrying amount of the City's cash deposit was -\$576,584 as of June 30, 2023. Bank balances before reconciling items were a positive amount of \$2,080,307 at June 30, 2023. 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, 2023**

**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	Investment in One Issuer
Bank/Time Deposits	5 years	N/A	None	None
Treasury Obligations (bills, notes, & bonds)	5 years	N/A	100%	N/A
U.S. Government Agency and Federal Agency Securities	5 years	N/A	100%	N/A
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	N/A	30%	N/A
Local Agency Investment Fund (LAIF)	Upon Demand	N/A	Per Statute	N/A
Sonoma County Investment Pool (SCIP)	Upon Demand	N/A	Per Statute	N/A
Joint Powers Authority Pool	N/A	Per Statute	None	N/A
California Asset Management Program (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%
Placement Service Deposits	5 years	N/A	50%	N/A
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, 2023:

Interest income	\$ 462,611
Unrealized gain (loss) on changes in fair value of investments	(75,582)
Total investment income	<u>\$ 387,029</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, 2023 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.

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.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**2. CASH AND INVESTMENTS, CONTINUED**

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

At June 30, 2023, the City had \$15,447 invested in LAIF, which had invested 2.78% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.88% in the previous year. The LAIF fair value factor of 0.984828499 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.

The City also participated in the California Asset Management Program (CAMP) which seeks to maintain a constant net asset value (NAV) per share of \$1.00. The City had \$8,298,435 invested in CAMP as of June 30, 2023.

The City held cash in escrow in the amount of \$2,375,000 with an agreement with Caltrans to sell a property used as a park and ride lot within the City of Cotati and replacing it with two other park-and-ride lots within the County. The property sold is to be developed into a hotel with the objective of improved economic development.

**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, 2023 are as follow:

Investment Type	Total	Investment Maturities (in Months)		
		12 Months or less	13 to 24 Months	More than 24 Months
Local Agency Investment Fund (LAIF)	\$ 15,447	\$ 15,447	\$ -	\$ -
Sonoma County Investment Pool	204,691	204,691	-	-
California Asset Management Program (CAMP)	8,298,435	8,298,435	-	-
U.S. Treasury Bill	5,421,721	5,421,721	-	-
Liquidity Plus Program - Class Y	13,817	13,817	-	-
U.S. Treasury Bond / Note	795,528	-	-	795,528
Federal Agency Bond / Note	3,058,085	-	1,529,605	1,528,480
Corporate Bond / Note	4,712,743	1,570,202	973,174	2,169,367
<b>Total</b>	<b>\$ 22,520,467</b>	<b>\$ 15,524,313</b>	<b>\$ 973,174</b>	<b>\$ 2,964,895</b>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. CASH AND INVESTMENTS, CONTINUED**

**D. Risk Disclosures, Continued**

The following table identifies the Standard & Poor’s credit quality ratings for those investments requiring this disclosure as of June 30, 2023:

<u>Type of Investment</u>	<u>Rating</u>	<u>Total</u>
Federal Agency Bonds / Notes	AA+	\$ 3,058,085
Not Applicable:		
U.S. Treasury Bill		5,421,721
Not Rated:		
State Local Agency Investment Fund		15,447
Sonoma County Investment Pool		204,691
California Asset Management Program (CAMP)		8,298,435
Liquidity Plus Program - Class Y		13,817
U.S. Treasury Bond / Note		795,528
Corporate Bond / Note		4,712,743
Total Investments		<u>\$ 22,520,467</u>

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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. The Sonoma County Investment Pool, the State of California Local Agency Investment Fund Pool, the CAMP, the U.S. Treasury Bill, and the Liquidity Plus Program – Class Y are not subject to levelling.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**2. CASH AND INVESTMENTS, CONTINUED**

**E. Investment Valuation, Continued**

The following is a summary of the fair value measurements as of June 30, 2023:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value hierarchy				
U.S. Treasury Bond / Note	\$ 795,528	\$ -	\$ 795,528	\$ -
Federal Agency Bond / Note	3,058,085	-	3,058,085	-
Corporate Bond / Note	4,712,743	-	4,712,743	-
Total investments by fair value hierarchy	<u>8,566,356</u>	<u>\$ -</u>	<u>\$ 8,566,356</u>	<u>\$ -</u>
Investments not subject to fair value hierarchy				
State Local Agency Investment Fund	15,447			
Sonoma County Investment Pool	204,691			
California Asset Management Program (CAMP)	8,298,435			
U.S. Treasury Bill	5,421,721			
Liquidity Plus Program - Class Y	13,817			
Total investments not subject to fair value hierarchy	<u>13,954,111</u>			
Total investments measured at fair value	<u>\$ 22,520,467</u>			

**F. Cash and Investments Held in Trust**

The Cash and investments of the Successor Agency at June 30, 2023 consisted of \$1,971,031 in bank deposits held by the City.

**3. INTERFUND ACTIVITIES**

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

At June 30, 2023, the City had the following due to/from other funds:

Due To	Due From	
	General Fund	
Grants Fund	\$ 29,755	
Nonmajor Governmental Funds	42,065	
Water Fund	1,473,410	
Wastewater Fund	1,411,371	
Total	<u>\$ 2,956,601</u>	

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**3. INTERFUND ACTIVITIES, CONTINUED**

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

At June 30, 2023, the City had the following advances to/from other funds:

<u>Advance To</u>	<u>Advance From</u>	
	<u>Inclusionary Housing Fund</u>	<u>Total</u>
Wastewater Fund	\$ 783,432	\$ 783,432
Total	\$ 783,432	\$ 783,432

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, 2023, the City had the following transfers in/out:

<u>Transfers Out</u>	<u>Transfers In</u>					
	<u>General Fund</u>	<u>City Capital Projects Fund</u>	<u>Grants Fund</u>	<u>Streets Bonds Projects Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
General Fund	\$ -	\$ 1,127,421	\$ 2,209,686	\$ -	\$ 715,545	\$ 4,052,652
Inclusionary Housing Fund	-	-	-	-	-	-
Grants Fund	124,182	-	-	-	-	124,182
Street Bonds Project Fund	-	3,497,014	561,198	-	-	4,058,212
Nonmajor Governmental Funds	267,026	787,841	-	5,653,566	-	6,708,433
Total	\$ 391,208	\$ 5,412,276	\$ 2,770,884	\$ 5,653,566	\$ 715,545	\$ 14,943,479

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, 2023**

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**4. NOTES RECEIVABLE**

The City's loans receivable were comprised of the following at June 30, 2023:

Description	Balance as of June 30, 2023	Accrued interest	Total Receivable
Note receivable, original principal \$370,000	\$ 370,000	\$ 276,397	\$ 646,397
Note receivable, original principal \$397,000	397,000	140,041	537,041
Totals	\$ 767,000	\$ 416,438	\$ 1,183,438

The notes receivable consists of two notes with original principal of \$767,000 plus \$393,428 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. LEASES RECEIVABLE**

**County of Sonoma Leachate Transfer**

In October 2014, the City entered into a lease with the County of Sonoma. Under the lease, the lessee pays the City \$34,673 per year through 2045 in exchange for the lessee's right to connect to the City sewer and use excess capacity for transferring leachate. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.37% which is the Local Agency Investment Fund rate as of the implementation date. For the year ended June 30, 2023, the City recognized \$34,673 of lease revenue and \$2,986 of interest revenue under the lease.

**Cingular Wireless**

In August 2004, the City entered into a lease with Cingular Wireless. Under the lease, the lessee pays the City \$2,200 per year for 5 years, in exchange for use of the cell tower site. The lease term shall be automatically extended for up to 4 additional 5-year periods unless the lessee elects to not exercise such renewal term. The City estimates that the lessee will extend the lease term until 2041. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.37% which is the Local Agency Investment Fund rate as of the implementation date. For the year ended June 30, 2023, the City recognized \$2,113 of lease revenue and \$149 of interest revenue under the lease.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**5. LEASES RECEIVABLE, CONTINUED**

The future lease payments on the leases as of June 30, 2023 were as follows:

Year Ending June 30,	Leachate		Cell Tower		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 33,706	\$ 2,861	\$ 2,058	\$ 142	\$ 35,764	\$ 3,003
2025	33,831	2,736	2,066	134	35,897	2,870
2026	33,957	2,610	2,073	127	36,030	2,737
2027	34,083	2,484	2,081	119	36,164	2,603
2028	34,209	2,358	2,089	111	36,298	2,469
2029-2033	172,958	9,877	10,561	439	183,519	10,316
2034-2038	176,191	6,644	10,758	242	186,949	6,886
2039-2043	179,483	3,352	6,553	47	186,036	3,399
2044-2045	72,729	406	-	-	72,729	406
<b>Total</b>	<b>\$ 771,147</b>	<b>\$ 33,328</b>	<b>\$ 38,239</b>	<b>\$ 1,361</b>	<b>\$ 809,386</b>	<b>\$ 34,689</b>

**6. CAPITAL ASSETS**

Capital assets activity relating to governmental activities for the year ended June 30, 2023 was as follows:

	Balance at July 1, 2022,	Additions	Retirements	Transfers	Balance at June 30, 2023
<b>Governmental activities:</b>					
Nondepreciable capital assets:					
Land	\$ 8,631,561	\$ -	\$ -	\$ -	\$ 8,631,561
Construction in progress	5,194,204	8,446,520	(410,099)	(7,724,952)	5,505,673
Total nondepreciable capital assets	13,825,765	8,446,520	(410,099)	(7,724,952)	14,137,234
Depreciable capital assets:					
Buildings	9,981,703	73,041	-	486,304	10,541,048
Machinery and equipment	722,586	-	-	-	722,586
Vehicles	1,691,384	270,402	-	-	1,961,786
Improvements	22,726,098	529,171	-	7,238,648	30,493,917
Lease assets	34,874	-	(34,874)	-	-
Total depreciable capital assets	35,156,645	872,614	(34,874)	7,724,952	43,719,337
Less accumulated depreciation:					
Buildings	(3,400,216)	(207,839)	-	-	(3,608,055)
Machinery and equipment	(663,414)	(70,521)	-	-	(733,935)
Vehicles	(1,314,468)	(63,254)	-	-	(1,377,722)
Improvements	(11,402,122)	(654,339)	-	-	(12,056,461)
Lease assets	(24,347)	-	24,347	-	-
Total accumulated depreciation	(16,804,567)	(995,953)	24,347	-	(17,776,173)
Total depreciable capital assets, net	18,352,078	(123,339)	(10,527)	7,724,952	25,943,164
Total capital assets	\$ 32,177,843	\$ 8,323,181	\$ (420,626)	\$ -	\$ 40,080,398

Construction in progress at June 30, 2023 represents primarily costs incurred related to construction improvements to the City's street system.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**6. CAPITAL ASSETS, CONTINUED**

For the year ended June 30, 2023, depreciation expense by program/function for capital assets was as follows:

<b>Governmental activities:</b>	
General government	\$ 127,369
Public safety	116,179
Public works	512,126
Community development	125,622
Other internal service	114,657
<b>Total depreciation expense</b>	<b>\$ 995,953</b>

Capital assets activity relating to business-type activities for the year ended June 30, 2023 was as follows:

	Balance at July 1, 2022 (as restated)	Additions	Retirements	Transfers	Balance at June 30, 2023
<b>Business-type activities:</b>					
Nondepreciable capital assets:					
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -
Total nondepreciable capital assets	-	-	-	-	-
Depreciable capital assets:					
Water wells	1,451,506	-	-	-	1,451,506
Reservoirs	1,650,972	-	-	-	1,650,972
Improvements	1,311,602	-	-	-	1,311,602
Pipelines and collection system	16,177,988	1,050,379	-	-	17,228,367
Equipment	84,872	-	-	-	84,872
Total depreciable capital assets	20,676,940	1,050,379	-	-	21,727,319
Less accumulated depreciation:					
Water wells	(1,148,187)	(31,228)	-	-	(1,179,415)
Reservoirs	(1,197,629)	(28,334)	-	-	(1,225,963)
Improvements	(722,796)	(102,132)	-	-	(824,928)
Pipelines and collection system	(5,525,963)	(399,284)	-	-	(5,925,247)
Equipment	(44,405)	(7,760)	-	-	(52,165)
Total accumulated depreciation	(8,638,980)	(568,738)	-	-	(9,207,718)
Total depreciable capital assets, net	12,037,960	481,641	-	-	12,519,601
Total capital assets	\$ 12,037,960	\$ 481,641	\$ -	\$ -	\$ 12,519,601

For the year ended June 30, 2023, depreciation expense by program/function for capital assets was as follows:

<b>Business-type activities:</b>	
Water	\$ 296,578
Wastewater	272,160
<b>Total depreciation expense</b>	<b>\$ 568,738</b>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**7. COMPENSATED ABSENCES**

Compensated absences activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences payable	\$ 355,725	\$ 310,754	\$ (365,939)	\$ 300,540	\$ 233,340
<b>Business-Type Activities:</b>					
Compensated absences payable	196,009	60,983	(88,076)	168,916	148,884
Total	<u>\$ 551,734</u>	<u>\$ 371,737</u>	<u>\$ (454,015)</u>	<u>\$ 469,456</u>	<u>\$ 382,224</u>

**8. LONG-TERM DEBT**

The following is a summary of the City's long-term debt activity for the year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Due Within One Year
<b>Governmental Activities:</b>					
Lease obligation	\$ 3,993	\$ -	\$ (3,993)	\$ -	\$ -
City of Cotati Series 2022A lease obligation	2,102,254	5,653,566	(271,110)	7,484,710	279,920
City of Cotati Series 2022B lease obligation	4,087,760	-	(212,530)	3,875,230	221,190
Total	<u>\$ 6,194,007</u>	<u>\$ 5,653,566</u>	<u>\$ (487,633)</u>	<u>\$ 11,359,940</u>	<u>\$ 501,110</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. The lease agreement was paid off in FY2023.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. LONG-TERM DEBT, CONTINUED**

**B. Series 2022A Lease Obligation**

In 2022, the City entered into a lease/leaseback agreement with First Foundation Public Finance to finance the streets improvement project. Under the agreement, the City leased certain real property situated in the City of Cotati to First Foundation Public Finance. The City then leased back the property in exchange for lease payments due semiannually through 2041. The lease has a stated discount rate of 2.45%.

Fiscal Year	Principal	Interest	Total
2024	\$ 279,920	\$ 181,661	\$ 461,581
2025	286,820	174,761	461,581
2026	293,890	167,690	461,580
2027	301,130	160,446	461,576
2028	308,550	153,022	461,572
2029-2033	1,660,680	647,201	2,307,881
2034-2038	2,139,740	430,552	2,570,292
2039-2043	2,213,980	114,065	2,328,045
Totals	\$ 7,484,710	\$ 2,029,398	\$ 9,514,108

**C. Series 2022B Lease Obligation**

In 2022, the City entered into a lease/leaseback agreement with First Foundation Public Finance to finance a portion of its unfunded Accrued Liability to California Public Employees Retirement System. Under the agreement, the City leased certain real property situated in the City of Cotati to First Foundation Public Finance. The City then leased back the property in exchange for lease payments due semiannually through 2036. The lease has a stated discount rate of 3.33%.

Fiscal Year	Principal	Interest	Total
2024	\$ 221,190	\$ 127,204	\$ 348,394
2025	228,620	119,777	348,397
2026	236,300	112,099	348,399
2027	244,230	104,165	348,395
2028	252,430	95,963	348,393
2029-2033	1,395,150	346,830	1,741,980
2034-2038	1,297,310	96,271	1,393,581
Totals	\$ 3,875,230	\$ 1,002,309	\$ 4,877,539

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**9. LONG-TERM DEBT WITH NO CITY COMMITMENT**

The special assessment bonds were issued in an original amount of \$4,007,977 for the purpose of refunding the Cotati 2001 Limited Obligation Improvement Bonds which were issued to facilitate 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 bears an interest rate of 2.95% and matures in 2034. The outstanding balance as of June 30, 2023 was \$3,272,610.

**10. 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, 2023**

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

**Benefits Provided, Continued**

The rate plan provisions and benefits in effect at June 30, 2023 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	14.03%	9.12%	7.47%
Required unfunded liability payment	\$663,899	\$8,159	\$10,299

	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	22.47%	18.17%	12.78%
Required unfunded liability payment	\$385,125	\$5,169	\$6,206

*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, 2022 were \$1,372,022.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$6,814,583.

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, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2020 rolled forward to June 30, 2021 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, 2021 and 2022 were as follows:

Proportion - June 30, 2022	0.05900%
Proportion - June 30, 2021	0.12436%
Change - Increase (decrease)	-0.06536%

For the year ended June 30, 2023, the City recognized pension expense of \$2,929,470. At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 202,086	\$ (83,723)
Changes in assumptions	693,273	-
Net differences between projected actual earnings and actual earnings on plan investments	1,170,903	
Changes in employer's proportion	-	(5,788,732)
Differences between the employer's contributions and the employer's proportionate share of contributions	3,853,786	(115,025)
Pension contributions subsequent to the measurement date	898,680	-
<b>Total</b>	<b>\$ 6,818,728</b>	<b>\$ (5,987,480)</b>

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

The City reported \$898,680 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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,		
2024	\$	(300,825)
2025		(286,875)
2026		(229,785)
2027		750,053
2028		-
Thereafter		-

*Actuarial Assumptions* - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Investment Rate of Return	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) Derived using CalPERS' Membership Data for all Funds. The mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website

*Discount Rate* - The discount rate used to measure the total pension liability was 6.90% 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 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 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, 2023**

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

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The expected real rates of return by asset class are as follows:

Asset Class <sup>(1)</sup>	Assumed Asset Allocation	Real Return <sup>(1)(2)</sup>
Global Equity - cap-weighted	30.00%	4.45%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management study.

*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 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Net Pension Liability	\$ 12,637,312	\$ 6,814,583	\$ 2,038,569

*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, 2023 the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**11. 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	37
Total	40

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, 2023, the City's average contribution rate was .003 percent of covered employee payroll. The amount contributed for fiscal 2023 was \$11,440 which amount was the amount of City paid benefit payments.

*Actuarial Assumptions* – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

	Actuarial Assumptions
Inflation	2.30% per year
Salary increases	2.80% wage inflation plus seniority, merit, and promotion salary increases based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021
Discount rate	4.13%
Healthcare cost trend rates	Based on 2022 Getzen model that reflects actual premium increases from 2022 to 20231, followed by 6.50% non-Medicare / 5.40% Medicare decreasing gradually to an ultimate rate of 3.94% in 2075

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance at June 30, 2022	\$ 207,715
Changes for the year:	
Service cost	8,782
Interest	8,623
Changes in assumptions	(698)
Differences between expected and actual experience	4,463
Benefit payments	(11,440)
Net changes	9,730
Balances at June 30, 2023	\$ 217,445

*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 (3.13 percent) or 1-percentage point higher (5.13 percent) than the current discount rate.

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Total OPEB Liability	\$ 235,830	\$ 217,445	\$ 200,909

*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 5.50% non-Medicare / 4.40% Medicare- 2.94%	Current Healthcare Cost Trend Rates 6.50% non-Medicare / 5.40% Medicare- 3.94%	1% Increase 7.50% non-Medicare / 6.40% Medicare - 4.94%
Total OPEB Liability	\$ 195,819	\$ 217,445	\$ 242,784

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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

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

For the year ended June 30, 2023, the City recognized OPEB expense of negative \$9,541. At June 30, 2023, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,120	\$ (64,076)
Changes in assumptions	<u>11,971</u>	<u>(11,564)</u>
<b>Total</b>	<b>\$ 16,091</b>	<b>\$ (75,640)</b>

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

<u>Fiscal Year Ending June 30,</u>	
2024	\$ (7,864)
2025	(7,864)
2026	(7,864)
2027	(7,864)
2028	(7,864)
Thereafter	(20,229)

Payable to the OPEB Plan

At June 30, 2023, no amount was payable to the OPEB Plan.

**12. 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, 2023:

- Low Income Housing Fund – Negative \$4 is primarily due to the allocation of Fair Market Value adjustments for LAIF and the US Bank Trust Account.
- Community Facilities District Fund – Negative \$112 is primarily due to zero out the negative claim on cash prior to allocation of interest and Fair Market Value.
- RMRA Fund – Negative \$395 is primarily due to the reversal and repost of interest allocation.
- Private Purpose Trust Fund – Negative \$3,920,323 is primarily due to the outstanding tax allocation bond liability, (see note 15).

The following funds had expenditures in excess of appropriations:

- General Fund has expenditures in excess of appropriations of \$338,406.
- Landscape and Lighting Fund has expenditures in excess of appropriations of \$40.
- K-9 Program Fund has expenditures in excess of appropriations of \$859.
- Debt Service Fund has expenditures in excess of appropriations of \$379,344.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**13. 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 California Intergovernmental Risk Authority (CIRA). CIRA 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 CIRA being responsible for losses above that amount up to \$500,000 for liability losses, \$1,000,000 for workers compensation claims, and \$25,000 for property damage. The Fund carries purchased excess commercial liability insurance of \$39.5 million in excess of its \$500,000 limit, and a commercial property policy for \$300 million. Financial information pertaining to CIRA can be obtained from its administrative offices at 2330 Eat Bidwell Suite 150, Folsom, CA 95630

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 CIRA. There have been no significant changes in insurance coverages in fiscal 2023. Settlements have not exceeded coverage for each of the past four fiscal years. The City has no material claim liabilities at June 30, 2023. However, during the fiscal year 2019, the Redwood Empire Municipal Insurance Fund, the predecessor joint power authority to CIRA 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, 2023 were as follows:

	Workers Compensation	General Liability	Totals
Liability - July 1, 2022	\$ 48,143	\$ 17,467	\$ 65,610
Claims Incurred	-	-	-
Claims Payments	(24,072)	(17,467)	(41,539)
Changes to prior year estimates	-	-	-
Liability - June 30, 2023	<u>\$ 24,071</u>	<u>\$ -</u>	<u>\$ 24,071</u>

**14. 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, 2023**

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**14. 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, 2023, total governmental funds encumbrance balances for the City were:

	<u>Encumbrances</u>
General fund	\$ 266,873
Grants fund	909,057
City capital project fund	648,719

**15. 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.

**16. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

**A. *The Dissolution Process***

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

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

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

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**16. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, CONTINUED**

**A. *The Dissolution Process, Continued***

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, 2023 were as follows:

Private Purpose Trust Fund:	Balance		Deletions	Balance	
	July 1, 2022	Additions		June 30, 2023	Due Within One Year
2020 Tax Allocation Bond	\$ 7,754,781	\$ -	\$ (96,000)	\$ 7,658,781	\$ 667,827
Total	\$ 7,754,781	\$ -	\$ (96,000)	\$ 7,658,781	\$ 667,827

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**16. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, CONTINUED**

**B. Enforceable Obligations, Continued**

**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.

Fiscal Year	Principal	Interest	Total
2024	\$ 667,827	\$ 94,491	\$ 762,318
2025	672,278	85,847	758,125
2026	698,995	77,002	775,997
2027	710,093	67,914	778,007
2028	719,948	58,690	778,638
2029-2033	3,294,326	131,349	3,425,675
2034-2037	895,314	39,381	934,695
Totals	\$ 7,658,781	\$ 554,674	\$ 8,213,455

**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, 2023, total principal and interest remaining on the Successor Agency's bonds is \$8,213,455.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**17. FUND BALANCE CLASSIFICATION**

As of June 30, 2023, fund balances were classified as shown below.

	General Fund	Inclusionary Housing Fund	Low Income Housing Fund	Grants Fund	City Capital Project Fund	Streets Bonds Project Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>	\$ 248,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 248,017
Subtotal	248,017	-	-	-	-	-	-	248,017
<b>Restricted:</b>								
Affordable housing	-	3,086,138	-	-	-	-	300,694	3,386,832
Public safety	-	-	-	-	-	-	44,836	44,836
Streets	-	-	-	-	-	3,363,337	927,273	4,290,610
Park and ride lot	2,375,000	-	-	-	-	-	121,694	2,496,694
Public education	-	-	-	-	-	-	68,854	68,854
Capital projects	-	-	-	-	-	-	133,236	133,236
Subtotal	2,375,000	3,086,138	-	-	-	3,363,337	1,596,587	10,421,062
<b>Committed:</b>								
Emergencies	2,361,957	-	-	-	-	-	-	2,361,957
Capital projects	-	-	-	33,137	216,927	-	-	250,064
Subtotal	2,361,957	-	-	33,137	216,927	-	-	2,612,021
<b>Unassigned</b>	5,238,307	-	(4)	-	-	-	(1,192)	5,237,111
<b>Total</b>	\$ 10,223,281	\$ 3,086,138	\$ (4)	\$ 33,137	\$ 216,927	\$ 3,363,337	\$ 1,595,395	\$ 18,518,211

**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.

**18. 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 2023, the City incurred \$58,793 of expense and had a zero related liability as of June 30, 2023.

**City of Cotati**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**19. SUBSEQUENT EVENT**

The City purchased a land at La Plaza View for \$1,652,350 on December 19, 2023.

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**Mother Nature Loves it Here**



# Required Supplementary Information

Budgetary Comparison Schedules  
General Fund & Inclusionary Housing,  
Schedules for:

Changes in City's Total OPEB Liability & Related Ratios,  
The City's Proportionate Share of the Net Pension Liability,  
and the City's Pension Contributions

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**The Hub of Sonoma County**

## BUDGET AND BUDGETARY ACCOUNTING

### *Budgetary Information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, inclusionary housing fund, and debt service fund. The capital projects fund is appropriated on a project-length basis. Other special revenue funds 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.

**City of Cotati**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 2,012,395	\$ 2,066,039	\$ 1,967,056	\$ (98,983)
Sales taxes	6,070,000	6,040,000	6,024,055	(15,945)
Other taxes	751,000	611,000	651,507	40,507
Licenses and permits	539,100	566,350	684,245	117,895
Intergovernmental	359,342	359,407	161,573	(197,834)
Charges for services	406,050	526,355	737,190	210,835
Interest and rents	103,900	119,400	336,127	216,727
Miscellaneous	23,700	76,709	299,096	222,387
<b>Total revenues</b>	<b>10,265,487</b>	<b>10,365,260</b>	<b>10,860,849</b>	<b>495,589</b>
<b>EXPENDITURES:</b>				
General government:				
City Council	(629,257)	(597,464)	141,150	(738,614)
City manager/city clerk	626,989	655,376	689,672	(34,296)
Administrative services	293,745	303,418	421,651	(118,233)
Public safety:				
Police	4,496,125	4,240,298	4,077,803	162,495
Community development	1,136,689	923,725	921,758	1,967
Public works:				
Public works, parks, buildings	1,868,024	1,883,791	1,720,195	163,596
<b>Total expenditures</b>	<b>8,018,594</b>	<b>7,633,823</b>	<b>7,972,229</b>	<b>(338,406)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,246,893</b>	<b>2,731,437</b>	<b>2,888,620</b>	<b>157,183</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	2,000,000	2,000,000
Proceeds from long term debt	-	-	714	714
Transfers in	179,322	906,493	391,208	(515,285)
Transfers (out)	(4,506,629)	(6,070,204)	(4,052,652)	2,017,552
<b>Total other financing sources (uses)</b>	<b>(4,327,307)</b>	<b>(5,163,711)</b>	<b>(1,660,730)</b>	<b>3,502,981</b>
<b>Net change in fund balances</b>	<b>(2,080,414)</b>	<b>(2,432,274)</b>	<b>1,227,890</b>	<b>3,660,164</b>
<b>FUND BALANCES:</b>				
Beginning of year	4,003,704	7,557,839	8,995,391	1,437,552
End of year	\$ 1,923,290	\$ 5,125,565	\$ 10,223,281	\$ 5,097,716

**City of Cotati**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - Inclusionary Housing Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 67,499	\$ 100,624	\$ 83,039	\$ (17,585)
<b>Total revenues</b>	<b>67,499</b>	<b>100,624</b>	<b>83,039</b>	<b>(17,585)</b>
<b>EXPENDITURES:</b>				
General government:				
City Council	-	250,000	-	250,000
<b>Total expenditures</b>	<b>-</b>	<b>250,000</b>	<b>-</b>	<b>250,000</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>67,499</b>	<b>(149,376)</b>	<b>83,039</b>	<b>232,415</b>
<b>Net change in fund balances</b>	<b>67,499</b>	<b>(149,376)</b>	<b>83,039</b>	<b>232,415</b>
<b>FUND BALANCES:</b>				
Beginning of year	2,287,188	1,729,544	3,003,099	1,273,555
End of year	\$ 2,354,687	\$ 1,580,168	\$ 3,086,138	\$ 1,505,970

**City of Cotati**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - Low Income Housing Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ -	\$ (4)	\$ (4)
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>
<b>FUND BALANCES:</b>				
Beginning of year		-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ (4)</u>

**City of Cotati**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - Grants Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ (2,662,100)	\$ 1,242,501	\$ 1,281,911	\$ 39,410
<b>Total revenues</b>	<b>(1,562,100)</b>	<b>1,242,501</b>	<b>1,281,911</b>	<b>39,410</b>
<b>EXPENDITURES:</b>				
Public safety:				
Police	-	112,421	195,487	(83,066)
Community development	160,000	90,000	63,475	26,525
Capital outlay	2,387,900	5,439,860	3,136,881	2,302,979
<b>Total expenditures</b>	<b>2,547,900</b>	<b>5,642,281</b>	<b>3,395,843</b>	<b>2,246,438</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(4,110,000)</b>	<b>(4,399,780)</b>	<b>(2,113,932)</b>	<b>2,285,848</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	4,110,000	4,471,960	2,770,884	(1,701,076)
Transfers (out)	-	-	(124,182)	(124,182)
<b>Total other financing sources (uses)</b>	<b>4,110,000</b>	<b>4,471,960</b>	<b>2,646,702</b>	<b>(1,825,258)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 72,180</b>	<b>33,137</b>	<b>\$ 460,590</b>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ 33,137	

**City of Cotati**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

**DEFINED BENEFIT PENSION PLANS**

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

Fiscal Year End:	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019
City's proportion of the net pension liability	0.05900%	0.12436%	0.99640%	0.10214%
City's proportionate share of the net pension liability	\$ 6,814,583	\$ 6,725,519	\$ 10,841,096	\$ 10,466,093
City's covered payroll (plan year)	\$ 3,794,622	\$ 3,810,492	\$ 3,601,857	\$ 3,297,800
City's proportionate share of the net pension liability as a percentage of its covered payroll	179.59%	176.50%	300.99%	317.37%
City's fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	75.10%	75.26%

**Notes to the schedule:**

\*Benefit changes: In fiscal year 2022-2023 there were no benefit changes.

\*Changes in assumptions: In fiscal year 2019-2020, the plan's discount rate was changed to 7.00%.

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

*Schedule of Pension Contributions - Last Ten Fiscal Years*

Contributions for the fiscal year ending June 30,	2023	2022	2021	2020
Contractually required contribution	\$ 898,680	\$ 1,372,022	\$ 1,272,801	\$ 1,144,938
Contributions in relation to the contractually required contribution	(898,680)	(7,372,022)	(1,272,801)	(1,144,938)
Contribution deficiency (excess)	\$ -	\$ (6,000,000)	\$ -	\$ -
City's covered payroll (City's fiscal year)	\$ 3,945,112	\$ 3,794,622	\$ 3,810,492	\$ 3,601,857
Contributions as a percentage of covered payroll	22.78%	194.28%	33.40%	31.79%

**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 pain 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

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<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>
6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
0.10525%	0.10666%	0.11214%	0.12248%	0.11983%
\$ 10,142,246	\$ 10,577,410	\$ 9,703,297	\$ 8,406,983	\$ 7,456,420
\$ 3,066,402	\$ 2,921,800	\$ 2,935,345	\$ 2,789,822	\$ 2,224,998
330.75%	362.02%	330.57%	301.34%	335.12%
75.26%	73.31%	74.06%	78.40%	79.82%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,293,940	\$ 1,153,203	\$ 1,069,601	\$ 1,004,742	\$ 771,201
(1,293,940)	(1,153,203)	(1,069,601)	(1,004,742)	(771,201)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,297,800	\$ 3,066,402	\$ 2,921,800	\$ 2,935,345	\$ 2,789,822
39.24%	37.61%	36.61%	34.23%	27.64%

**City of Cotati**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

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

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

	<u>FY2022/23</u>	<u>FY2021/22</u>	<u>FY2020/21</u>	<u>FY 2019/20</u>	<u>FY 2018/19</u>	<u>FY 2017/18</u>
<b>Total OPEB liability - beginning of year</b>	\$ 207,715	\$ 218,599	\$ 276,582	\$ 299,337	\$ 289,775	\$ 361,662
Service cost	8,782	11,414	10,515	10,004	9,106	13,394
Interest	8,623	4,922	7,403	10,563	11,183	12,975
Changes in benefit terms	-	-	(61,104)	-	-	-
Changes in assumptions	(698)	(1,324)	8,266	(2,762)	9,123	(14,780)
Differences between expected and actual experience	4,463	(15,324)	(5,375)	(23,630)	-	(57,987)
Benefit payments	(11,440)	(10,572)	(17,688)	(16,930)	(19,850)	(25,489)
Net change in total OPEB liability	9,730	(10,884)	(57,983)	(22,755)	9,562	(71,887)
<b>Total OPEB liability - end of year</b>	<u>\$ 217,445</u>	<u>\$ 207,715</u>	<u>\$ 218,599</u>	<u>\$ 276,582</u>	<u>\$ 299,337</u>	<u>\$ 289,775</u>
Covered employee payroll	\$ 3,973,105	\$ 3,660,240	\$ 3,640,289	\$ 3,542,830	\$ 3,143,993	\$ 3,143,993
City's total OPEB liability as a percentage of covered payroll	5.5%	5.7%	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 2022-2023, discount rate changed from 4.09% to 4.13%

\*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**

## 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.

Congress in March 2021 called the American Rescue Plan Act (ARPA). Of the Act's \$1.9 trillion, \$350 billion is being distributed to state and local governments as part of the Fiscal Recovery Fund which is to be expended to provide governmental services to the extent of the reduction in revenue due to COVID-19.

**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.

**City of Cotati**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

	Landscape and Lighting	Gas Taxes	Bed Tax	Parks In-Lieu	MTC Street	Traffic Mitigation
<b>ASSETS</b>						
Cash and investments	\$ 87,524	\$ 56,299	\$ 33,062	\$ 88,632	\$ 86,261	\$ 662,254
Taxes receivable	1,156	-	-	-	18,849	-
Accounts receivable	424	17,208	-	-	-	-
Due from other governments	-	-	-	-	-	-
<b>Total assets</b>	<b>89,104</b>	<b>73,507</b>	<b>33,062</b>	<b>88,632</b>	<b>105,110</b>	<b>662,254</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	2,702	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>2,702</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>						
Restricted for affordable housing	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	-	-
Restricted for streets	86,402	73,507	-	-	105,110	662,254
Restricted for parks	-	-	33,062	88,632	-	-
Restricted for public education	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>86,402</b>	<b>73,507</b>	<b>33,062</b>	<b>88,632</b>	<b>105,110</b>	<b>662,254</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 89,104</b>	<b>\$ 73,507</b>	<b>\$ 33,062</b>	<b>\$ 88,632</b>	<b>\$ 105,110</b>	<b>\$ 662,254</b>

**City of Cotati**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

	RMRA	Community Development Projects	ARPA 2021	CDBG	Public Safety	K-9 Program
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 19,843	\$ -	\$ -	\$ 24,996	\$ 41
Taxes receivable	-	25,688	-	-	-	-
Accounts receivable	15,182	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
<b>Total assets</b>	<b>15,182</b>	<b>45,531</b>	<b>-</b>	<b>-</b>	<b>24,996</b>	<b>41</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	-	-	-	-	-	41
Due to other funds	15,577	26,376	-	-	-	-
<b>Total liabilities</b>	<b>15,577</b>	<b>26,376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41</b>
<b>Fund Balances:</b>						
Restricted for affordable housing	-	-	-	-	-	-
Restricted for public safety	-	19,840	-	-	24,996	-
Restricted for streets	-	-	-	-	-	-
Restricted for parks	-	-	-	-	-	-
Restricted for public education	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-
Unassigned	(395)	(685)	-	-	-	-
<b>Total fund balances</b>	<b>(395)</b>	<b>19,155</b>	<b>-</b>	<b>-</b>	<b>24,996</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,182</b>	<b>\$ 45,531</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,996</b>	<b>\$ 41</b>

Affordable Housing Linkage	PEG	Community Facilities District	Debt Service Fund	Capital Projects Unspent Bond Proceeds	Total Nonmajor Governmental Funds
\$ 300,694	\$ 46,170	\$ -	\$ -	\$ 144,356	\$ 1,550,132
-	-	-	-	-	45,693
-	22,684	-	-	-	55,498
-	-	-	-	-	-
<u>300,694</u>	<u>68,854</u>	<u>-</u>	<u>-</u>	<u>144,356</u>	<u>1,651,323</u>
-	-	-	-	11,120	13,863
-	-	112	-	-	42,065
-	-	112	-	11,120	55,928
300,694	-	-	-	-	300,694
-	-	-	-	-	44,836
-	-	-	-	-	927,273
-	-	-	-	-	121,694
-	68,854	-	-	-	68,854
-	-	-	-	133,236	133,236
-	-	(112)	-	-	(1,192)
<u>300,694</u>	<u>68,854</u>	<u>(112)</u>	<u>-</u>	<u>133,236</u>	<u>1,595,395</u>
\$ 300,694	\$ 68,854	\$ -	\$ -	\$ 144,356	\$ 1,651,323

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**A City Rooted in Agriculture**

# City of Cotati

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Governmental Funds

For the year ended June 30, 2023

	Landscape and Lighting	Gas Taxes	Bed Tax	Parks In-Lieu	MTC Street	Traffic Mitigation
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	81,928	-
Intergovernmental	-	197,760	-	-	-	-
Charges for services	52,036	-	-	-	-	150,964
Interest and rents	2,938	1,339	1,087	2,344	1,138	16,426
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>54,974</b>	<b>199,099</b>	<b>1,087</b>	<b>2,344</b>	<b>83,066</b>	<b>167,390</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public works	84,931	5,235	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Cost of issuance	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>84,931</b>	<b>5,235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(29,957)</b>	<b>193,864</b>	<b>1,087</b>	<b>2,344</b>	<b>83,066</b>	<b>167,390</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from long term debt	-	-	-	-	-	-
Transfers in	25,274	-	-	-	-	-
Transfers (out)	(10,945)	(134,943)	-	-	-	(100,000)
<b>Total other financing sources (uses)</b>	<b>14,329</b>	<b>(134,943)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100,000)</b>
<b>Net change in fund balances</b>	<b>(15,628)</b>	<b>58,921</b>	<b>1,087</b>	<b>2,344</b>	<b>83,066</b>	<b>67,390</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year	102,030	14,586	31,975	86,288	22,044	594,864
End of year	\$ 86,402	\$ 73,507	\$ 33,062	\$ 88,632	\$ 105,110	\$ 662,254

# City of Cotati

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Governmental Funds

For the year ended June 30, 2023

	RMRA	Community Development Projects	ARPA 2021	CDBG	Public Safety	K-9 Program
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	111,909	-	-	-	-
Intergovernmental	-	-	-	-	186,252	-
Charges for services	-	2,618	-	-	-	-
Interest and rents	2,517	7,324	-	-	3,142	-
Miscellaneous	167,377	-	-	-	-	546
<b>Total revenues</b>	<b>169,894</b>	<b>121,851</b>	<b>-</b>	<b>-</b>	<b>189,394</b>	<b>546</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	14,699
Community development	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Cost of issuance	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,699</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>169,894</b>	<b>121,851</b>	<b>-</b>	<b>-</b>	<b>189,394</b>	<b>(14,153)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from long term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	20,394
Transfers (out)	(197,882)	(344,070)	-	(77)	(215,000)	-
<b>Total other financing sources (uses)</b>	<b>(197,882)</b>	<b>(344,070)</b>	<b>-</b>	<b>(77)</b>	<b>(215,000)</b>	<b>20,394</b>
<b>Net change in fund balances</b>	<b>(27,988)</b>	<b>(222,219)</b>	<b>-</b>	<b>(77)</b>	<b>(25,606)</b>	<b>6,241</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year	27,593	241,374	-	77	50,602	(6,241)
End of year	\$ (395)	\$ 19,155	\$ -	\$ -	\$ 24,996	\$ -

Affordable Housing Linkage	PEG	Community Facilities District	Debt Service Fund	Capital Projects Unspent Bond Proceeds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 35,265	\$ -	\$ -	\$ 35,265
-	-	-	-	-	193,837
-	-	-	-	-	384,012
87,695	55,549	-	-	-	348,862
6,335	803	879	-	1,250	47,522
-	-	-	-	-	167,923
94,030	56,352	36,144	-	1,250	1,177,421
-	14,695	-	-	37,433	52,128
-	-	-	-	-	14,699
-	-	-	-	-	-
-	-	2,921	-	-	93,087
-	-	-	-	-	-
-	-	-	376,251	-	376,251
-	-	-	487,633	-	487,633
-	-	-	-	-	-
-	14,695	2,921	863,884	37,433	1,023,798
94,030	41,657	33,223	(863,884)	(36,183)	153,623
-	-	-	5,847,573	-	5,847,573
-	-	-	669,877	-	715,545
-	-	(51,950)	(5,653,566)	-	(6,708,433)
-	-	(51,950)	863,884	-	(145,315)
94,030	41,657	(18,727)	-	(36,183)	8,308
206,664	27,197	18,615	-	169,419	1,587,087
\$ 300,694	\$ 68,854	\$ (112)	\$ -	\$ 133,236	\$ 1,595,395

**City of Cotati**  
**Budgetary Comparison Schedule - Landscape and Lighting**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 51,168	\$ 53,124	\$ 52,036	\$ (1,088)
Interest and rents	510	348	2,938	2,590
<b>Total revenues</b>	<b>51,678</b>	<b>100,452</b>	<b>54,974</b>	<b>48,482</b>
<b>EXPENDITURES:</b>				
Public works:				
Public works, parks, buildings	69,625	84,853	84,931	(78)
<b>Total expenditures</b>	<b>69,625</b>	<b>84,891</b>	<b>84,931</b>	<b>(40)</b>
<b>REVENUES OVER (UNDER)</b>	<b>(17,947)</b>	<b>15,561</b>	<b>(29,957)</b>	<b>48,442</b>
<b>EXPENDITURES</b>				
<b>Net change in fund balances</b>	<b>\$ 2,053</b>	<b>\$ 15,561</b>	<b>(15,628)</b>	<b>\$ 62,771</b>
<b>FUND BALANCES:</b>				
Beginning of year			102,030	
End of year			\$ 86,402	

**City of Cotati**  
**Budgetary Comparison Schedule - Gas Taxes**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 218,900	\$ 200,976	\$ 197,760	\$ (3,216)
Interest and rents	300	300	1,339	1,039
<b>Total revenues</b>	<b>219,200</b>	<b>201,276</b>	<b>199,099</b>	<b>(2,177)</b>
<b>EXPENDITURES:</b>				
Public works:				
Public works, parks, buildings	5,200	5,240	5,235	5
<b>Total expenditures</b>	<b>5,200</b>	<b>5,240</b>	<b>5,235</b>	<b>5</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>214,000</b>	<b>196,036</b>	<b>193,864</b>	<b>(2,172)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	(135,000)	(135,000)	(134,943)	57
<b>Total other financing sources (uses)</b>	<b>(135,000)</b>	<b>(135,000)</b>	<b>(134,943)</b>	<b>57</b>
<b>Net change in fund balances</b>	<b>\$ 79,000</b>	<b>\$ 61,036</b>	<b>58,921</b>	<b>\$ (2,115)</b>
<b>FUND BALANCES:</b>				
Beginning of year			14,586	
End of year			<u>\$ 73,507</u>	

**City of Cotati**  
**Budgetary Comparison Schedule - Bed Tax**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest and rents	\$ 4,000	\$ 500	\$ 1,087	\$ 587
<b>Total revenues</b>	<u>4,000</u>	<u>500</u>	<u>1,087</u>	<u>587</u>
<b>Net change in fund balances</b>	<u>\$ 44,000</u>	<u>\$ 30,500</u>	<u>1,087</u>	<u>\$ (29,413)</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>31,975</u>	
End of year			<u>\$ 33,062</u>	

**City of Cotati**  
**Budgetary Comparison Schedule - Park In-Lieu**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 26,000	\$ -	\$ -	\$ -
Interest and rents	-	150	2,344	2,194
<b>Total revenues</b>	<u>26,000</u>	<u>150</u>	<u>2,344</u>	<u>2,194</u>
<b>Net change in fund balances</b>	<u>\$ (119,000)</u>	<u>\$ (144,850)</u>	<u>2,344</u>	<u>\$ 147,194</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>86,288</u>	
End of year			<u>\$ 88,632</u>	

**City of Cotati**  
**Budgetary Comparison Schedule - MTC Street**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Sales taxes	\$ 79,700	\$ 80,700	\$ 81,928	\$ 1,228
Interest and rents	-	70	1,138	1,068
<b>Total revenues</b>	<b>79,700</b>	<b>80,770</b>	<b>83,066</b>	<b>2,296</b>
<b>REVENUES OVER (UNDER)</b>	<b>79,700</b>	<b>80,770</b>	<b>83,066</b>	<b>2,296</b>
<b>EXPENDITURES</b>	<b>79,700</b>	<b>80,770</b>	<b>83,066</b>	<b>2,296</b>
<b>Net change in fund balances</b>	<b>\$ 79,700</b>	<b>\$ 80,770</b>	<b>83,066</b>	<b>\$ 2,296</b>
<b>FUND BALANCES:</b>				
Beginning of year			22,044	
End of year			<u>\$ 105,110</u>	

**City of Cotati**  
**Budgetary Comparison Schedule - Traffic Mitigation**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 54,000	\$ -	\$ 150,964	\$ 150,964
Interest and rents	-	1,000	16,426	15,426
<b>Total revenues</b>	<b>54,000</b>	<b>1,000</b>	<b>167,390</b>	<b>166,390</b>
<b>REVENUES OVER (UNDER)</b>	<b>54,000</b>	<b>1,000</b>	<b>167,390</b>	<b>166,390</b>
<b>EXPENDITURES</b>				
	54,000	1,000	167,390	166,390
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	(434,800)	(434,800)	(100,000)	334,800
<b>Total other financing sources (uses)</b>	<b>(434,800)</b>	<b>(434,800)</b>	<b>(100,000)</b>	<b>334,800</b>
<b>Net change in fund balances</b>	<b>\$ (380,800)</b>	<b>\$ (433,800)</b>	<b>67,390</b>	<b>\$ 501,190</b>
<b>FUND BALANCES:</b>				
Beginning of year			594,864	
End of year			\$ 662,254	

**City of Cotati**

**Budgetary Comparison Schedule - Road Maintenance and Rehabilitation (RMRA)**

**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Interest and rents	\$ -	\$ 100	\$ 2,517	\$ 2,417
Miscellaneous	135,000	155,000	167,377	12,377
<b>Total revenues</b>	<b>135,000</b>	<b>155,100</b>	<b>169,894</b>	<b>14,794</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	(135,000)	(182,000)	(197,882)	(15,882)
<b>Total other financing sources (uses)</b>	<b>(135,000)</b>	<b>(182,000)</b>	<b>(197,882)</b>	<b>(15,882)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ (26,900)</b>	<b>(27,988)</b>	<b>\$ (1,088)</b>
<b>FUND BALANCES:</b>				
Beginning of year			27,593	
End of year			\$ (395)	

**City of Cotati**

**Budgetary Comparison Schedule - Community Development Projects**

**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Sales taxes	\$ 85,000	\$ 85,000	\$ 111,909	\$ 26,909
Charges for services	2,500	2,500	2,618	118
Interest and rents	-	400	7,324	6,924
<b>Total revenues</b>	<b>87,500</b>	<b>87,900</b>	<b>121,851</b>	<b>33,951</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	260,000	260,000	(344,070)	(84,070)
<b>Total other financing sources (uses)</b>	<b>260,000</b>	<b>260,000</b>	<b>(344,070)</b>	<b>(84,070)</b>
<b>Net change in fund balances</b>	<b>\$ 347,500</b>	<b>\$ 347,900</b>	<b>(222,219)</b>	<b>\$ (50,119)</b>
<b>FUND BALANCES:</b>				
Beginning of year			241,374	
End of year			\$ 19,155	

**City of Cotati**  
**Budgetary Comparison Schedule - CDBG**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	-	-	(77)	(77)
<b>Total other financing sources (uses)</b>	-	-	(77)	(77)
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(77)</b>	<b>\$ (77)</b>
<b>FUND BALANCES:</b>				
Beginning of year			77	
End of year			<b>\$ -</b>	

**City of Cotati**  
**Budgetary Comparison Schedule - Public Safety**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 164,000	\$ 172,000	\$ 186,252	\$ 14,252
Interest and rents	-	120	3,142	3,022
<b>Total revenues</b>	<b>164,000</b>	<b>172,120</b>	<b>189,394</b>	<b>17,274</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	(179,000)	(215,000)	(215,000)	-
<b>Total other financing sources (uses)</b>	<b>(179,000)</b>	<b>(215,000)</b>	<b>(215,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (15,000)</b>	<b>\$ (42,880)</b>	<b>(25,606)</b>	<b>\$ 17,274</b>
<b>FUND BALANCES:</b>				
Beginning of year			50,602	
End of year			\$ 24,996	

**City of Cotati**  
**Budgetary Comparison Schedule - K-9 Program**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Miscellaneous	\$ -	\$ 550	\$ 546	\$ (4)
<b>Total revenues</b>	<b>-</b>	<b>550</b>	<b>546</b>	<b>(4)</b>
<b>EXPENDITURES:</b>				
Public safety:				
Police	7,340	7,340	14,699	(7,359)
<b>Total expenditures</b>	<b>13,840</b>	<b>13,840</b>	<b>14,699</b>	<b>(859)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(13,840)</b>	<b>(13,290)</b>	<b>(14,153)</b>	<b>(863)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 550</b>	<b>6,241</b>	<b>\$ 5,691</b>
<b>FUND BALANCES:</b>				
Beginning of year			(6,241)	
End of year			\$ -	

**City of Cotati**  
**Budgetary Comparison Schedule - Affordable Housing Linkage**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 87,695	\$ 87,695
Interest and rents	-	350	6,335	5,985
<b>Total revenues</b>	-	350	94,030	93,680
<b>Net change in fund balances</b>	\$ -	\$ 350	94,030	\$ 93,680
<b>FUND BALANCES:</b>				
Beginning of year			206,664	
End of year			\$ 300,694	

**City of Cotati**  
**Budgetary Comparison Schedule - PEG**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 20,000	\$ 20,000	\$ 55,549	\$ 35,549
Interest and rents	-	50	803	753
<b>Total revenues</b>	<b>20,000</b>	<b>20,050</b>	<b>56,352</b>	<b>36,302</b>
<b>EXPENDITURES:</b>				
General government:				
City Council	20,000	20,000	14,695	5,305
<b>Total expenditures</b>	<b>20,000</b>	<b>20,000</b>	<b>14,695</b>	<b>5,305</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	50	41,657	41,607
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 50</b>	<b>41,657</b>	<b>\$ 41,607</b>
<b>FUND BALANCES:</b>				
Beginning of year			27,197	
End of year			<b>\$ 68,854</b>	

**City of Cotati**  
**Budgetary Comparison Schedule - Community Facilities District**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 10,400	\$ 36,780	\$ 35,265	\$ 82,445
Interest and rents	-	-	879	879
<b>Total revenues</b>	<b>10,400</b>	<b>36,780</b>	<b>36,144</b>	<b>83,324</b>
<b>EXPENDITURES:</b>				
Public works:				
Public works, parks, buildings	10,078	4,200	2,921	1,279
<b>Total expenditures</b>	<b>10,078</b>	<b>4,200</b>	<b>2,921</b>	<b>1,279</b>
<b>REVENUES OVER (UNDER)</b>	<b>322</b>	<b>32,580</b>	<b>33,223</b>	<b>82,045</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers (out)	322	50,000	(51,950)	(101,950)
<b>Total other financing sources (uses)</b>	<b>322</b>	<b>50,000</b>	<b>(51,950)</b>	<b>(101,950)</b>
<b>Net change in fund balances</b>	<b>\$ 644</b>	<b>\$ 82,580</b>	<b>(18,727)</b>	<b>\$ (19,905)</b>
<b>FUND BALANCES:</b>				
Beginning of year			18,615	
End of year			\$ (112)	

**City of Cotati**  
**Budgetary Comparison Schedule - Debt Service Fund**  
**For the year ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>EXPENDITURES:</b>				
General government:				
Administrative services	\$ -	\$ 900	\$ -	900
Principal	-	483,640	487,633	(3,993)
Cost of issuance	\$ -	\$ -	376,251.00	\$ (376,251)
<b>Total expenditures</b>	<b>-</b>	<b>484,540</b>	<b>863,884</b>	<b>(3,093)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>-</b>	<b>(484,540)</b>	<b>(863,884)</b>	<b>3,093</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	-	-
Proceeds from long term debt	-	-	5,847,573	5,847,573
Transfers in	809,975	809,975	669,877	(140,098)
Transfers (out)	-	(5,720,730)	(5,653,566)	67,164
<b>Total other financing sources (uses)</b>	<b>809,975</b>	<b>(4,910,755)</b>	<b>863,884</b>	<b>5,774,639</b>
<b>Net change in fund balances</b>	<b>\$ 809,975</b>	<b>\$ (5,395,295)</b>	<b>-</b>	<b>\$ 5,777,732</b>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ -	

## 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, 2023**

	Vehicle Replacement	Compensated Absences	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 55,009	\$ 486,840	\$ 541,849
Accounts receivable	-	4,214	4,214
Prepayments	-	-	-
Total current assets	<u>55,009</u>	<u>491,054</u>	<u>546,063</u>
Noncurrent assets:			
Capital assets:			
Equipment	1,961,784	-	1,961,784
Less accumulated depreciation	(1,429,124)	-	(1,429,124)
Net capital assets	<u>532,660</u>	<u>-</u>	<u>532,660</u>
<b>Total assets</b>	<u>587,669</u>	<u>491,054</u>	<u>1,078,723</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	116,953	-	116,953
Accrued liabilities	-	4,214	4,214
Claims and judgements	-	-	-
Compensated absences	-	233,340	233,340
Interfund loans	-	-	-
Deposits	-	-	-
Total current liabilities	<u>116,953</u>	<u>237,554</u>	<u>354,507</u>
Noncurrent liabilities:			
Compensated absences	-	67,200	67,200
Total noncurrent liabilities	<u>-</u>	<u>67,200</u>	<u>67,200</u>
<b>Total liabilities</b>	<u>116,953</u>	<u>304,754</u>	<u>421,707</u>
<b>NET POSITION</b>			
Net investment in capital assets	532,660	-	532,660
Unrestricted	(61,944)	186,300	124,356
Total net position	<u>\$ 470,716</u>	<u>\$ 186,300</u>	<u>\$ 657,016</u>

**City of Cotati**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2023**

	Vehicle Replacement	Compensated Absences	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ -	\$ 214,523.00	\$ 214,523
<b>Total operating revenues</b>	<b>-</b>	<b>214,523</b>	<b>214,523</b>
<b>OPERATING EXPENSES:</b>			
Personnel services	-	158,640	158,640
Supplies and materials	-	-	-
Depreciation	114,656	-	114,656
<b>Total operating expenses</b>	<b>114,656</b>	<b>158,640</b>	<b>273,296</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(114,656)</b>	<b>55,883</b>	<b>(58,773)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest and investment revenues	4,463	12,873	17,336
<b>Total nonoperating revenues (expenses)</b>	<b>4,463</b>	<b>12,873</b>	<b>17,336</b>
<b>Change in net position</b>	<b>(110,193)</b>	<b>68,756</b>	<b>(41,437)</b>
<b>NET POSITION:</b>			
Beginning of year	580,909	117,544	698,453
End of year	\$ 470,716	\$ 186,300	\$ 657,016

**City of Cotati**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2023**

	Vehicle Replacement	Compensated Absences	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Interfund charges for services	\$ -	\$ 214,523	\$ 214,523
Payments to suppliers	116,953	-	116,953
Payments to employees	-	(214,523)	(214,523)
<b>Net cash provided by (used in) operating activities</b>	<b>116,953</b>	<b>-</b>	<b>116,953</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of capital assets	(270,401)	-	(270,401)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(270,401)</b>	<b>-</b>	<b>(270,401)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest receipts	4,463	12,873	17,336
<b>Net cash provided by (used in) investing activities</b>	<b>4,463</b>	<b>12,873</b>	<b>17,336</b>
<b>Net cash flows</b>	<b>(148,985)</b>	<b>12,873</b>	<b>(136,112)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>203,994</b>	<b>473,967</b>	<b>677,961</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 55,009</b>	<b>\$ 486,840</b>	<b>\$ 541,849</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (114,656)	\$ 55,883	\$ (58,773)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	114,656	-	114,656
Changes in assets and liabilities:			
Receivables, net	-	(4,214)	(4,214)
Prepayments	-	-	-
Accounts payable	116,953	-	116,953
Net pension liability	-	-	-
Other liabilities	-	(51,669)	(51,669)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 116,953</b>	<b>\$ -</b>	<b>\$ 116,953</b>



# Measure S Financial Summary



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**City of Cotati**  
**Schedule of Measure S Revenues and Uses**  
**For the year ended June 30, 2023**

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**REVENUES:**

Measure S revenues	\$ 3,097,031
<b>Total Measure S revenues</b>	<u>3,097,031</u>

**USES:**

Operations and maintenance:	
Street, sidewalk and storm drain	154,563
Public safety program	890,447
Recreation program	394,148
Park and landscape program	117,998
Public building program	121,366
Capital improvements and equipment:	
Street, sidewalk and storm drain	576,026
Public safety program	140,451
Park and landscape program	409,563
Public building program	277,599
State administrative fees	<u>14,870</u>
<b>Total Measure S uses</b>	<u>\$ 3,097,031</u>

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**cotati**

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



# 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.

### **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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**A City Rooted in Agriculture**

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

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Governmental Activities</b>					Restated	Restated	Restated	Restated		
Net Investment in capital assets	\$ 13,276,973	\$ 13,863,366	\$ 16,517,962	\$ 18,192,860	\$ 20,039,682	\$ 21,808,218	\$ 25,878,148	\$ 27,881,695	\$ 30,483,120	\$ 29,236,283
Restricted	6,013,891	5,253,394	5,648,440	6,775,373	7,450,051	5,830,201	5,595,389	5,697,447	7,419,345	14,194,599
Unrestricted	3,410,860	(2,719,089)	(1,392,655)	(957,876)	(257,960)	1,822,203	231,153	2,041,252	1,492,392	(182,412)
<b>Total governmental activities net position</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>\$ 31,704,690</b>	<b>\$ 35,620,394</b>	<b>\$ 39,394,857</b>	<b>\$ 43,248,470</b>
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 7,290,428	\$ 7,474,048	\$ 9,001,287	\$ 9,250,509	\$ 8,864,388	\$ 13,104,759	\$ 12,534,830	\$ 12,602,934	\$ 12,037,960	\$ 12,519,601
Restricted	6,797,239	6,153,822	4,535,027	3,783,904	4,517,050	102,103	-	-	-	-
Unrestricted	3,223,345	2,463,815	2,753,618	3,466,382	2,735,965	2,710,421	3,852,645	3,109,741	3,436,675	2,099,469
<b>Total business-type activities net position</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>\$ 15,712,675</b>	<b>\$ 15,474,635</b>	<b>\$ 14,619,070</b>
<b>Primary government</b>										
Net Investment in capital assets	\$ 20,567,401	\$ 21,337,414	\$ 25,519,249	\$ 27,443,369	\$ 28,904,070	\$ 34,912,977	\$ 38,412,978	\$ 40,484,629	\$ 42,521,080	\$ 41,755,884
Restricted	12,811,130	11,407,206	10,163,467	10,559,277	11,967,101	5,932,304	5,595,389	5,697,447	7,419,345	14,194,599
Unrestricted	6,634,205	(255,274)	1,360,963	2,528,506	2,478,005	4,532,624	4,083,798	5,150,993	4,929,067	1,917,067
<b>Total primary government net position</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>\$ 48,092,165</b>	<b>\$ 51,333,069</b>	<b>\$ 54,869,492</b>	<b>\$ 57,867,540</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)

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Expenses:</b>										
<b>Governmental Activities</b>										
General government	\$ 1,357,022	\$ 1,837,502	\$ 1,720,742	\$ 1,311,401	\$ 1,382,139	\$ 2,499,291	\$ 1,808,561	\$ 1,332,803	\$ 1,804,038	\$ 3,199,265
Public safety	2,680,871	3,041,510	2,876,142	2,628,760	3,733,774	3,410,242	4,081,647	4,186,303	4,219,712	4,404,168
Community development	349,845	610,472	1,070,087	427,963	439,133	581,558	644,933	972,578	1,672,669	1,610,576
Public works	944,288	1,259,811	1,844,032	1,736,094	1,830,007	1,948,935	1,993,763	1,857,882	2,406,759	2,325,407
Interest on long-term debt	329,055	315,034	306,313	-	-	1,911	965	965	190,521	506,426
Total governmental activities expenses	\$ 5,661,081	\$ 7,063,329	\$ 7,826,316	\$ 6,104,218	\$ 7,385,053	\$ 8,440,026	\$ 8,530,815	\$ 8,350,531	\$ 10,293,719	\$ 12,045,842
<b>Business-type activities</b>										
Water	\$ 1,490,030	\$ 1,289,046	\$ 1,422,854	\$ 1,623,862	\$ 1,816,685	\$ 1,737,323	\$ 2,086,615	\$ 2,324,983	\$ 2,040,153	\$ 2,301,068
Wastewater	2,116,443	2,163,501	2,224,574	2,421,786	2,723,983	2,734,699	2,931,726	3,439,883	3,617,797	3,726,683
Total business-type activities expenses	\$ 3,606,473	\$ 3,452,547	\$ 3,647,428	\$ 4,045,648	\$ 4,540,668	\$ 4,472,022	\$ 5,018,341	\$ 5,764,866	\$ 5,657,950	\$ 6,027,751
<b>Total primary government expenses</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>\$ 14,116,397</b>	<b>\$ 15,951,669</b>	<b>\$ 18,073,593</b>
<b>Program revenues:</b>										
<b>Governmental Activities</b>										
Charges for services	\$ 172,858	\$ 457,148	\$ 112,018	\$ 165,292	\$ 165,598	\$ 554,930	\$ 930,779	\$ 995,882	\$ 1,360,912	\$ 1,240,293
General government	65,070	92,496	121,292	120,841	95,170	437,647	328,557	309,572	248,916	294,419
Public safety	333,856	198,539	783,105	770,643	734,913	271,021	304,005	908,994	447,194	410,008
Community development	254,078	567,312	94,862	394,040	679,712	114,508	117,783	109,433	56,890	144,361
Public works	390,886	342,433	431,468	679,146	428,962	301,544	850,304	743,354	2,274,436	1,525,040
Operating grants and contributions	1,587,557	1,365,500	4,113,824	697,062	2,122,200	-	-	-	-	-
Capital grants and contributions	2,804,305	1,794,428	5,656,569	2,827,024	4,226,555	1,679,650	2,531,428	3,087,235	4,388,348	3,614,121
Total governmental activities program revenues	\$ 1,965,452	\$ 1,301,372	\$ 1,371,858	\$ 1,559,828	\$ 1,694,915	\$ 1,733,794	\$ 2,137,569	\$ 2,214,793	\$ 2,334,947	\$ 2,087,050
<b>Business-type activities</b>										
Charges for services	2,194,823	2,101,749	2,350,902	2,048,481	2,214,960	2,381,342	3,205,145	2,822,407	3,063,753	2,911,124
Water	-	-	-	30,000	-	-	-	-	-	-
Wastewater	251,155	90,457	112,915	701,166	610,674	-	-	-	-	-
Operating grants and contributions	3,811,430	3,463,578	3,845,675	4,339,475	4,520,549	4,115,136	5,342,714	5,037,200	5,418,700	4,968,174
Capital grants and contributions	6,615,735	5,288,006	9,502,244	7,166,499	8,747,104	5,794,786	7,874,142	8,104,435	9,807,048	8,612,295
Total business-type activities program revenues	\$ 10,883,143	\$ 11,313,866	\$ 12,613,778	\$ 12,345,160	\$ 12,883,738	\$ 14,108,064	\$ 15,590,062	\$ 16,356,635	\$ 18,623,891	\$ 17,594,662
<b>Total primary government revenues</b>	<b>\$ 12,848,595</b>	<b>\$ 12,615,238</b>	<b>\$ 13,887,536</b>	<b>\$ 12,495,026</b>	<b>\$ 14,568,693</b>	<b>\$ 17,041,858</b>	<b>\$ 18,130,877</b>	<b>\$ 18,671,428</b>	<b>\$ 21,962,845</b>	<b>\$ 19,688,255</b>
<b>Net revenues (expenses)</b>	<b>\$ (6,416,483)</b>	<b>\$ (7,438,547)</b>	<b>\$ (7,447,422)</b>	<b>\$ (4,041,642)</b>	<b>\$ (7,140,668)</b>	<b>\$ (5,470,190)</b>	<b>\$ (5,397,962)</b>	<b>\$ (6,444,969)</b>	<b>\$ (3,688,822)</b>	<b>\$ (8,385,338)</b>
<b>Governmental Activities</b>										
Business-type activities	\$ (2,856,776)	\$ (5,268,901)	\$ (1,969,747)	\$ (3,277,194)	\$ (3,158,498)	\$ (6,760,376)	\$ (5,989,387)	\$ (5,283,296)	\$ (5,905,371)	\$ (6,431,721)
Total net revenues (expenses)	\$ (2,856,776)	\$ (5,268,901)	\$ (1,969,747)	\$ (3,277,194)	\$ (3,158,498)	\$ (6,760,376)	\$ (5,989,387)	\$ (5,283,296)	\$ (5,905,371)	\$ (6,431,721)
<b>Business-type activities</b>										
Total net revenues (expenses)	\$ (2,856,776)	\$ (5,268,901)	\$ (1,969,747)	\$ (3,277,194)	\$ (3,158,498)	\$ (6,760,376)	\$ (5,989,387)	\$ (5,283,296)	\$ (5,905,371)	\$ (6,431,721)
<b>General revenues and other changes in net position</b>										
Total net revenues (expenses)	\$ (2,856,776)	\$ (5,268,901)	\$ (1,969,747)	\$ (3,277,194)	\$ (3,158,498)	\$ (6,760,376)	\$ (5,989,387)	\$ (5,283,296)	\$ (5,905,371)	\$ (6,431,721)
Total net revenues (expenses)	\$ (2,856,776)	\$ (5,268,901)	\$ (1,969,747)	\$ (3,277,194)	\$ (3,158,498)	\$ (6,760,376)	\$ (5,989,387)	\$ (5,283,296)	\$ (5,905,371)	\$ (6,431,721)

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

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Governmental Activities</b>										
Taxes:										
Property taxes	\$ 1,673,084	\$ 1,266,681	\$ 1,652,877	\$ 1,472,627	\$ 1,544,849	\$ 1,734,281	\$ 1,813,280	\$ 1,774,242	\$ 1,902,006	\$ 2,002,321
Sales taxes	2,902,504	3,616,732	4,075,204	4,222,473	4,145,877	5,109,211	5,091,824	6,004,019	6,418,733	6,217,882
Other taxes	596,985	567,114	603,792	678,955	829,535	907,508	1,054,055	1,192,032	1,344,773	1,302,352
Incremental property taxes	-	-	-	-	-	-	-	-	-	-
Interest and rents	104,179	92,831	44,094	76,785	137,294	339,211	286,349	228,707	14,322	568,048
Other general revenues	179,822	31,169	-	-	-	-	-	-	-	2,000,000
Special item	(420,000)	-	-	-	-	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Transfers	60,500	90,500	-	62,964	161,053	-	-	-	-	184,721
Total governmental activities	\$ 5,099,074	\$ 5,665,027	\$ 6,375,967	\$ 6,513,804	\$ 6,818,608	\$ 8,090,211	\$ 8,245,508	\$ 9,199,000	\$ 9,679,834	\$ 12,285,334
<b>Business-type activities</b>										
Other revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	(60,500)	(90,500)	-	(62,964)	(161,053)	156,766	145,819	52,886	1,210	174,012
Total business-type activities	\$ (60,500)	\$ (90,500)	\$ -	\$ (62,964)	\$ (161,053)	\$ 156,766	\$ 145,819	\$ 52,886	\$ 1,210	\$ 174,012
<b>Total primary government</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>\$ 9,251,886</b>	<b>\$ 9,681,044</b>	<b>\$ 12,459,346</b>
<b>Changes in net position</b>										
<b>Governmental Activities</b>	\$ 2,242,298	\$ 396,126	\$ 4,406,220	\$ 3,236,610	\$ 3,660,110	\$ 1,329,835	\$ 2,246,121	\$ 3,915,704	\$ 3,774,463	\$ 3,853,613
<b>Business-type activities</b>	(144,457)	(39,469)	196,247	230,863	(161,172)	(200,120)	470,192	(674,800)	(238,040)	(855,565)
<b>Total primary government</b>	<b>\$ 2,386,765</b>	<b>\$ 366,657</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>\$ 3,240,904</b>	<b>\$ 3,536,423</b>	<b>\$ 2,998,048</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)

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>General fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	55,152	60,517	42,311	26,778	51,017	51,112	82,937	95,835	485,752	248,017
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted for park and lot	-	-	-	-	-	-	-	-	-	-
Committed for special projects	45,000	45,000	45,000	45,000	-	-	-	-	-	2,375,000
Committed for emergencies	120,000	120,000	120,000	120,000	1,400,254	1,700,118	1,910,969	1,910,969	2,131,107	2,361,957
Assigned for encumbrances	-	-	-	-	-	-	-	-	142,939	-
Unassigned	2,951,695	2,738,671	3,753,034	4,362,879	4,286,690	5,498,960	5,297,547	7,210,913	6,235,593	5,238,307
<b>Total general fund</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>	<b>\$ 8,996,391</b>	<b>\$ 10,223,261</b>
<b>All other governmental funds:</b>										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted for affordable housing	3,446,494	3,252,244	3,101,038	3,136,427	3,272,449	3,314,901	3,397,943	3,489,015	3,466,109	3,386,832
Restricted for community development	-	-	-	-	-	-	-	-	-	-
Restricted for public safety	88,827	44,420	141,656	149,404	113,934	23,243	35,328	15,307	58,528	44,836
Restricted for streets	491,733	350,947	332,857	490,272	1,055,063	777,091	690,712	607,918	761,117	4,290,610
Restricted for parks	472	2,106	2,317	314,861	281,825	188,139	31,114	123,254	345,470	121,694
Restricted for public education	65,535	2,332	7,214	15,665	23,325	10,290	14,678	20,053	27,197	68,854
Restricted for debt service	764,912	850,397	919,278	930,095	943,984	-	-	-	-	-
Restricted for recycling	115,283	115,283	5,310	-	-	-	-	-	-	-
Restricted for special projects	633,476	637,761	1,141,087	701,184	689,995	550,549	-	-	-	-
Restricted for capital projects	534,791	1,044,463	754,678	293,060	-	-	-	-	-	-
Committed for capital projects	-	-	-	-	568,484	289,262	298,205	274,728	274,805	250,064
Assigned	-	-	-	-	-	-	24,718	55,435	-	-
Unassigned	-	-	-	-	-	-	(479,495)	(94,056)	(445,490)	(1,196)
<b>Total other governmental funds' net position</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>\$ 4,763,744</b>	<b>\$ 6,366,500</b>	<b>\$ 8,294,930</b>
<b>Total Governmental Funds</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>\$ 13,981,461</b>	<b>\$ 15,361,891</b>	<b>\$ 18,518,211</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)

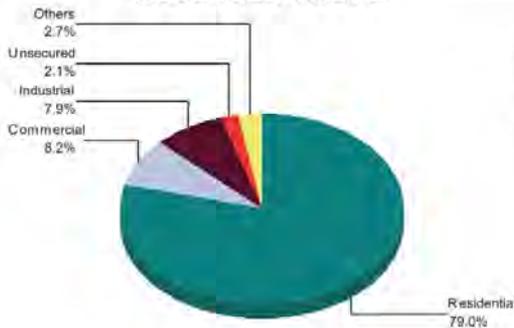
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Revenues:</b>										
Property taxes	\$ 1,673,084	\$ 1,266,681	\$ 1,652,877	\$ 1,472,627	\$ 1,544,847	\$ 1,734,281	\$ 1,813,280	\$ 1,774,242	\$ 1,902,006	\$ 2,002,321
Sales taxes	2,904,515	3,667,261	4,128,500	4,332,626	4,261,452	5,172,427	5,154,685	6,004,019	6,418,733	6,217,892
Other taxes	106,204	110,345	46,314	44,041	173,119	401,665	509,572	646,454	720,920	651,507
Licenses and permits	440,722	402,151	502,033	521,507	544,780	515,547	546,010	624,513	689,807	684,245
Fines and forfeits	42,429	109,435	235,551	4,839	-	-	-	-	-	-
Intergovernmental	2,012,895	575,014	1,350,366	998,301	424,872	643,120	779,480	1,612,970	2,432,231	1,827,496
Charges for services	885,542	908,956	1,201,768	1,450,185	1,515,847	699,800	1,517,283	1,551,512	1,467,493	1,265,308
Interest and rents	122,575	106,107	85,921	112,270	206,880	332,626	297,910	223,267	19,684	550,713
Miscellaneous	203,606	341,905	107,382	150,298	222,104	270,375	431,445	296,622	399,661	467,019
<b>Total revenues</b>	<b>\$ 8,390,572</b>	<b>\$ 7,487,855</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>\$ 14,050,536</b>	<b>\$ 13,666,501</b>
<b>Expenditures:</b>										
Current:										
General government	1,110,637	1,442,082	1,635,238	1,276,704	879,854	1,126,300	1,189,649	1,385,817	2,012,707	1,304,601
Public safety	2,551,265	2,831,831	2,915,581	2,991,798	3,349,442	3,715,188	3,607,672	3,965,857	7,581,747	4,287,989
Community development	335,514	610,472	476,463	427,963	439,133	561,558	644,933	719,621	1,340,858	1,484,954
Public works	568,563	865,454	1,038,141	1,137,856	1,074,822	1,458,531	1,390,244	1,430,423	2,254,601	1,813,282
Capital Outlay	2,159,960	1,429,863	2,320,464	2,650,334	795,748	2,020,639	4,178,919	2,853,309	5,472,060	8,603,758
Debt Service:										
Principal retirement	168,506	130,000	135,000	145,000	158,022	6,331	6,736	7,167	197,636	487,633
Interest and fiscal charges	331,655	317,850	309,238	300,138	291,432	1,801	1,911	965	507	376,251
<b>Total Expenditures</b>	<b>\$ 7,216,100</b>	<b>\$ 7,617,562</b>	<b>\$ 8,890,145</b>	<b>\$ 8,929,793</b>	<b>\$ 6,988,453</b>	<b>\$ 8,910,548</b>	<b>\$ 11,020,264</b>	<b>\$ 10,363,159</b>	<b>\$ 18,960,116</b>	<b>\$ 18,353,468</b>
<b>Excess (deficiency) of revenues over (under) expenditures</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>2,370,440</b>	<b>(4,909,581)</b>	<b>(4,691,967)</b>
<b>Other financing sources (uses):</b>										
Contributions from successor agency	\$ -	\$ -	\$ 701,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds of sale of property	-	-	-	-	-	-	-	-	-	2,000,000
Right of use lease financing	-	-	-	-	34,874	-	-	-	-	-
Proceeds from long term debt	-	-	-	-	-	-	-	-	6,190,011	5,848,287
Transfers in	975,604	1,264,468	1,612,149	2,383,566	910,786	2,237,319	3,537,619	2,317,805	13,380,782	14,943,479
Transfers out	(915,104)	(1,173,968)	(1,612,149)	(2,320,602)	(749,733)	(2,452,003)	(3,537,619)	(2,317,805)	(13,380,782)	(14,943,479)
<b>Total business-type activities net position</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>6,190,011</b>	<b>7,848,287</b>
<b>Net change in fund balances</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>\$ 2,370,440</b>	<b>\$ 1,380,430</b>	<b>\$ 3,156,320</b>
<b>Debt service as a percentage of noncapital expenditures</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>	<b>1.5%</b>	<b>8.9%</b>

# THE CITY OF COTATI 2022/23 USE CATEGORY SUMMARY

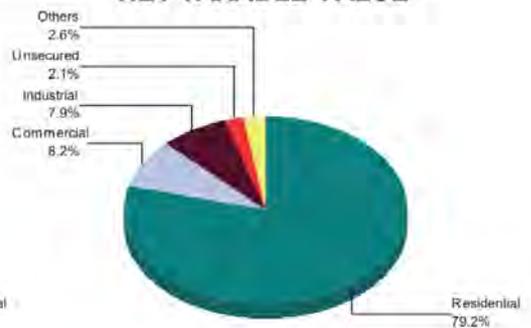
## BASIC PROPERTY VALUE TABLE

Category	Parcels	Assessed Value	Net Taxable Value
Residential	2,471	\$1,096,374,244 (79.0%)	\$1,085,421,319 (79.2%)
Commercial	81	\$113,481,648 (8.2%)	\$112,448,021 (8.2%)
Industrial	85	\$110,158,686 (7.9%)	\$108,065,122 (7.9%)
Govt. Owned	81	\$0 (0.0%)	\$0 (0.0%)
Institutional	14	\$5,098,115 (0.4%)	\$2,517,324 (0.2%)
Miscellaneous	10	\$784,095 (0.1%)	\$783,595 (0.1%)
Recreational	1	\$3,399,894 (0.2%)	\$3,399,894 (0.2%)
Vacant	93	\$25,258,567 (1.8%)	\$25,107,486 (1.8%)
Cross Reference	[77]	\$3,261,145 (0.2%)	\$3,223,829 (0.2%)
Unsecured	[418]	\$29,167,763 (2.1%)	\$29,048,406 (2.1%)
<b>TOTALS</b>	<b>2,836</b>	<b>\$1,386,984,157</b>	<b>\$1,370,014,996</b>

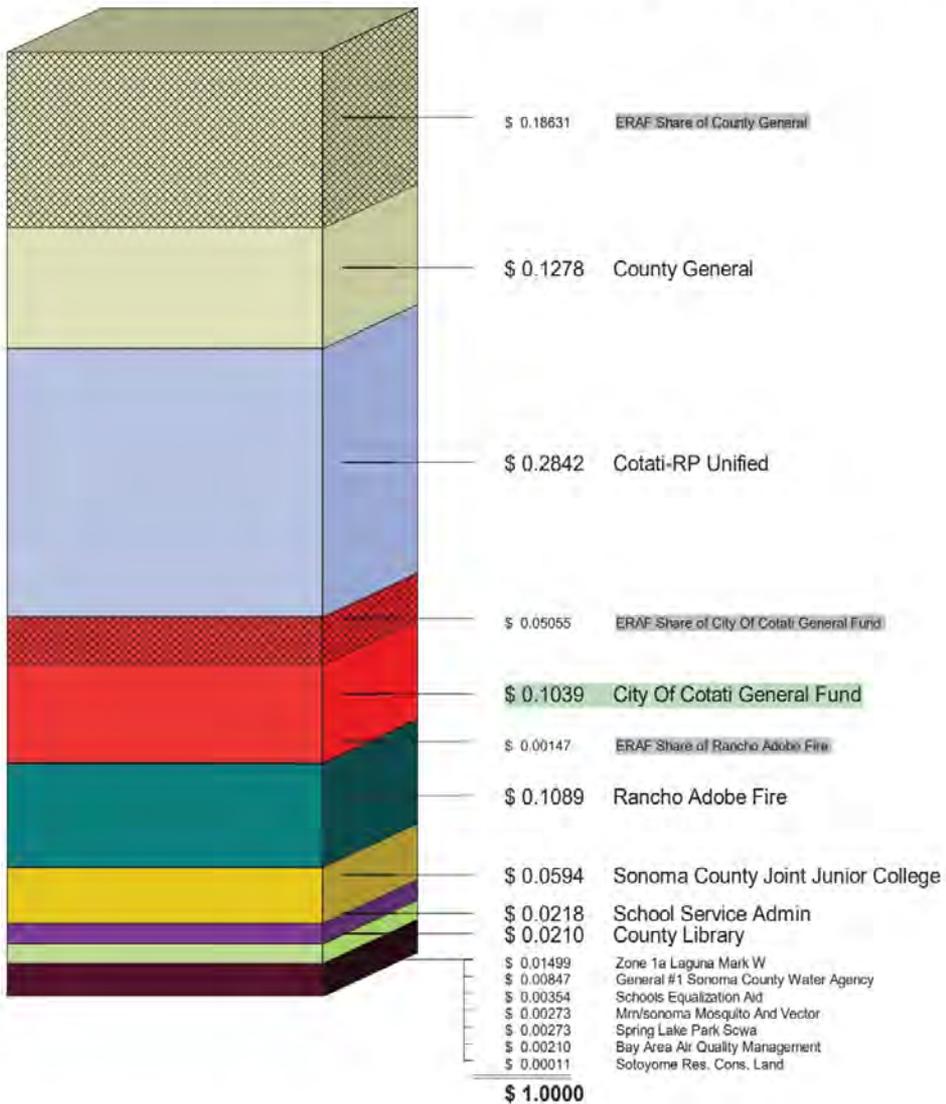
**ASSESSED VALUE**



**NET TAXABLE VALUE**



# THE CITY OF COTATI PROPERTY TAX DOLLAR BREAKDOWN



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

Data Source: Sonoma County Assessor 2022/23 Annual Tax Increment Tables

Prepared On 8/30/2023 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

## 2022/23 ROLL SUMMARY

### Taxable Property Values

	Secured	Nonunitary Utilities	Unsecured
Parcels	2,836	0	418
TRAs	13	0	12
<b>Values</b>			
Land	530,668,796	0	239,239
Improvements	822,572,365	0	14
Personal Property	4,003,011	0	20,029,980
Fixtures	572,222	0	8,898,530
Aircraft	0	0	0
<b>Total Value</b>	<b>\$1,357,816,394</b>	<b>\$0</b>	<b>\$29,167,763</b>
<b>Exemptions</b>			
Real Estate	16,673,858	0	857
Personal Property	159,416	0	114,337
Fixtures	16,530	0	4,163
Aircraft	0	0	0
Homeowners*	8,240,400	0	0
<b>Total Exemptions*</b>	<b>\$16,849,804</b>	<b>\$0</b>	<b>\$119,357</b>
<b>Total Net Value</b>	<b>\$1,340,966,590</b>	<b>\$0</b>	<b>\$29,048,406</b>

Combined Values	Total
Total Values	\$1,386,984,157
Total Exemptions	\$16,969,161
<b>Net Total Values</b>	<b>\$1,370,014,996</b>
Net Aircraft Values	\$0

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

Totals do not include Aircraft Values or Exemptions.

Data Source: Sonoma County Assessor 2022/23 Combined Tax Rolls  
 This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of H&L, Coren & Cone

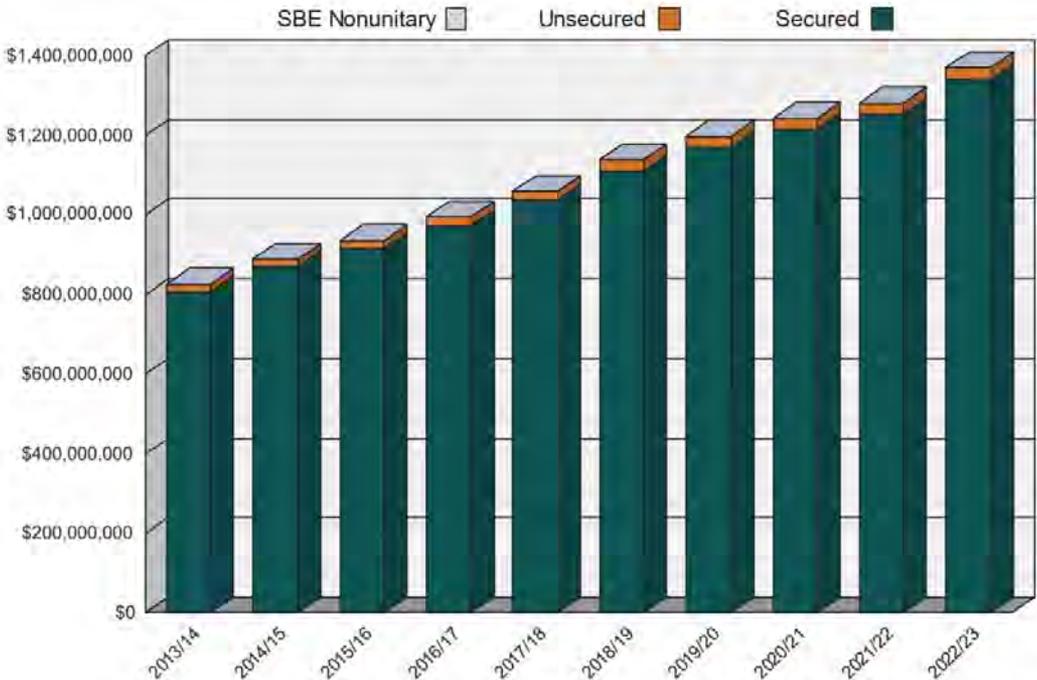
Prepared On 8/30/2023 By MV

# THE CITY OF COTATI

## NET TAXABLE ASSESSED VALUE HISTORY

2013/14 - 2022/23 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2013/14	\$807,650,224	\$17,650,144	\$0	825,300,368	
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%
2021/22	\$1,252,043,387	\$28,739,628	\$0	1,280,783,015	2.96%
2022/23	\$1,340,966,590	\$29,048,406	\$0	1,370,014,996	6.97%
				<b>Average % Change</b>	<b>6.58%</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's Office - 2022/23 Combined Tax Rolls

Prepared On 8/30/2023 By MV

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# THE CITY OF COTATI

## ASSESSED VALUE OF TAXABLE PROPERTY

2013/14 - 2022/23 Taxable Property Values

Category	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Residential	615,960,303	678,311,562	715,961,764	767,060,956	826,433,803	889,070,832	935,486,786	969,710,258	1,002,761,633	1,065,421,319
Commercial	36,689,049	87,654,176	90,746,880	94,066,325	95,696,147	102,266,500	105,285,851	104,596,685	107,438,126	112,446,021
Industrial	76,498,597	78,236,635	81,062,350	83,370,408	85,606,661	89,805,232	99,333,694	105,403,915	105,974,680	108,066,122
Govt. Owned	0	0	0	0	0	0	0	0	0	0
Institutional	1,660,963	1,665,144	1,713,485	1,734,254	1,839,508	2,104,979	2,320,009	2,366,763	3,010,211	2,517,324
Miscellaneous	490,255	539,697	550,450	558,841	570,015	730,838	746,453	760,358	768,232	783,595
Recreational	2,929,933	2,943,234	3,002,039	3,047,819	3,108,774	3,170,949	3,234,367	3,299,064	3,333,231	3,369,894
Vacant	19,793,035	19,926,704	20,296,155	20,714,229	22,084,929	20,156,355	21,367,104	27,077,265	25,614,090	25,107,466
Cross Reference	2,228,089	2,183,346	2,220,244	2,521,139	2,669,087	2,972,313	2,959,262	3,101,052	3,143,284	3,223,829
Unsecured	17,660,144	17,928,404	19,759,670	21,771,776	21,532,517	26,992,115	26,672,022	27,633,799	26,739,628	29,048,406
<b>TOTALS</b>	<b>825,300,368</b>	<b>869,369,372</b>	<b>935,315,057</b>	<b>984,845,787</b>	<b>1,069,631,651</b>	<b>1,138,272,113</b>	<b>1,198,404,748</b>	<b>1,240,952,169</b>	<b>1,280,783,015</b>	<b>1,370,014,996</b>
Total Direct Rate	0.10163	0.10157	0.10129	0.10117	0.10104	0.10092	0.10073	0.09940	0.09845	0.09714

**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 2013/14 - 2022/23 Combined Tax Rolls

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

Prepared On: 8/30/2023 By: MV

# THE CITY OF COTATI

## 2022/23 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured		Parcels	Unsecured		Combined		Primary Use & Primary Agency
	Value	% of Net AV		Value	% of Net AV	Value	% of Net AV	
1) LOWES HW INC	\$22,000,000	1.64%	1	\$1,735,932	5.98%	\$23,735,932	1.73%	Commercial Successor Agency
2) SUNHILL ENTERPRISES LP	\$8,765,104	0.65%				\$8,765,104	0.64%	Commercial Successor Agency
3) ARTHUR LAND DIANE R VOLLERT	\$7,817,653	0.58%				\$7,817,653	0.57%	Industrial Successor Agency
4) GTY - PACIFIC LEASING LLC	\$7,312,222	0.54%				\$7,312,222	0.53%	Commercial Successor Agency
5) EMC PROPERTY COMPANY LLC	\$5,802,926	0.43%				\$5,802,926	0.42%	Industrial Successor Agency
6) VINEYARD MEADOWS APARTMENTS LP	\$5,459,829	0.41%				\$5,459,829	0.40%	Residential City of Cotati General Fund
7) COTATI COMMONS MARKETPLACE LLC	\$5,337,750	0.40%				\$5,337,750	0.39%	Vacant Successor Agency
8) REDWOOD SELF STORAGE LLC	\$5,326,731	0.40%				\$5,326,731	0.39%	Industrial Successor Agency
9) JEFFRY H WEISMAN TRUST ET AL	\$4,796,662	0.36%				\$4,796,662	0.35%	Residential Successor Agency
10) STEVE R ORTH TRUST	\$4,554,167	0.34%				\$4,554,167	0.33%	Commercial Successor Agency
<b>Top Ten Total</b>						\$78,918,176	5.75%	
<b>City Total</b>	\$1,342,332,387			\$29,048,406		\$1,371,380,793*		

Top Owners last edited on 8/26/23 by maheav Using sales through 06/30/23 (Version r.1)

Data Source: Sonoma County Assessor 2022/23 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 8/30/2023 By MV

# THE CITY OF COTATI

## 20/ 3RX TOP TEN PSEPESTY TACPAYESU

Top Property Owners Based On Net Values

Owner	Unemured		bnsenmured		Coi &gnd		Prj ary bse \$ Prj ary A, enny
	Parcels	Value % of Net AV	Parcels	Value % of Net AV	Value % of Net AV	% of Net AV	
1) LOWES HW INC	1	\$18,508,710 2.29%			71,591,059 / 0	2% X8	Commercial Successor Agency
2) RANCHO COTATI LLC	2	\$7,093,796 0.88%			7,063,964	0% X48	Commercial Successor Agency
3) COLVIN GROUP FUND LP	19	\$5,850,166 0.72%			71,951,094.44	0% X8	Industrial Successor Agency
4) NEWMAN DEV GROUP OF COTATI LLC	4	\$5,549,982 0.69%			71,912,656.2	0% X8	Vacant Successor Agency
5) VINE YARD MEADOWS APARTMENTS LP	3	\$4,710,187 0.58%			729 / 09 5.	0% X8	Residential City of Cotati General Fund
6) PENSCO TRUST COMPANY CUST	1	\$4,600,000 0.57%			729,000,000	0% X48	Industrial Successor Agency
7) SCOTT P WILSON TRUST ET AL	1	\$4,300,000 0.53%			729,000,000	0% X28	Commercial Successor Agency
8) MICHAELA KENNEY TRUST	1	\$4,298,745 0.53%			729,659 X1	0% X28	Industrial Successor Agency
9) FRANKLIN ARDEN LLC ET AL	2	\$3,275,000 0.41%			739,1900	0% X08	Commercial Successor Agency
10) OLIVERS BUSINESS PROPERTIES LLC	2	\$3,186,104 0.39%			739,559 0X	0% X68	Vacant Successor Agency
<b>Top Ten Total</b>	36	\$61,374,700 7.59%	0	\$0 0.00%	741,91,29 00	0% X38	
<b>Cgy Total</b>		\$808,416,334		\$17,650,144	752,044,49. 5*		

\*Value includes Other TRAs

Top Owners last edited on 7/25/17 by MaheAV using sales through 06/30/14. (Version 1.1)

Data Source: Sonoma County Assessor 2013/14 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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# THE CITY OF COTATI

## DIRECT & OVERLAPPING PROPERTY TAX RATES

(RATE PER \$100 OF TAXABLE VALUE)

Agency	Last 10 Fiscal Years									
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<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	0.16400	0.15100	0.13900	0.16700	0.16500	0.16400	0.15600	0.12600	0.11450
Sonoma County Junior College	0.02100	0.01800	0.01600	0.04000	0.03700	0.03800	0.03700	0.03700	0.03700	0.03500
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>1.18900</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>1.17000</b>	<b>1.15650</b>
<b>City's Share of 1% Levy Per Prop 13<sup>3</sup></b>	0.10694	0.10694	0.10661	0.10651	0.10637	0.10624	0.10616	0.10390	0.10390	0.10390
<b>Voter Approved City Debt Rate</b>										
<b>Redevelopment Rate<sup>4</sup></b>										
<b>Total Direct Rate<sup>5</sup></b>	0.10153	0.10157	0.10129	0.10117	0.10104	0.10092	0.10073	0.09440	0.09445	0.09714

**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 2013/14 - 2022/23 Tax Rate Table

Prepared On 8/30/2023 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

## SALES VALUE HISTORY

Single Family Residential Full Value Sales 01/01/2021 - 7/31/2023)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2021	142	\$644,940	\$600,500	
2022	71	\$692,300	\$650,000	8.24%
2023	40	\$606,475	\$625,000	-3.85%



\* Multiparcel transfers, quitclaim deeds, trust transfers, timeshares, and partial sales are excluded from this analysis.

Data Source: Sonoma County Recorder

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**CITY OF COTATI**  
**TOP 25 SALES TAX PRODUCERS**  
**FOR CALENDAR YEAR 2022**

<b>Business Name</b>	<b>Business Category</b>
76/Circle K	Service Stations
Acme Burger	Quick-Service Restaurants
Chevron	Service Stations
China Village	Casual Dining
Cotati Chevron	Service Stations
Cotati Gas Mart	Service Stations
Fume Highroad	Cannabis Related
Grow Generation	Garden/Agricultural Supplies
Instrument Technology	Electrical Equipment
Lowe's	Building Materials
McPhail Fuel	Fuel/Ice Dealers
Mercy Wellness Center	Cannabis Related
Mi Pueblo	Casual Dining
Mi Ranchito Restaurant	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
Park Avenue Catering	Food Delivery/Catering
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 Calendar Year Total Paid By Top 25 Accounts = 80.45%

\* Firms Listed Alphabetically

Printed 07/14/2022

Period: January 2022 Thru December 2022

Allocations Adjusted for Economic Data

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 CALENDAR YEAR 2013**

<b>Business Name</b>	<b>Business Category</b>
B2 Enterprises	Sporting Goods/Bike Stores
Chevron	Service Stations
Chouinard & Myhre	Business Services
Circle K 76	Service Stations
Cotati Gas & Food Mart	Service Stations
Dunn Edwards Paint	Paint/Glass/Wallpaper
Gilmore Chevron	Service Stations
Instrument Technology	Electrical Equipment
Le Cache Wine Cabinets	Specialty Stores
Lowes	Building Materials
McLea's Tire Service	Automotive Supply Stores
McPhail Fuel	Fuel/Ice Dealers
Mercy Wellness Center	Cannabis Related
Mi Pueblo	Casual Dining
Mi Ranchito Restaurant	Casual Dining
Michaels Harley Davidson	Boats/Motorcycles
Olivers Market	Grocery Stores
Outdoor Pro Shop	Sporting Goods/Bike Stores
Park Avenue Catering	Leisure/Entertainment
San FranStitchco	Textiles/Furnishings
Shamrock Materials	Contractors
Sillada Valero	Service Stations
Spa World	Specialty Stores
USA Gas	Service Stations
Walgreens	Drug Stores

Percent of Calendar Year Total Paid By Top 25 Accounts = 82.16%

\* Firms Listed Alphabetically

Printed 07/14/2022

Period: January 2013 Thru December 2013

Allocations Adjusted for Economic Data

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Eating and Drinking Places	\$ 11,839	\$ 12,914	\$ 12,949	\$ 16,794	\$ 18,643	\$ 20,064	\$ 19,778	\$ 17,626	\$ 21,792	\$ 24,499
Auto Dealers and Supplies	2,398	3,374	3,930	3,182	2,227	5,339	6,181	5,827	6,216	6,638
Service Stations	37,717	36,400	29,572	28,636	31,764	38,289	37,565	29,497	39,250	46,932
Other Retail Stores	88,655	94,216	98,567	105,648	117,301	122,324	126,664	144,945	150,977	147,524
All Other Outlets	26,866	26,251	25,837	24,237	25,420	24,373	27,769	18,124	77,487	76,662
<b>Total</b>	<b>\$ 167,475</b>	<b>\$ 173,156</b>	<b>\$ 170,855</b>	<b>\$ 178,488</b>	<b>\$ 195,354</b>	<b>\$ 210,390</b>	<b>\$ 217,975</b>	<b>\$ 216,019</b>	<b>\$ 295,722</b>	<b>\$ 302,246</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 COTATI

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR FISCAL YEAR 2022/23

2022/23 Assessed Valuation: \$1,371,391,219

	Total Debt 6/30/23	Percent Applicable <sup>(1)</sup>	City's Share of Debt
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
<u>6/30/23</u>			
Sonoma County Joint Community College District	\$ 397,820,000	1.251%	\$ 4,976,728
Cotati-Rohnert Park Unified School District	160,099,505	16.157	25,867,277
City of Cotati 1915 Act Bonds	3,272,610	100.000	<u>3,272,610</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$34,116,615</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Sonoma County General Fund Obligations	\$ 7,046,000	1.260%	\$ 88,780
Sonoma County Pension Obligation Bonds	204,945,000	1.260	2,582,307
Sonoma County Office of Education General Fund Obligations	2,936,277	1.260	36,996
Cotati-Rohnert Park Unified School District General Fund Obligations	1,365,403	16.157	220,608
<b>City of Cotati General Fund Obligations</b>	<b>11,359,940</b>	<b>100.000</b>	<b><u>11,359,940</u></b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$14,288,631</b>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	<u>\$7,658,781</u>	99.807%	\$7,644,000
<b>TOTAL DIRECT DEBT</b>			<b>\$ 11,359,940</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 44,689,306</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 56,049,246<sup>(2)</sup></b>

NOTES:

(1)

Ratios to 2022/23 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.49%
<b>Total Direct Debt.....</b>	<b>0.82%</b>
Combined Total Debt.....	4.09%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$631,748,704):

Total Overlapping Tax Increment Debt .....	1.21%
--	-------

AB:(\$500)

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

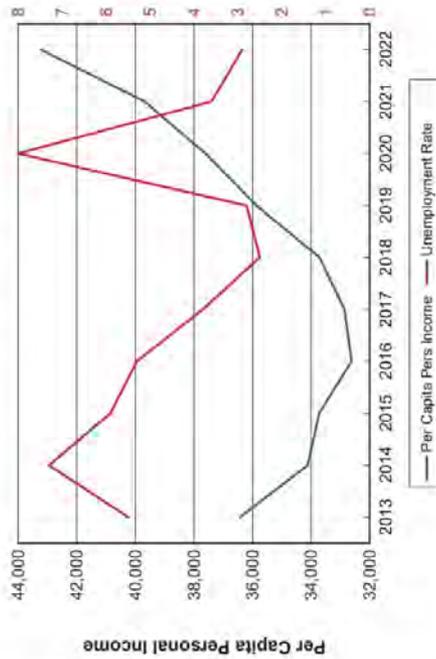
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Total Assessed Value <sup>(A)</sup>	\$ 825,300,368	\$ 889,389,372	\$ 935,315,057	\$ 994,845,787	\$ 1,059,631,651	\$ 1,138,272,113	\$ 1,198,404,748	\$ 1,243,952,169	\$ 1,280,873,015	\$ 1,371,391,219
Debt Limit (15% of Assessed Value)	123,795,065	133,408,406	140,297,259	149,226,868	158,944,748	170,740,817	179,760,712	186,592,625	192,130,952	205,708,683
Debt applicable to Limit:	-	-	-	-	-	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
<b>Legal Debt Margin:</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.02%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>3.22%</b>	<b>5.52%</b>
Total net debt applicable to the limit as a percentage of debt limit.										
<b>Primary Government Long Term Debt</b>										
Lease Obligation	\$ -	\$ -	\$ -	\$ -	\$ 34,874	\$ 25,521	\$ 18,785	\$ 11,618	\$ 3,593	\$ -
City of Cotati Series 2022A	-	-	-	-	-	-	-	-	2,102,254	7,484,710
City of Cotati Series 2022B	-	-	-	-	-	-	-	-	4,087,760	3,875,230
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,874</b>	<b>\$ 25,521</b>	<b>\$ 18,785</b>	<b>\$ 11,618</b>	<b>\$ 6,194,007</b>	<b>\$ 11,359,940</b>
<b>Ratios of Total Long Term Debt</b>										
Personal Income	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%	0.01%	0.00%	2.11%	3.57%
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 3	\$ 2	\$ 2	\$ 837	\$ 1,543
<b>Supporting Demographic Information <sup>(B)</sup></b>										
Population (Calendar Year)	7,268	7,302	7,153	7,272	7,716	7,919	7,533	7,429	7,397	7,960
Personal Income	\$ 265,458,000	\$ 249,130,000	\$ 241,231,000	\$ 237,226,000	\$ 253,562,000	\$ 266,954,000	\$ 270,187,000	\$ 279,386,000	\$ 293,587,000	\$ 318,159,000
Per Capita Personal Income	36,424	34,118	33,724	32,622	32,861	33,710	35,867	37,607	39,689	43,228

(A) Source of Information: Sonoma County Auditor-Controller-Treasurer-Tax Collector  
 (B) See Demographic Statistics for personal income and population data.

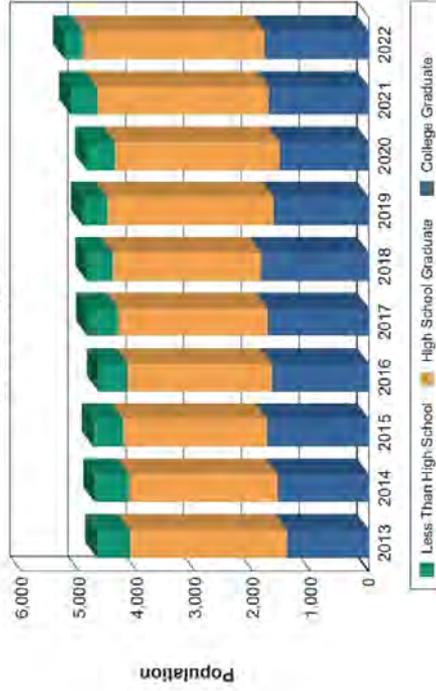
# THE CITY OF COTATI DEMOGRAPHIC AND ECONOMIC STATISTICS

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
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%
2021	7,397	\$293,587	\$39,689	3.6%	38.7	91.5%	33.6%
2022	7,360	\$318,159	\$43,228	2.9%	37.2	94.0%	34.5%

## 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 tallied 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

**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 8/30/2023 By MW

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

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Elected Officials</b>	5.00	5.00	5.00	5.00	5.00	5.00	2.50	2.50	2.50	2.50
<b>Staff Positions</b>										
City Manager	3.50	3.50	3.50	3.50	3.50	3.50	4.50	4.50	3.00	4.50
Recreation	-	1.00	1.50	2.50	2.30	3.20	2.70	2.80	2.80	2.70
Administrative Services	4.00	4.50	4.50	4.50	4.50	3.00	4.50	4.00	4.00	5.50
Planning & Building	3.00	4.00	4.00	4.00	3.00	3.00	3.00	3.70	3.50	4.50
Public Works	8.00	8.00	8.00	8.00	8.00	8.00	9.50	7.60	7.00	9.00
Police Services	25.00	25.50	20.50	19.50	19.50	20.50	20.50	18.60	16.40	22.20
<b>Total</b>	<b>48.50</b>	<b>51.50</b>	<b>47.00</b>	<b>47.00</b>	<b>45.80</b>	<b>46.20</b>	<b>47.20</b>	<b>43.70</b>	<b>39.20</b>	<b>50.90</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
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	2,214,793	95.8%
2021/22	1,919,788	2,334,947	82.2%
2022/23	2,025,933	2,087,050	97.1%



# THE CITY OF COTATI

## CAPITAL ASSETS STATISTICS BY FUNCTION

Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	5	5	5	5	6	6	6	6	6	6
<b>Public Works:</b>										
Street Miles	22	22	22	22	22	22	22	22	22	22
Streetslights & vintage street lights	277	277	277	312	312	312	312	331	331	331
Traffic Signals	7	7	7	8	8	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	431	431	431	432	432	432	432	438	438	438



*CotatiCity.org*

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