

FISCAL YEAR ENDING JUNE 30, 2025



ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF COTATI

SONOMA COUNTY, CALIFORNIA

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City of Cotati, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2025

Prepared by the Administrative Services Department

Angela Courter, Director of Administrative Services

Neil Tomlinson, Senior Accountant

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INTRODUCTORY SECTION

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MEET THE COTATI CITY COUNCIL



Ben Ford
Mayor (2025)
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707-792-4600 (ext.196)
Elected Term:(2024-2028)



Sylvia Lemus
Vice Mayor (2025)
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Elected Term:(2022-2026)



Susan Harvey
Council Member
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707-792-4600 (ext. 193)
Elected Term:(2024-2028)



Laura Sparks
Council Member
lsparks@cotaticity.gov
707-792-4600 (ext. 194)
Elected Term:(2024-2028)



John T. Savage
Council Member
jsavage@cotaticity.gov
707-792-4600 (ext. 202)
Appointed Term:(2025-2026)

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

201 West Sierra Ave.
Cotati, California 94931
www.cotaticity.gov
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MEET THE COTATI CITY MANAGEMENT TEAM



Damien O'Bid
City Manager
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Angela Courter
**Director of
Administrative
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Chris Simmons
Chief of Police
csimmons@cotaticity.gov



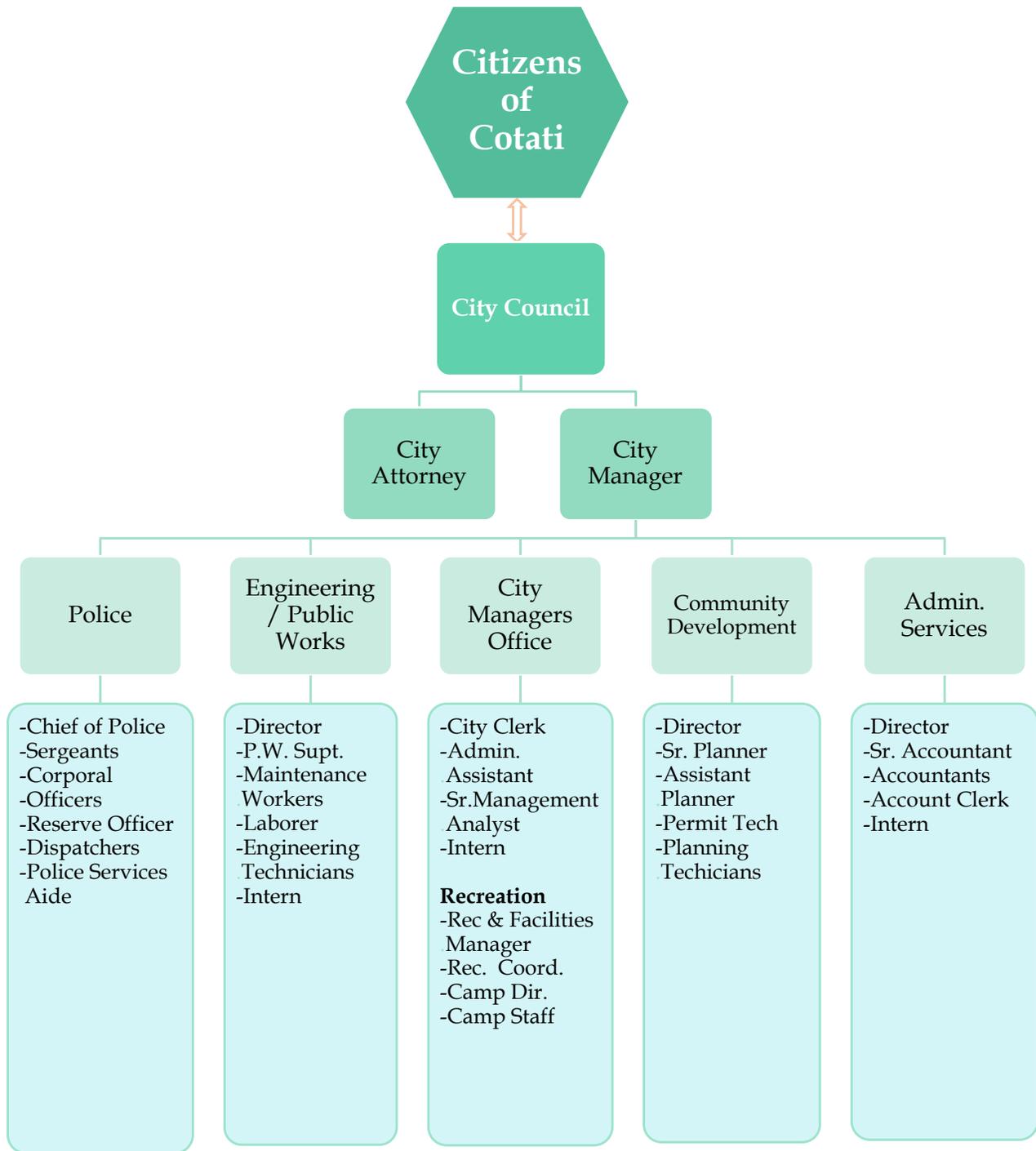
Craig Scott
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ORGANIZATIONAL CHART





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, 2024

Christopher P. Morill

Executive Director/CEO



TRANSMITTAL LETTER

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City of Cotati

Sonoma County, California



October 15, 2025

The Honorable City Council
Cotati, California

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

The City of Cotati (City) is pleased to present our Annual Comprehensive Financial Report (ACFR or Annual Report) for the fiscal year ended June 30, 2025. The fiscal year covers financial transactions from July 1, 2024, to June 30, 2025, 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 annual award-winning 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, 2025. 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

Chavan & Associates, an independent and licensed certified public accountancy firm, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2025, 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. Chavan & Associates has concluded, based upon the audit, that there is a reasonable basis for rendering an unmodified audit opinion that the City's financial statements for the fiscal year that ended June 30, 2025, are fairly presented in all material respects in conformity with generally accepted accounting principles in the United States.

In accordance with Government Finance Officers' Association (GFOA) best practices, which recommend changing auditors every five years¹, this is the first year that the City is using Chavan & Associates to review the financial statements of the City.

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

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 Independent Auditors Report, MD&A, government-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information. 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 7,323, 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. Award winning 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 City Council selects the Mayor and Vice Mayor 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 and Sonoma County facilitates the Oversight Board to the Successor 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. The Rancho Adobe Fire District provides all fire services to the community. Public transit is provided by Sonoma County Transit, Sonoma-Marin Area Rail Transit, and Golden Gate Transit. The public school system that serves the City is the Cotati Rohnert Park Unified School District.

Demographic Information

Size: 1.88 square miles

Population:² 7,323

Population Ranking of CA cities³: 557 of 1,578

Race & Ethnicity: White-71.7%, Hispanic-18.8%, Two or More Races-6.8%

Median Age⁴: 38.0 years

Highschool graduate or higher: 95%

(State: 83.9%)

Per Capita Personal Income⁴: \$58,554

⁵ (State:\$85,518)

Full Value Sales Median House⁴: \$565,000

⁶ (State: \$899,140- August 2025)

² <https://worldpopulationreview.com/us-cities/california/sonoma-county>

³ https://www.california-demographics.com/cities_by_population

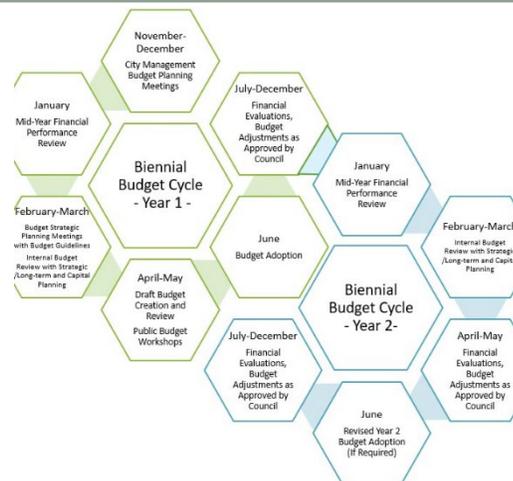
⁴ See statistical data after basic financial statements.

⁵ <https://fred.stlouisfed.org/series/CAPCPI>

⁶ <https://instamortgage.com/california-median-home-price-by-county-updated-october-2025/>

Accounting System and Budgetary Control

The City's budget starts with one or more strategic planning sessions 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 reviews the financial activity quarterly in relationship to the original budget and amends the original budget as necessary to reflect changing conditions. During fiscal year 2024/25, the City initiated our first ever biennial budget adoption process covering fiscal years 2025/26 and 2026/27. The budget document is available online at www.cotaticity.gov/188/City-Budgets.



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

Long-Term Financial Planning



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. However, even with the renewal of Measure S, the City continues to face challenges related to stagnant revenue growth and increasing cost of operations, including the rising costs of insurance for the City, higher utility costs, and higher labor costs while simultaneously funding the necessary replacement and upgrades of City infrastructure.

We need to stay cognizant of these trends and remain fiscally prudent and focused on using our resources to maintain 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) and 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 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 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

National unemployment fell to 3.6% in June 2023 but has since risen, reaching 4.3% in August 2025. According to the Sonoma County Economic Development Board's 2025 Economic Outlook, job growth has moderated and the economy is creating fewer than 200,000 jobs per month—not enough to absorb new entrants into the labor force—contributing to a gradual increase in unemployment. At the state level, California's unemployment rate stood at 5.5% as of August 2025. Sonoma County's unemployment rate has also edged higher compared to prior years, averaging about 4.1% in Q2 2025 and reaching 4.7% in August 2025.



In the next five years, Sonoma County anticipates Healthcare, Protective Services, and Food Preparation occupations to experience the highest growth.

Unemployment Rate⁷:

United States 4.3%, California 5.5%, Sonoma County 4.7%, Cotati 3.4%

Inflation

Inflation is the rate at which the general level of prices for goods and services increases, reducing the purchasing power of money. U.S. inflation, which peaked at 8.2% in September 2022, slowed considerably to a 12-month increase of 2.9% as of August 2025. This trend is consistent with conditions in California and the Bay Area, where inflationary pressures have also eased from 2022 highs.

Personal Saving Rate

The personal saving rate is calculated as the ratio of personal saving to disposable personal income. The U.S. personal saving rate was 4.6% in August 2025, down from a temporary rise earlier in the year. By comparison, the rate was 3.7% in 2023 and 12.9% in 1970. The personal saving rate remains a significant economic indicator, as it reflects households' ability to accumulate resources for future use.

⁶ <https://sonomaedc.org/data-center/workforce/job-market-tracker#:~:text=HIGHLIGHTS-,Press%20Enter%20to%20explore%20data,JOB%20POSTINGS%20&%20SALARY>

Consumer Spending Rate

Consumer spending, measured through Personal Consumption Expenditures (PCE), remains a key driver of U.S. GDP. In August 2025, PCE continued to increase modestly, consistent with ongoing growth in personal outlays despite higher interest rates. Personal consumption expenditures continue to increase and in September of 2025 saw month over month growth of 2.74%.

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 to 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 2024/25, the City collected approximately \$3.05 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, 2025, the total sales tax rate in Cotati was 10.25%⁸ as follows:

California Sales and Use Tax Rates	
State	6.00%
County Transportation Funds	0.25%
Local-City of Cotati (Bradley Burns)	1.00%
Total State-Wide Sales and Use Tax Rate	7.25%
Add: County (See detail below)	2.00%
Add: Cotati Measure S	1.00%
Total Sales Tax Rate in Cotati	10.25%

County-wide sales tax measures include Sonoma Marin Area Rail Transit [SMART] (0.25%), the Agricultural Preservation and Open Space District (0.25%), Go Sonoma (Streets) (0.25%), Measure M (Parks) (0.125%), Measure Y (Libraries) (0.125%), Measure O (Mental Health and Homeless Services - SOMT) (0.25%), Measure H (Fire Protection & Emergency Services) (0.50%) & Measure I (Childcare/Education/Healthcare) (0.25%). Combined, they total 2.00% of the overall sales tax rate in Cotati.

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 4.4% or \$66 million for the 2024/25 tax roll. This is just under Sonoma County, which had a 5.2% increase in the tax roll for 2024/25.

Overall property values in the City increased by \$66.4 million. Growth in values was largely attributed to a combination of the sale of property (\$25.4 million) and the inflation adjustment of up to 2 percent (\$27.4 million). New construction also added approximately \$16.9 million. There is an additional \$1.8 million in Prop 8 recapture and \$5.4 million in parcel adds. These increases were offset by approximately \$10.5 million in other changes which include assessment appeals and changes to secured exemptions and other minor changes. Looking at the increase by sector, residential values increased by \$36.8 million. Industrial values grew by \$15.7 million, primarily due to a new development by Sandell Properties, which added \$13.3 million. Vacant land values increased by \$10.5 million. Commercial and other unsecured and miscellaneous categories added \$3.4 million.

Through June 2025, about one-third of the 43 counties where we have sales data are still experiencing declines in median sale prices. In many areas, however, home sales rebounded in June, ending three months of median price declines. The mostly modest year-over-year median sales price changes for June 2025 showed the State's Far North area having the strongest price growth at 13.7%; the Central Coast grew by 11.4%; Southern California grew by 1.9%; and the San Francisco Bay area grew by 1.0%. The Central Valley area posted a median sales price decline, slipping down by 0.8%. The median sale price of Cotati detached single-family homes from January through August 2025 was \$759,000, a decrease of -\$6,000 (-0.8%) from 2024's median price.



Housing/Building Permits

Building improvements and construction declined within the City in Fiscal Year 2024/25, with the number of building permits issued (278 permits totaling \$9,729,992 in value) increasing by approximately 5%, and increased valuation approximately the same 5% compared to Fiscal Year 2023/24 (264 permits totaling \$9,303,980 in value). This increase is primarily related to the completion of more home improvement projects that are relatively small in scope, but which require building permits.

Economic Condition and Outlook for the General Fund

The City's estimated ending General Fund Balance in the FY2025/26 Budget is approximately \$3.9 million, which is equivalent to 36.7% of total operating expenses. This estimated reserve exceeds the required budgetary 25% reserve, set by City Council resolution. The ability to hold this reserve is primarily due to the City's ability to efficiently manage costs while it continues to improve the services and infrastructure provided to its citizens.

The General Fund's economic condition and economic outlook include the following assumptions in the FY2025/26 Budget:

- Primary Factors Affecting General Fund Revenue Forecast
 - Property tax growth of around 2.0% based on 2% assessor applied CPI. We do not anticipate a significant change in assessed value due to transfer of ownership due to increased interest rates and no significant construction projects anticipated to be complete during the fiscal year.
 - Sales tax decrease by 2.7% or \$160K due to potential economic uncertainty derived from threats of tariffs causing slower consumer spending, especially on goods subject to sales tax. The City also anticipated a continued decreased volume of transactions generated through the County Pool due to Amazon Distribution Center re-allocation of funding statewide.
 - Cannabis business tax remaining level with approximately \$812K in annual receipts for fiscal year 2025/26. Actual receipts for 2024/25 was higher than anticipated at \$843K, however we still believe that the conservative budget is more in line with the decline in cannabis sales overall across the State of California.
- Primary Factors Affecting General Fund Expenditure Forecast
 - Staffing Costs increased by 14.7% from the prior year adopted budget. This increase is due to set pension required payments, increased health insurance, and programmed salary increases, contained in the approved MOUs.
 - Increased cost of City-Wide insurance is estimated on average as an increase of 15%.
 - Increased cost of utilities of 11.2% based on noticed rate changes.

Strategic Goals

VISION - Cotati will be a connected, resilient and inclusive city where we honor our past and shape our vibrant future together.

MISSION - Thrive by building fiscal strength and engage the community with excellent services, public safety and infrastructure

STRATEGIC GOALS:

- **GOAL - Livability and Infrastructure**
 - a. Excellent Public Infrastructure
 - i) Invest for continual improvement of the infrastructure
 - ii) Provide clean, well-maintained parks and public buildings that are community assets, exceed expectations and promote community gathering
 - iii) Provide clean, well-maintained public streetscapes that exceed expectations
 - iv) Deliver clean, reliable drinking water, reduce water loss and improve conservation
 - v) Provide well maintained and reliable sewer systems
 - vi) Provide well maintained storm drain system that improves water quality and prevents undesirable flooding
 - vii) Pursue grants and alternative funding sources
 - b. Housing Opportunities for All
 - i) Work to maintain and grow housing options for all residents
 - ii) Actively pursue potential financial mechanisms or partnerships to expand affordable housing options.
 - iii) Orient business practices to simplify, facilitate and streamline permitting
 - iv) Explore options to reduce total costs to produce housing
 - c. Fast, Helpful Customer Service
 - i) Go out of our way to assist customers
 - ii) Seek out innovative ways to provide better customer service
 - iii) Low barrier review of ideas/projects up front
 - iv) Clear written requirements and rapid timelines for review
- **GOAL - Balanced City Budget and Economic Development.**
 - a. Strong City Finances
 - i) Focus on financial vigilance and cost control
 - ii) Balanced budget for long term sustainability
 - iii) Clear, transparent and accurate accounting and financial documents that incorporate best practices
 - iv) Pursue new revenue opportunities to support city services and infrastructure
 - v) Continually improve service delivery through joint procurement, leveraging internal and external staffing resources, and developing systems, policies and procedures to streamline processes for more efficient use of public funds and expanded staff capabilities
 - b. Grow the Economy
 - i) Regional promotion to attract new businesses and work with Chamber to promote our businesses
 - ii) Promote ordinances and processes that encourage business development
 - iii) Continually update processes and City requirements, as appropriate, to encourage new businesses, jobs and revenue growth
- **GOAL - Promote Community Connections and Encourage Participation**
 - a. Promote programs that bring the community together and build a sense of place
 - i) Prioritize public information and awareness of available public programs and services
 - ii) Promote programs that encourage a sense of connected neighborhoods
- **GOAL - Ensure Community Safety & Resiliency**
 - a. Provide a safe community for all residents, businesses, and visitors
 - i) Improve emergency preparedness, including wildfire preparedness
 - ii) Mitigate and adapt to the impacts of climate change, in accordance with adopted City Council policies
 - iii) Improve road safety for all users
 - iv) Safe neighborhoods, parks and public spaces
 - v) Improve crime prevention in businesses
- **GOAL - 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
 - i) Fairness in hiring and promotions, greater opportunities in contracting, and equitable services to all residents.
 - b. Advance equity and health in the community
 - i) Partner 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. Facilitated and adopted the City's first biennial budget covering both fiscal year 2025/26 and 2026/27. These projections allow the City to better plan operations with slightly longer projections for revenues and expenses to meet our strategic goals, which often cover multiple budget years.
3. Produced the first bilingual (English and Spanish) Popular Annual Financial Report to better explain to our community how the City is doing financially.
4. Updated the Council Chamber Audio Visual Legislative System to move away from an end-of-life system that will no longer be supported by the vendor. This update included a full migration of past public meeting information in a new public access portal that allows for greater transparency and accessibility to records of all public meetings.
5. Completed an update of the City's Water and Sewer Rates study solidifying user rates for the next 5 years in line with the needs of capital improvements and increased cost of operations.

Economic Development

1. Implemented the 5th cycle housing element program which is used to plan how to meet the housing needs of our community.
2. Facilitated a joint housing fair for the community and the neighboring community of Rohnert Park.
3. Completed the Cotati Density Bonus Program, allowing future developments to add more units if they meet community goals.
4. Completed the Santero Way Specific Plan update with extensive community engagement to increase residential development and commercial activities around the SMART train station.
5. Continued work on the accessory dwelling unit (ADU) housing by creating marketing materials and outlining grant programs available, as well as other types of funding support.

Community Safety

1. Police Enforcement: Continue efforts to maintain a safe community, including partnering with the City of Rohnert Park and Sonoma State University (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. Created the Community-Police Advisory Committee – A Brown Act advisory body that provides a forum for community input and strengthens trust between residents and law enforcement.
3. Dedicated resources to enhance DUI enforcement to improve roadway safety
4. Continued implementation of robust training on de-escalation, implicit bias, and support for individuals in mental health crisis.
5. Continue to maintain and build relationships with residents through support of “National Night Out” , “Neighborhood Beat Meetings” and “Coffee with a Cop.”
6. Continued collaboration with Sonoma State University safety and dispatch operations.

Infrastructure

1. Completed major infrastructure projects, including significant restoration of streets with pavement rehabilitation work on the Redwood Drive and Cypress Avenue.
2. Organize the annual creek week cleanup event to improve the health of our local waterways.
3. Completed a phase of the Sidewalk Gap Closure Projects, as a part of the Active Transportation Plan to provide more safe walking space for the community along Myrtle Avenue, Park Avenue and West School Street.
4. Performed a critical repair of the West School Street Storm Drain.
5. Continued park revitalization with start of construction of phase 1 at Putnam Park and designs for Civic Center/Cator Field Park, Sunflower Park, and the barns at the Veronda Falletti Ranch.
6. Finalized the implementation of the Asset Management uniform request tracking system. This asset-based service order system will allow for better tracking and reporting of maintenance and improvements of City assets.

Awards and Acknowledgements

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended June 30, 2024. This marks the sixth 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, specifically Angela Courter, Neil Tomlinson and Rosie Speranza who were primarily responsible for the compilation of this ACFR. I would 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, I would like to thank the Mayor and the other City Councilmembers for their continuing 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, consistent with the City's mission to thrive by building fiscal strength and engaging the community with excellent services, public safety and infrastructure.

For more information about the City or to view the ACFR online, visit the City website at www.cotaticity.gov

Respectfully submitted,



Damien O'Bid
City Manager

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Cotati (the "City"), as of and for the year ended June 30, 2025, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Cotati, as of June 30, 2025, 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

City 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 and GAGAS, 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 other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 fund financial statements, schedules, and other information listed in the supplementary information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The 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 GAAS. In our opinion, the combining and individual fund financial statements and 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 comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
October 15, 2025
Morgan Hill, California

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2025. 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 \$55.9 million (Total net position in the government wide.)
- As of June 30, 2025, the City's governmental activities reported a net position of \$40.4 million (See Table 2).
- As of June 30, 2025, the City's business-type activities reported a net position of \$15.5 million (See Table 2).



Fund Financial Statements

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$12.5 million.
- Within the governmental funds ending fund balance, \$1.4 million was restricted for capital projects including streets and parks, \$3.6 million is reserved for housing, and \$4.5 million is unassigned. (See Governmental Funds Balance Sheet June 30, 2025).

The General Fund reported total fund balance of \$7.0 million, of which \$85 thousand is non-spendable, \$2.5 million is committed for emergencies and \$4.5 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 for 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 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. Amounts presented in the following tables are rounded to the nearest hundred thousand dollars. For detailed and exact figures, please refer to the full Financial Statements starting at page 39. For comparative purposes, fiscal year ending June 30, 2024, amounts have been restated for the prior period adjustment amount as disclosed in footnote 16.

The following table is a condensed comparative analysis of the net position of governmental and business-type activities as of June 30, 2024, and June 30, 2025:

TABLE 2
Summary of Net Position
As of June 30, 2024, and 2025
(in million dollars)

	Governmental Activities			Business Type Activities			TOTAL		Change	
	2025	2024	\$ Change	2025	2024	\$ Change	2025	2024	%	\$
ASSETS										
Current and Other Assets	\$ 12.3	\$ 11.5	\$ 0.8	\$ 7.1	\$ 7.0	\$ 0.1	\$ 19.4	\$ 18.5	4.9%	\$ 0.9
Internal Balances	2.3	2.5	(0.2)	(2.3)	(2.5)	0.2	-	-	0.0%	-
Long Term Receivables	1.2	1.2	-	-	-	-	1.2	1.2	0.0%	-
Leases Receivable	1.0	2.4	(1.4)	0.7	0.7	-	1.7	3.1	(45.2)%	(1.4)
Capital Assets	41.2	41.5	(0.3)	11.9	12.5	(0.6)	53.1	54.0	(1.7)%	(0.9)
Total Assets	58.0	59.1	(1.1)	17.4	17.7	(0.3)	75.4	76.8	(1.8)%	(1.4)
DEFERRED OUTFLOWS OF RESOURCES										
Pension Plan Contributions, OPEB and Timing Differences	2.9	4.5	(1.6)	0.6	0.9	(0.3)	3.5	5.4	(35.2)%	(1.9)
LIABILITIES										
Current Liabilities	2.5	2.5	-	0.4	0.4	-	2.9	2.9	0.0%	-
Noncurrent Liabilities	14.8	15.9	(1.1)	0.9	1.1	(0.2)	15.7	17.0	(7.6)%	(1.3)
Total Liabilities	17.3	18.4	(1.1)	1.3	1.5	(0.2)	18.6	19.9	(6.5)%	(1.3)
DEFERRED INFLOWS OF RESOURCES										
Pension Plan, OPEB and Leases Differences in Projections	3.2	4.8	(1.6)	1.2	1.7	(0.5)	4.4	6.5	(32.3)%	(2.1)
NET POSITION										
Invested in Capital Assets	30.9	32.9	(2.0)	11.9	12.5	(0.6)	42.8	45.4	(5.7)%	(2.6)
Restricted	6.4	10.0	(3.6)	-	-	-	6.4	10.0	(36.0)%	(3.6)
Unrestricted	3.1	(2.4)	5.5	3.6	3.0	0.6	6.7	0.6	1,023%	6.1
Total Net Position	\$ 40.4	\$ 40.5	\$ (0.1)	\$ 15.5	\$ 15.5	\$ -	\$ 55.9	\$ 56.0	(0.1)%	\$ (0.1)

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 \$0.8 million, or 1.5% 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 \$2.6 million, or 5.7% decrease in net investment in capital assets was due to slowdown in cost of expenditures for capital improvements over prior years while completing some significant Capital in Progress leading to historically higher depreciation versus new assets. Additionally, there were disposals of approximately \$400K in assets no longer in service.

Restricted Net Position of \$6.4 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 (\$4.8 million or 75.6%) capital, street and park projects (\$1.5 million or 23.7%), and other restricted (\$0.4 million, or 0.7%). Restricted net position decreased by \$3.6 million, or 36.0%, primarily due to use of \$2.5 million of funds held for public safety in the prior year related to reserves for emergency operations which is now

Management Discussion & Analysis

reclassified as unrestricted, \$0.5 million in funds held in the street bonds project funding and reserved to pay for improvements in future streets as well as completion of major construction for the Park and Ride lot which held \$0.7 million in restricted funds for the prior year.

Unrestricted Net Position in the amount of \$6.7 million represents a net position of the City that is not restricted for any project or purpose. The increase of \$6.1 million, or 1023%, was primarily due to the reclassification of the funds held for emergency from restricted to unrestricted from the prior year as well as increased net position overall for the business type activities due to excess revenues over expenditures as we try to improve the health of the funds overall for future capital infrastructure maintenance.

Total Current and Other Assets decreased by \$1.4 million, or 1.8% due to; a decreased outstanding receivable which were approximately \$2.3 million as of June 30, 2025, and in the prior year were over \$3.2 million, a \$0.9 million or 28% change. The decrease was related primarily to the collection of funds outstanding for grant reimbursement. Other significant changes in assets include the increases in leases receivable totaling an increase over prior year of approximately \$0.3 million related to the renegotiated cell tower lease and the reclassification of the property held for resale from Noncurrent to Current as we are currently negotiating with the designer and intend on completing a sale soon. Decreases in total capital assets, net, were \$0.9 million or 1.7% over the prior year. Most capital assets were city improvements for streets and parks as described on page 32.

Total Current and Other Liabilities decreased over the prior year with a change of \$1.3 million or 6.5%. For current liabilities, there was no significant change over the prior year. Non-current liabilities decreased by \$1.3 million or 7.6%. This is largely due to a \$0.6 million or 10.2% decrease in Net Pension Liability, and a \$0.5 million or 5.1% decrease in Long-term Debt. The City has implemented an unfunded pension liability policy and has continued to make additional discretionary payments to minimize the City liability and further reduce the negative amortization of CalPERS losses.

Deferred Outflows of Resources decreased \$1.9 million and *Deferred Inflows of Resources* decreased \$2.1 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, 2024, and 2025.

TABLE 3
Changes in Net Position
For the Fiscal Years Ended June 30, 2024, and 2025.
(in million dollars)

	Governmental Activities				Business Type Activities				TOTAL			
	2025	2024	% Change	\$ Change	2025	2024	% Change	\$ Change	2025	2024	% Change	\$ Change
REVENUES												
<u>Program Revenues</u>												
Charges for Services	\$ 2.1	\$ 1.8		\$ 0.3	\$ 5.9	\$ 5.6		\$ 0.3	\$ 8.0	\$ 7.4	8.1 %	\$ 0.6
Operating Grants and Contributions	0.8	1.1		(0.3)	-	-		-	0.8	1.1	(27.3)%	(0.3)
Capital Grants and Contributions	0.5	0.7		(0.2)	-	-		-	0.5	0.7	0.0 %	(0.2)
<u>General Revenues</u>												
Property Taxes	2.2	2.1		0.1	-	-		-	2.2	2.1	4.8 %	0.1
Sales and Other Taxes	7.5	7.6		(0.1)	-	-		-	7.5	7.6	(1.3)%	(0.2)
Other	0.8	0.8		-	0.5	0.3		0.2	1.3	1.1	18.2 %	0.2
Total Revenues	14.0	14.1	(0.7)%	(0.1)	6.4	5.9	8.5 %	0.5	20.3	20.0	1.5 %	0.3
EXPENSES												
General Government	1.6	1.3		0.3	-	-		-	1.6	1.3	23.1 %	0.3
Public Safety	4.5	4.9		(0.4)	-	-		-	4.5	4.9	(8.2)%	(0.4)
Public Works	5.5	4.7		0.8	-	-		-	5.5	4.7	17.0 %	0.8
Community Development	2.2	3.6		(1.4)	-	-		-	2.2	3.6	(38.9)%	(1.4)
Interest on Long Term Debt	0.3	0.3		-	-	-		-	0.3	0.3	0.0 %	-
Water	-	-		-	2.5	2.4		0.1	2.5	2.4	4.2 %	0.1
Sewer	-	-		-	3.9	3.6		0.3	3.9	3.6	8.3 %	0.3
Total Expenses	14.1	14.8	(4.7)%	(0.7)	6.4	6.0	6.7 %	0.4	20.5	20.8	(1.4)%	(0.3)
Revenue over (under) expenses	(0.1)	(0.7)		0.6	-	(0.1)		0.1	(0.1)	(0.8)	87.5 %	0.7
Change in net position	(0.1)	(0.7)	85.7 %	0.6	-	(0.1)	100.0 %	0.1	(0.1)	(0.8)	87.5 %	0.7
Net position, beginning of period,	40.5	41.2		(0.7)	15.5	15.6		(0.1)	56.0	56.8	(1.4)%	(0.8)
Net position, end of period	\$ 40.4	\$ 40.5	(0.2)%	\$ (0.1)	\$ 15.5	\$ 15.5	0.0 %	\$ -	\$ 55.9	\$ 56.0	(0.2)%	\$ (0.1)

Management Discussion & Analysis

Analysis of the changes in Net Position

Governmental and Business Type Activities decreased the City's net position by \$0.2 million, or 0.4% to \$55.7 million for the year ended June 30, 2025, with Governmental Activities accounting for 72.0% 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 decreased by \$0.1 million to \$40.4 million in the current year.

Revenues: Total revenues for governmental activities decreased by \$0.1 million or 0.7% 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 increase from the previous year of \$0.2 million, or 2.9%, to \$3.5 million.

- Charges for services increased by \$0.3 million mainly due to more building permits being issued as new projects have commenced.
- Operating grants and contributions decreased by \$0.3 million related to planning grants for priority development areas or housing element plans. Meanwhile, capital grants and contributions decreased by \$0.2 million, primarily related to the one-time grant funds received and expended in fiscal year 2023/24 mainly for Public Works grants for streets projects.

General Revenues remained flat with an overall decrease of less than \$50 thousand or 0.01% mainly due to decreases in Sales taxes and investment earnings and other revenues of \$84 thousand and \$99 thousand respectively. These decreases are primarily due to economic uncertainty and changing consumer spending as well as decreasing interest rates. These decreases were offset by increased Property taxes of \$0.1 million. 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 Cannabis Tax which increased due to the expansion of these business activities.

Expenses Total expenses for governmental activities decreased \$0.7 million or 4.7% from the prior year. The primary reason for these decreases is due to decreased community development expenses related to special grants programs in the prior year for the Santero Way Specific Plan and the Housing Element requirements from the State of California. The decrease in public safety expenses related to reduced training requirements which were required in the prior year and incurred additional training expenses and overtime as well as lower vehicle expenses as the department held off on new vehicle purchases while they evaluated equipment needs due to higher vehicle costs in the prior year. These decreases were mainly offset by increased public works expenses related to the ongoing streets and new park improvement projects at Putman Park. Interest and expense on long-term debt have remained constant at \$0.3 million. Other general government expenditures increased by \$0.3 million, due mainly to increased employee salaries and benefits.

Analysis of Business Type Activities

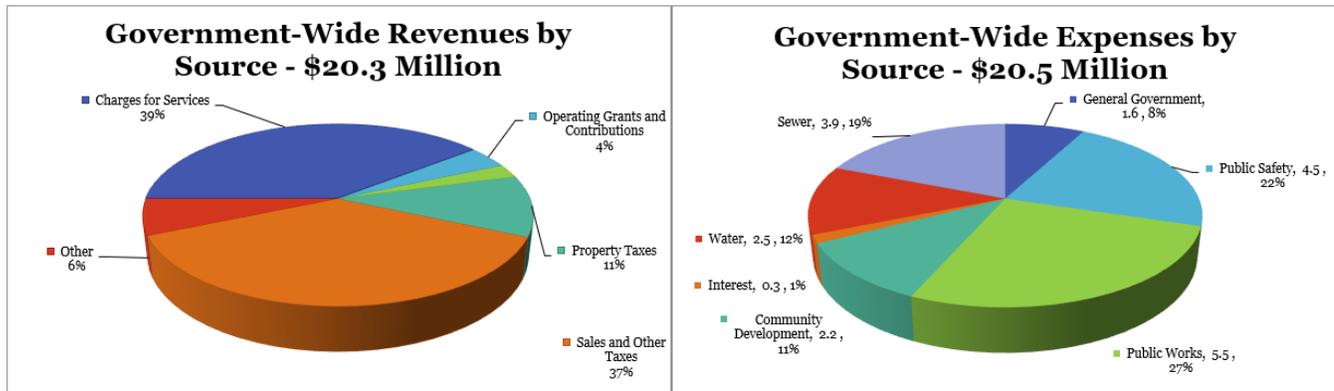
These resources cannot be used for governmental activities, as they are restricted for the continuing operations of the water and wastewater systems. The net position of business-type activities remained flat at \$15.5 million due to the following:

Revenues: Total revenues for business-type activities increased \$0.5 million or 8.5% due to higher water consumption following the end of drought restrictions, and increased fees in line with our Water and Wastewater Rate Plan. There was also increased consumption related to Wastewater, and increased base charges for service.

Expenses: Total expenses for business-type activities increased by approximately \$0.4 million or 6.7%. This increase is primarily due to additional cashouts following the retirement of a long-serving member of staff, the hiring of an additional Public Works laborer, and the increased costs of water purchases from Sonoma Water and wastewater treatment by Santa Rosa.

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, 2025, of \$12.5 million, a decrease of \$1.0 million over the end of the previous fiscal year as restated. (See Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2025).

The General Fund is the chief operating fund of the City and the overall fund balance decreased by just under \$0.9 million or 11.3%. This decrease is mostly attributed to operationally almost flat revenues which only increased \$69 thousand or less than 0.7% over the prior year while City expenditures continued to increase by over \$331 thousand or 3.7%. The City continues to have excess operating surplus and continued to work towards our community goals and decisively used fund balance reserves to pay for projects including the street improvements and Putnam park improvements.

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

- Inclusionary Housing Fund with a year-end fund balance of almost \$3.3 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 \$8.5 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 just over \$0.3 million, which is an 11.5% increase from the prior year. This fund balance is retained for future capital projects.

See additional detail at the Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2025.

Management Discussion & Analysis

The City's non-major funds ended Fiscal Year 2024/25 with a fund balance of just under \$1.9 million, a decrease of \$0.2 million. This is mainly due to the use of Streets Bond Fund, as those funds have been expended for ongoing City street projects. Most of the remaining balances are restricted for use on street capital projects (\$1.4 million) and affordable housing projects (\$0.3 million). (See Statement of Revenues Expenditures and Changes in Fund Balance Government Funds for the year ending June 30, 2025).

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 were below budget by approximately \$38 thousand, while actual operating expenditures were below budget by almost \$0.6 million due to previously encumbered funds for contract services being released. The final fund balance for the fiscal year compared to the final budget had a positive variance of \$1.1 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 2024/25, the City had invested \$53.2 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:

- Putnam Park Improvements \$885,215
- Sidewalk Gap Closure Project \$888,588
- City Streets Rehabilitation and Maintenance for \$552,082
- City Council Chambers AV Retrofit \$302,352

The City's Capital Assets as of June 30, 2024, and 2025 is provided next and additional information relative to capital assets is contained in Note 1 Section J and Note 6 of the general-purpose financial statements.

Management Discussion & Analysis

TABLE 5
Capital Assets
As of June 30, 2024 and 2025
(in million dollars)

	Governmental Activities		Business Type Activities		TOTAL			
	2025	2024	2025	2024	2025	2024	% Change	\$ Change
Capital assets								
Land	\$ 8.6	\$ 8.6	\$ -	\$ -	\$ 8.6	\$ 8.6	0 %	\$ -
Construction in progress	2.5	3.8	-	0.6	2.5	4.4	(43.2)%	(1.9)
Buildings	11.0	11.0	-	-	11.0	11.0	0.0 %	-
Vehicles	2.0	2.0	-	-	2.0	2.0	0.0 %	-
Equipment	1.0	0.8	0.1	0.1	1.1	0.9	22.2 %	0.2
Water and Sewer Lines	-	-	20.8	20.3	20.8	20.3	2.5 %	0.5
Improvements	39.1	35.6	1.3	1.3	40.4	36.9	9.5 %	3.5
Leased Assets	-	-	-	-	-	-	0.0 %	-
Total Capital Assets	\$ 64.2	\$ 61.8	\$ 22.2	\$ 22.3	\$ 86.4	\$ 84.1	2.7 %	\$ 2.3

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

Long-term Obligations

2022 Lease Obligations

As of June 30, 2025, the City holds lease obligation debt in the amount just over \$10.3 million, of which approximately \$0.5 million is considered a current liability. The 2022A Lease obligation was for \$6.9 million for street improvements and the 2022B Lease obligation in the amount of \$3.4 million was for a CalPERS UAL Prepayment. See footnote 7 within the basic financial statements for further detail.

Compensated absences:

As of June 30, 2025, 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 employers that provide pension benefits and other post-employment benefits. Statement 68 as it pertains to the CalPERS Pension Benefit has required a "net pension liability" of \$5.6 million to be reported on the statement of net position for the City as of June 30, 2025.

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, 2025 (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 first biennial budget covering both fiscal years 2025/26 and 2026/27 and also includes the Multi-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 2025/26 assumes a 1.0% increase in property tax collections, due to improved resale market and county assessor appraisals.
- Sales Tax (Bradley Burns and Measure S) - The budget projection for 2025/26 assumes continued modest decline due to decreased sales subject to sales tax for the year.
- 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 \$2.8 million for continued street improvement projects funded by the General Fund and Grants Fund.
- 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.



BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Cotati
Statement of Net Position
June 30, 2025

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 8,609,798	\$ 6,520,558	\$ 15,130,356
Taxes receivable	1,204,743	520,656	1,725,399
Accounts receivable	657,137	-	657,137
Due from other governments	17,306	-	17,306
Prepaid items	83,718	60,479	144,197
Property held for resale	1,650,000	-	1,650,000
Internal balances	2,299,189	(2,299,189)	-
Notes receivable	-	9,041	9,041
Leases receivable	29,081	33,957	63,038
Total Current Assets	14,550,972	4,845,502	19,396,474
Noncurrent Assets:			
Leases receivable	1,002,562	669,653	1,672,215
Notes receivable	1,239,010	-	1,239,010
Capital Assets:			
Nondepreciable	11,093,396	1,760	11,095,156
Depreciable, net of accumulated depreciation	30,136,730	11,928,059	42,064,789
Total Capital Assets, Net	41,230,126	11,929,819	53,159,945
Total Noncurrent Assets	43,471,698	12,599,472	56,071,170
Total Assets	\$ 58,022,670	\$ 17,444,974	\$ 75,467,644
DEFERRED OUTFLOWS OF RESOURCES			
Pension Adjustments	\$ 2,760,503	\$ 603,524	\$ 3,364,027
OPEB Adjustments	155,046	-	155,046
Total Deferred Outflows of Resources	\$ 2,915,549	\$ 603,524	\$ 3,519,073
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 1,094,046	\$ 110,923	\$ 1,204,969
Accrued liabilities	473,429	52,124	525,553
Interest payable	118,149	-	118,149
Deposits payable	44,228	95,342	139,570
Compensated absences, due within one year	258,314	110,608	368,922
Long-term debt, due within one year	530,190	-	530,190
Total Current Liabilities	2,518,356	368,997	2,887,353
Noncurrent Liabilities:			
Net pension liability	4,692,652	925,928	5,618,580
Net OPEB liability	214,643	-	214,643
Compensated absences, due in more than one year	119,996	29,946	149,942
Long-term debt, due in more than one year	9,813,200	-	9,813,200
Total Noncurrent Liabilities	14,840,491	955,874	15,796,365
Total Liabilities	\$ 17,358,847	\$ 1,324,871	\$ 18,683,718
DEFERRED INFLOWS OF RESOURCES			
Leases	\$ 969,357	\$ 693,337	\$ 1,662,694
Pension Adjustments	1,973,420	477,708	2,451,128
OPEB Adjustments	217,175	-	217,175
Total Deferred Inflows of Resources	\$ 3,159,952	\$ 1,171,045	\$ 4,330,997
NET POSITION			
Net investment in capital assets	\$ 30,886,736	\$ 11,929,819	\$ 42,816,555
Restricted for:			
Affordable housing	4,833,266	-	4,833,266
Public safety	280	-	280
Streets	1,430,364	-	1,430,364
Parks	950	-	950
Public education	86,307	-	86,307
Capital projects	8,467	-	8,467
Public facilities	31,724	-	31,724
Total Restricted	6,391,358	-	6,391,358
Unrestricted	3,141,326	3,622,763	6,764,089
Total Net Position	\$ 40,419,420	\$ 15,552,582	\$ 55,972,002

The accompanying notes are an integral part of these financial statements.

City of Cotati
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues				Total	Governmental Activities	Business-Type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions					
Primary Government:									
Governmental Activities:									
General Government	\$ 1,575,556	\$ 359,739	\$ -	\$ -	\$ 359,739	\$ (1,215,817)		\$ (1,215,817)	
Public Safety	4,499,782	448,332	327,677	-	776,009	(3,723,773)		(3,723,773)	
Community development	2,162,195	594,057	494,888	500,000	1,588,945	(573,250)		(573,250)	
Public Works	5,508,941	700,128	-	41,196	741,324	(4,767,617)		(4,767,617)	
Interest and fiscal charges	288,437	-	-	-	-	(288,437)		(288,437)	
Total Governmental Activities	\$ 14,034,911	\$ 2,102,256	\$ 822,565	\$ 541,196	\$ 3,466,017	(10,568,894)		(10,568,894)	
Business-Type Activities:									
Water	\$ 2,500,939	\$ 2,555,963	\$ -	\$ -	\$ 2,555,963		\$ 55,024	55,024	
Wastewater	3,927,084	3,400,494	-	-	3,400,494		(526,590)	(526,590)	
Total Business-Type Activities	\$ 6,428,023	\$ 5,956,457	\$ -	\$ -	\$ 5,956,457		(471,566)	(471,566)	
General Revenues:									
Taxes:									
Property taxes						2,212,345	-	2,212,345	
Sales taxes						6,007,328	-	6,007,328	
Cannabis tax						843,661	-	843,661	
Franchise taxes						649,429	-	649,429	
Other taxes						35,282	-	35,282	
Total taxes						9,748,045	-	9,748,045	
Investment earnings (loss)						504,477	350,008	854,485	
Other revenues						379,167	-	379,167	
Total General Revenues						10,631,689	350,008	10,981,697	
Transfers						(145,056)	145,056	-	
Total General Revenues and Transfers						10,486,633	495,064	10,981,697	
Change in Net Position						(82,261)	23,498	(58,763)	
Net Position - Beginning of Year						41,516,882	14,503,012	56,019,894	
Prior Period Restatement						(1,015,201)	1,026,072	10,871	
Net Position - Beginning of Year, As Adjusted						40,501,681	15,529,084	56,030,765	
Net Position - End of Year						<u>\$ 40,419,420</u>	<u>\$ 15,552,582</u>	<u>\$ 55,972,002</u>	

The accompanying notes are an integral part of these financial statements.



FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

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.

Grants Fund

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

Inclusionary Housing 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.

Low Income Housing Fund

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.

City Capital Project Fund

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

City of Cotati
Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds						
	General Fund	Grants Fund	Inclusionary Housing Fund	Low Income Housing Fund	City Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 4,201,143	\$ -	\$ 900,015	\$ 1,084	\$ 1,434,981	\$ 1,804,939	\$ 8,342,162
Taxes receivable	1,110,835	-	-	-	-	93,908	1,204,743
Accounts receivable	414,287	149,467	24,718	-	16,028	52,637	657,137
Due from other governments	17,306	-	-	-	-	-	17,306
Prepaid items	74,962	-	-	-	-	8,756	83,718
Property held for resale	-	-	1,650,000	-	-	-	1,650,000
Due from other funds	124,810	-	-	-	-	-	124,810
Interfund loans	1,606,025	-	693,164	-	-	-	2,299,189
Notes receivable	9,552	-	-	1,229,458	-	-	1,239,010
Leases receivable	1,031,643	-	-	-	-	-	1,031,643
Total assets	\$ 8,590,563	\$ 149,467	\$ 3,267,897	\$ 1,230,542	\$ 1,451,009	\$ 1,960,240	\$ 16,649,718
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 178,572	\$ 42,158	\$ -	\$ -	\$ 867,655	\$ 5,661	\$ 1,094,046
Accrued liabilities	191,495	28,290	-	-	250,644	3,000	473,429
Deposits payable	38,678	-	-	-	-	5,550	44,228
Due to other funds	180,264	70,552	-	-	-	52,304	303,120
Total liabilities	589,009	141,000	-	-	1,118,299	66,515	1,914,823
Deferred Inflows of Resources:							
Leases	969,357	-	-	-	-	-	969,357
Unavailable revenues	-	-	-	1,230,542	-	-	1,230,542
Total deferred inflows of resources	969,357	-	-	1,230,542	-	-	2,199,899
Fund Balances:							
Nonspendable:							
Prepaid items	74,962	-	-	-	-	8,756	83,718
Notes receivable	9,552	-	-	-	-	-	9,552
Restricted:							
Affordable housing	-	-	3,267,897	-	-	334,827	3,602,724
Public safety	-	-	-	-	-	280	280
Streets	-	-	-	-	-	1,430,364	1,430,364
Parks	-	-	-	-	-	950	950
Public education	-	-	-	-	-	86,307	86,307
Capital projects	-	8,467	-	-	-	-	8,467
Public facilities	-	-	-	-	-	31,724	31,724
Committed:							
Veterans building	-	-	-	-	-	837	837
Capital projects	-	-	-	-	332,710	-	332,710
Emergencies	2,495,966	-	-	-	-	-	2,495,966
Unassigned	4,451,717	-	-	-	-	(320)	4,451,397
Total fund balances	7,032,197	8,467	3,267,897	-	332,710	1,893,725	12,534,996
Total liabilities, deferred inflows of resources and fund balances	\$ 8,590,563	\$ 149,467	\$ 3,267,897	\$ 1,230,542	\$ 1,451,009	\$ 1,960,240	\$ 16,649,718

The accompanying notes are an integral part of these financial statements.

City of Cotati
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds \$ 12,534,996

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

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Capital assets	62,156,898
Less: accumulated depreciation	(21,329,748)
Total Capital Assets	<u>40,827,150</u>

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (118,149)

Internal service funds are used by management to charge the costs of vehicles and equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities. 470,612

The differences from benefit plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows or deferred outflows of resources in the statement of net position. 724,954

Liabilities were reported for certain revenues that were not available to pay current period expenditures and were reported as unearned in the fund statements. 1,230,542

Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Long-term debt	(10,343,390)
Net pension liability	(4,692,652)
Net OPEB liability	(214,643)
Total Long-Term Obligations	<u>(15,250,685)</u>

Net Position of Governmental Activities \$ 40,419,420

The accompanying notes are an integral part of these financial statements.

City of Cotati
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Major Funds						
	General Fund	Grants Fund	Inclusionary Housing Fund	Low Income Housing Fund	City Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 2,170,267	\$ -	\$ -	\$ -	\$ -	\$ 42,078	\$ 2,212,345
Sales taxes	5,825,250	-	-	-	-	182,078	6,007,328
Other taxes	878,943	-	-	-	-	-	878,943
Licenses and permits	776,651	-	-	-	-	-	776,651
Fines and forfeitures	4,910	-	-	-	-	-	4,910
Intergovernmental	278,755	1,241,029	-	-	-	628,456	2,148,240
Charges for Services	702,211	-	37,320	-	188,779	105,590	1,033,900
Interest and rents	378,340	-	66,443	-	25,541	156,933	627,257
Miscellaneous	122,005	174,985	-	-	-	55,602	352,592
Total Revenues	11,137,332	1,416,014	103,763	-	214,320	1,170,737	14,042,166
EXPENDITURES							
Current:							
General Government	1,523,797	-	1,040	-	-	27,415	1,552,252
Public Safety	4,615,061	150,119	-	-	-	7,139	4,772,319
Community development	948,950	357,146	-	-	988,601	-	2,294,697
Public Works	2,165,634	1,323,968	-	-	-	64,521	3,554,123
Capital outlay	33	23,661	-	-	2,004,053	2,952	2,030,699
Debt service							
Principal	-	-	-	-	-	515,440	515,440
Interest and fiscal charges	-	-	-	-	-	294,537	294,537
Total Expenditures	9,253,475	1,854,894	1,040	-	2,992,654	912,004	15,014,067
Excess (Deficiency) of Revenues over Expenditures	1,883,857	(438,880)	102,723	-	(2,778,334)	258,733	(971,901)
OTHER FINANCING SOURCES (USES)							
Transfers in	427,809	438,880	-	-	2,992,654	1,156,319	5,015,662
Transfers out	(3,207,755)	-	-	-	(180,000)	(1,609,168)	(4,996,923)
Total Other Financing Sources (Uses)	(2,779,946)	438,880	-	-	2,812,654	(452,849)	18,739
Net Change in Fund Balances	(896,089)	-	102,723	-	34,320	(194,116)	(953,162)
Fund Balances Beginning	8,943,491	8,467	3,165,174	(4)	298,390	2,087,841	14,503,359
Prior Period Restatements	(1,015,205)	-	-	4	-	-	(1,015,201)
Fund Balances Beginning, as Adjusted	7,928,286	8,467	3,165,174	-	298,390	2,087,841	13,488,158
Fund Balances Ending	\$ 7,032,197	\$ 8,467	\$ 3,267,897	\$ -	\$ 332,710	\$ 1,893,725	\$ 12,534,996

The accompanying notes are an integral part of these financial statements.

City of Cotati

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (953,162)

Amounts reported for governmental activities in the Statement of Activities and Changes in net position were different because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in net position, the cost of those assets was allocated over their estimated useful lives as depreciation expense.

Capital outlay	2,271,627
Depreciation expense	(2,449,698)

Certain revenues were not recorded or were deferred inflows in the governmental funds because they did not meet the revenue recognition criteria of availability. However, they were included as revenue in the Government-Wide Statement of Activities under the full accrual basis. 23,006

In governmental funds, actual contributions to benefit plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year benefit expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources. 799,209

Repayment of long-term debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position. 515,440

Internal service funds are used by management to charge the costs of vehicles and equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities. (294,783)

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in net position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the net change in accrued interest from from prior year. 6,100

Change in Net Position of Governmental Activities	\$ (82,261)
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The accompanying notes are an integral part of these financial statements.

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PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund

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

Wastewater Fund

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

Internal Service Funds

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, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,964,658	\$ 2,555,900	\$ 6,520,558	\$ 267,636
Accounts receivable	222,773	297,883	520,656	-
Prepaid items	34,460	26,019	60,479	-
Due from other funds	-	-	-	178,310
Notes receivable	4,027	5,014	9,041	-
Leases receivable - due within one year	-	33,957	33,957	-
Total current assets	4,225,918	2,918,773	7,144,691	445,946
Noncurrent assets:				
Leases receivable	-	669,653	669,653	-
Capital assets:				
Nondepreciable	1,760	-	1,760	-
Depreciable, net of accumulated depreciation	4,182,476	7,745,583	11,928,059	402,976
Total capital assets, net	4,184,236	7,745,583	11,929,819	402,976
Total noncurrent assets	4,184,236	8,415,236	12,599,472	402,976
Total assets	\$ 8,410,154	\$ 11,334,009	\$ 19,744,163	\$ 848,922
DEFERRED OUTFLOWS OF RESOURCES				
Pension adjustments	\$ 301,762	\$ 301,762	\$ 603,524	\$ -
Total deferred outflows of resources	\$ 301,762	\$ 301,762	\$ 603,524	\$ -
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 104,174	\$ 6,749	\$ 110,923	\$ -
Accrued liabilities	28,907	23,217	52,124	-
Deposits	95,342	-	95,342	-
Interfund loans	59,407	104,136	163,543	-
Compensated absences, due within one year	55,304	55,304	110,608	258,314
Total current liabilities	343,134	189,406	532,540	258,314
Noncurrent liabilities:				
Interfund loans	760,875	1,374,771	2,135,646	-
Compensated absences, due in more than one year	14,973	14,973	29,946	119,996
Net pension liability	462,964	462,964	925,928	-
Total noncurrent liabilities	1,238,812	1,852,708	3,091,520	119,996
Total liabilities	\$ 1,581,946	\$ 2,042,114	\$ 3,624,060	\$ 378,310
DEFERRED INFLOWS OF RESOURCES				
Pension adjustments	\$ 238,854	\$ 238,854	\$ 477,708	\$ -
Leases receivable	-	693,337	693,337	-
Total deferred inflows of resources	\$ 238,854	\$ 932,191	\$ 1,171,045	\$ -
NET POSITION				
Net Investment in capital assets	\$ 4,184,236	\$ 7,745,583	\$ 11,929,819	\$ 402,976
Unrestricted	2,706,880	915,883	3,622,763	67,636
Total net position	\$ 6,891,116	\$ 8,661,466	\$ 15,552,582	\$ 470,612

The accompanying notes are an integral part of these financial statements.

City of Cotati
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Wastewater	Total	Activities
			Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 2,535,987	\$ 3,400,494	\$ 5,936,481	\$ 132,558
Other	19,976	-	19,976	-
Total operating revenues	<u>2,555,963</u>	<u>3,400,494</u>	<u>5,956,457</u>	<u>132,558</u>
OPERATING EXPENSES				
Personnel services	604,734	607,478	1,212,212	148,270
Contractual services	277,118	251,853	528,971	-
Intergovernmental treatment costs	-	2,506,817	2,506,817	-
Utilities	103,090	28,040	131,130	-
Purchased water	768,927	-	768,927	-
Supplies and materials	375,567	140,557	516,124	8,344
Depreciation	349,907	349,994	699,901	139,466
Total operating expenses	<u>2,479,343</u>	<u>3,884,739</u>	<u>6,364,082</u>	<u>296,080</u>
Operating income (loss)	<u>76,620</u>	<u>(484,245)</u>	<u>(407,625)</u>	<u>(163,522)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(21,596)	(42,345)	(63,941)	-
Investment earnings	200,072	149,936	350,008	32,534
Total nonoperating revenues (expenses)	<u>178,476</u>	<u>107,591</u>	<u>286,067</u>	<u>32,534</u>
Income (loss) before operating transfers	<u>255,096</u>	<u>(376,654)</u>	<u>(121,558)</u>	<u>(130,988)</u>
Transfers in	72,528	152,528	225,056	178,310
Transfers out	-	(80,000)	(80,000)	(342,105)
Total transfers	<u>72,528</u>	<u>72,528</u>	<u>145,056</u>	<u>(163,795)</u>
Change in net position	<u>327,624</u>	<u>(304,126)</u>	<u>23,498</u>	<u>(294,783)</u>
Total net position - beginning	<u>6,054,842</u>	<u>8,448,170</u>	<u>14,503,012</u>	<u>765,395</u>
Prior period restatements	<u>508,650</u>	<u>517,422</u>	<u>1,026,072</u>	<u>-</u>
Total net position - beginning , as adjusted	<u>6,563,492</u>	<u>8,965,592</u>	<u>15,529,084</u>	<u>765,395</u>
Total net position - ending	<u>\$ 6,891,116</u>	<u>\$ 8,661,466</u>	<u>\$ 15,552,582</u>	<u>\$ 470,612</u>

The accompanying notes are an integral part of these financial statements.

City of Cotati
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Wastewater	Total Enterprise Funds	Activities
				Internal Service Funds
Cash flows from operating activities:				
Receipts from customers	\$ 2,528,161	\$ 3,428,075	\$ 5,956,236	\$ -
Receipts from interfund charges for services	-	-	-	134,145
Payments to suppliers	(1,476,251)	(2,979,190)	(4,455,441)	(8,344)
Payments to employees	(739,796)	(742,540)	(1,482,336)	(125,801)
Net cash provided (used) by operating activities	<u>312,114</u>	<u>(293,655)</u>	<u>18,459</u>	<u>-</u>
Cash flows from noncapital financing activities:				
Interfund transactions	72,528	72,528	145,056	(342,105)
Net cash provided (used) by noncapital financing activities	<u>72,528</u>	<u>72,528</u>	<u>145,056</u>	<u>(342,105)</u>
Cash flows from capital financing activities:				
Acquisition of capital assets	(27,201)	(122,813)	(150,014)	(7,708)
Principal payments on long-term interfund loans	(57,950)	(101,349)	(159,299)	-
Interest paid on long-term debt	(21,596)	(42,345)	(63,941)	-
Net cash provided (used) by capital financing activities	<u>(106,747)</u>	<u>(266,507)</u>	<u>(373,254)</u>	<u>(7,708)</u>
Cash flows from investing activities:				
Investment receipts	200,072	150,013	350,085	32,532
Net cash provided (used) by investing activities	<u>200,072</u>	<u>150,013</u>	<u>350,085</u>	<u>32,532</u>
Net increase (decrease) in cash and cash equivalents	477,967	(337,621)	140,346	(317,281)
Cash and cash equivalents - beginning	3,486,691	2,893,521	6,380,212	584,917
Cash and cash equivalents - ending	<u>\$ 3,964,658</u>	<u>\$ 2,555,900</u>	<u>\$ 6,520,558</u>	<u>\$ 267,636</u>
Reconciliation of operating income to net cash provided (used)				
by operating activities:				
Operating income (loss)	\$ 76,620	\$ (484,245)	\$ (407,625)	\$ (163,522)
Adjustments to reconcile operating income (loss)
to net cash provided (used) by operating activities:				
Depreciation	349,907	349,994	699,901	139,466
Prior period adjustments	(30,000)	1,451	(28,549)	-
Change in operating assets and liabilities:				
Accounts receivables	(7,954)	28,548	20,594	1,587
Prepaid items	22,533	(24,917)	(2,384)	-
Leases receivable	-	33,831	33,831	-
Deferred outflows of resources	167,154	167,154	334,308	-
Accounts payable	16,396	(15,995)	401	-
Accrued liabilities	9,522	(12,462)	(2,940)	(1,587)
Deposits	10,152	-	10,152	-
Compensated absences	(29,138)	(29,138)	(58,276)	24,056
Net pension liability	(42,410)	(42,410)	(84,820)	-
Deferred inflows of resources	(230,668)	(265,466)	(496,134)	-
Net cash provided (used) by operating activities	<u>\$ 312,114</u>	<u>\$ (293,655)</u>	<u>\$ 18,459</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Successor Agency Private Purpose

The Successor Agency Private Purpose Trust Fund is used to account 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

The City's custodial fund is used to account for 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, 2025

	Successor Agency Private Purpose Trust Fund	South Sonoma Business Park Series 2019 Custodial Fund
ASSETS		
Cash and investments	\$ 1,841,984	\$ 363,809
Cash with trustees	1,198	308,737
Prepaid items	1,001	-
Notes receivable	1,544,571	-
Capital assets - land	287,048	-
Total assets	\$ 3,675,802	\$ 672,546
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on debt refunding	\$ 70,551	\$ -
LIABILITIES		
Accrued liabilities	\$ 11,658	-
Interest payable	20,378	-
Tax allocation bonds - due within one year	698,995	-
Tax allocation bonds - due more than one year	5,619,681	-
Total liabilities	\$ 6,350,712	\$ -
NET POSITION (DEFICIT)		
Restricted for Successor agency	\$ (2,604,359)	\$ -
Held in trust for Bond holders	-	672,546
Total Net Position (Deficit)	\$ (2,604,359)	\$ 672,546

The accompanying notes are an integral part of these financial statements.

City of Cotati
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Successor Agency Private Purpose Trust Fund	South Sonoma Business Park Series 2019 Custodial Fund
ADDITIONS		
Assessment revenue	\$ -	\$ 97,159
Interest on long-term notes	25,500	-
Distributions for enforceable obligations	1,132,374	-
Investment income, net	(5,070)	25,316
Amounts received from the City	14,765	-
Total additions	1,167,569	122,475
DEDUCTIONS		
Bond interest	83,679	84,780
Administrative costs	243,589	5,835
Payments on passthrough agreements	69,796	-
Bond disclosure	3,500	-
Bond trustee	9,019	-
Total deductions	409,583	90,615
Change in net position	757,986	31,860
Total net position - beginning	(3,362,345)	640,686
Total net position - ending	\$ (2,604,359)	\$ 672,546

The accompanying notes are an integral part of these financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

NOTE 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 Presentation, Accounting and Measurement Focus

The basic financial statements of the City of Cotati, California, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (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.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. 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 and Changes in Net Position*. These statements present summaries of governmental and business-type activities for the City. Fiduciary activities of the City are not included in these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, deferred

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

inflows of resources, 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 liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. Certain types of transactions are reported as program revenues for the City in three categories:

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 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 transactions 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/Transfers out

The City applies all applicable GASB Pronouncements including all 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 non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

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, deferred outflows of resources, current liabilities, and deferred inflows of resources 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 of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

as susceptible to accrual by the City, are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The City reports the following funds as major funds:

General Fund

The General Fund is the general operating fund of the City. It is used for all financial resources except those required to be accounted for in another fund.

Grants Fund

This fund is a special revenue fund established to account for the construction of projects that utilize federal, state, regional, and local grants funds other than CDBG. City staff applies for and receives competitive funding grants for various City projects that meet specific criteria

Inclusionary Housing Fund

This 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

This fund is a special revenue fund established to conduct the dissolution operations related to low-income housing assets and activities of the former Redevelopment Agency.

City Capital Project Fund

This 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.

Additionally, the City reports the following nonmajor fund types of governmental funds:

Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to specific purposes other than debt service or capital projects.

Debt Service Funds

Debt service funds are used to accumulate resources for repayment of lease arrangements.

Capital Project Funds

Capital project funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets in governmental funds.

Proprietary Funds

In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the “economic resources measurement focus”. This means all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources associated with their

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

activities are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements.

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.

The City has the following enterprise fund that have been reported as major:

Water Fund

This fund is used to account for the operations of the City's water distribution system.

Wastewater Fund

This fund is used to account for the operations of the City's wastewater collection activities.

The City also reports the following internal service funds:

Vehicle Replacement Internal Service Fund

This is used to finance and account for vehicles for each department and manage costs associated with the acquisition of necessary capital assets.

Compensated Absences Fund

This is used to account for the resources accumulated to fund compensated absences such as vacation and sick pay and report the related liabilities.

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. Fiduciary funds are accounted for using the accrual basis of accounting.

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. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

The City reports the following fiduciary funds:

Successor Agency Private-Purpose Trust Fund

The Successor Agency 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.

South Sonoma Business Park Series 2019 Custodial Fund

This fund is used to facilitate a special assessment debt service charged to landowners for the financing provided to develop the business park.

C. Cash, Cash Equivalents and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments. 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.

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas: Interest Rate Risk, Overall Credit Risk, Custodial Credit Risk, Concentrations of Credit Risk, and Foreign Currency Risk.

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. The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool 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 change in interest rates.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt, for acquisition and construction of capital projects, and to meet bond indenture debt reserve requirements. Cash and investments are also restricted for deposits held for others within the enterprise funds.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In governmental funds, prepaid items are accounted for using the consumption method and a portion of fund balance equal to the prepaid items has been offset by nonspendable fund balance to indicate that is not available for appropriation.

F. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources. The City considers all trade and property tax receivables to be fully collectible and therefore no allowance for uncollectible accounts is considered necessary.

Interfund loans are formal agreements where one fund lends money to another fund with a documented expectation of repayment. Interfund loans are typically used for temporary financing for specific projects or to cover cash shortfalls, and they are expected to be repaid with interest.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

G. Receivables

Billed, but unpaid, services provided are recorded as accounts receivable. Revenues earned but not collected by year-end are accrued. No allowance for uncollectible accounts receivable has been provided in the governmental funds as management has determined that uncollectible accounts have historically

City of Cotati
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June 30, 2025

been immaterial and the direct write-off method does not result in a material difference from the allowance method.

However, in the Water Fund, the City reported an allowance of \$49,707 for accounts that may not be collected within the next fiscal year.

H. Notes Receivable

In the City's Low Income Housing Fund, loans are made to qualified individuals and businesses within prescribed project areas for the purpose of housing acquisition. Repayments of the outstanding loans are classified as a revenue source in the Low Income Housing Fund. The portion of loans receivable deemed to be unavailable have been offset by Unavailable Revenues in the accompanying financial statements, which is a part of deferred inflows of resources.

I. Leases Receivable

The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term. Deferred inflow of resources are recorded for the leases. The deferred inflow of resources are recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable plus incentive payments received. The deferred inflow of resources are amortized on a straight-line basis over the term of the lease.

J. 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.

Intangible right-to-use assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying asset.

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Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings and improvements	30 Years
Public domain infrastructure	50 Years
System infrastructure	10-40 Years
Vehicles and equipment	5-10 Years
Other Assets	2-5 Years

K. Deferred Outflows/Deferred Inflows

In addition to assets, the statement of financial 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial 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 that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

L. Interest Payable

In the government-wide and proprietary fund financial statements, interest payable of long-term debt is recognized as an incurred liability for governmental fund types. The City has not allocated the interest on long-term debt to departments. In the fund financial statements, governmental fund types do not recognize the interest payable when the liability is incurred. Interest on long-term debt is recorded in the fund statements when payment is made.

M. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. The liability for compensated absences includes salary-related taxes and benefits, where applicable.

Vacation

The City’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment.

Sick Leave

The City’s policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

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N. Deferred Compensation

City employees may defer a portion of their compensation under City sponsored a Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plans. The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements. The City has determined that this plan does not meet the reporting requirements of GASB Statement No. 97 - *Certain Component Unit Criteria, And Accounting And Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans* and GASB Statement No. 84 - *Fiduciary Activities*.

Employees make 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 2025, the City incurred \$77,309 of expense and had a zero related liability as of June 30, 2025.

O. Long-Term Liabilities

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expensed in year incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Lease Liabilities

When applicable, the City recognizes a lease liability and an intangible right-to-use lease asset (capital asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported separately with capital assets as right of use assets and lease liabilities are reported with long-term liabilities in the statement of net position.

Q. Benefit Plans

Pension Expense

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 City’s California Public Employees’ Retirement System (CalPERS) plans (the Plans) and additions to/deductions from the Plans’ 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.

For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

Other Postemployment Benefits

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, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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R. Fund Balances

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable

Nonspendable fund balance represents balances set aside to indicate items that do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, leases receivable in excess of deferred inflows of resources and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed, or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to the constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however the specific amounts can be determined subsequently. Encumbrances and nonspendable amounts subject to Council commitments are included along with spendable resources.

- 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.

Assigned

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee, the City Manager or Director of Administrative Services, and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; nonspendable amounts, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects, and Debt Service Funds, which have not been restricted or committed.

Unassigned

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

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Flow Assumption / Spending Order Policy

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

S. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that are attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position.

Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments. These include developer fees received for use on capital projects, debt service requirements, and community development projects.

Unrestricted Net Position

This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position." The detail of amounts reported for each of the above defined net position categories is reported in the government-wide Statement of Net Position.

Use of Restricted/Unrestricted Net Position

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

T. Interfund Transactions

Interfund services provided and used are accounted for as revenue, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. All other interfund transactions, except for interfund services provided and used and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers.

U. Property Taxes and Special Assessments

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

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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.

V. 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.

W. 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.

X. Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable revenue.

Y. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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Z. Implementation of New Accounting Pronouncements

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The implementation of this standard did not have a material impact on the City's financial statements and management determined there were no concentrations or constraints that make the City vulnerable to the risk of substantial impact.

AA. Upcoming New Accounting Pronouncements

The City is currently analyzing its accounting practices to identify the potential impact on the financial statements of the following GASB Statements:

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (5) Budgetary comparison information (6) Financial trend information in the statistical section. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in

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accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

NOTE 2 - CASH AND INVESTMENTS

As of June 30, 2025, cash and investments were reported in the financial statements as follows:

	Government Wide		Fiduciary Funds	
	Statement of Net Position		Statement of Net	
	Governmental	Business-Type	Position	Total
	Activities	Activities		
Cash and investments	8,609,798	6,520,558	\$ 2,205,793	\$ 17,336,149
Restricted cash and investments with trustee	-	-	309,935	309,935
Total cash and investments	\$ 8,609,798	\$ 6,520,558	\$ 2,515,728	\$ 17,646,084

Cash and investments consisted of the following as of June 30, 2025:

Deposits:	
Cash on hand	\$ 200
Deposits with financial institutions	218,490
Total Deposits	218,690
Investments:	
California Asset Management Program	10,661,481
Invested with brokers	6,239,931
Sonoma County Investment Pool	203,654
Local Agency Investment Fund	12,393
Total Investments	17,117,459
Restricted cash and investments:	
Cash with fiscal trustee	309,935
Total cash and investments	\$ 17,646,084

A. Cash Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest, and places the City ahead of general creditors of the institution. The fair value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has

City of Cotati
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waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The bank balances before reconciling items totaled \$999,089 at June 30, 2025 and were different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$749,089, which was collateralized by securities held by pledging financial institutions. The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents. 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.

B. Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques with three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

C. Investment Policies

City Investment Policy

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Treasury Obligations (bills, notes, & bonds)	5 years	N/A	100%	N/A
U.S. Government Agency and Federal Agency	5 years	N/A	100%	N/A
Negotiable Certificates of Deposit	5 years	N/A	30%	N/A
Local Agency Investment Fund (LAIF)	Upon Demand	N/A	As permitted by LAIF (currently \$75 million/account)	N/A
Sonoma County Investment Pool (SCIP)	Upon Demand	N/A	As permitted by County Treasurer (currently no limit)	N/A
Joint Powers Authority Pool (California Asset Management Program (CAMP))	N/A	Per Statute	None	N/A
Placement Service Deposits	5 years	N/A	50% (Max 50% of portfolio until Dec. 31, 2025. Reverts to 30% on Jan 1, 2026)	N/A

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

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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, 2025 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.

At June 30, 2025, the City had \$12,393 invested in LAIF. The LAIF fair value factor of 1.001198310 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 \$10,661,481 invested in CAMP as of June 30, 2025.

D. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment's maturity, the greater the sensitivity to changes in market interest rates. The City's investment policy limits the City's investment portfolio to maturities prescribed in Sections 53600 through 53609 of the California Government Code which for the City is securities with a maturity of five years or less at the time of purchase.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2025, the City's investments were in compliance with the ratings required by the City's investment policy and Government Code.

Concentrations of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2025, the City were in compliance with the concentration requirements of the City's investment policy and government code.

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

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possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2025, the City's investments had the following maturities:

Investment Type	12 Months or	13 to 24	25 to 36	37 to 48	49 to 60	Fair Value	Level	Rating
California Asset Management Program	\$ 10,661,481	\$ -	\$ -	\$ -	\$ -	\$ 10,661,481	n/a	n/a
Sonoma County Investment Pool	203,654	-	-	-	-	203,654	n/a	n/a
Local Agency Investment Fund	12,393	-	-	-	-	12,393	n/a	n/a
U. S. Treasury and Agency Obligations	799,632	781,120	807,280	804,924	806,785	3,999,741	Level 2	AA+
Coporation Obligations	990,714	997,980	250,396	-	-	2,239,090	Level 2	n/a
Mutual Funds	1,100	-	-	-	-	1,100	Level 2	n/a
Total Investments	<u>\$ 12,668,974</u>	<u>\$ 1,779,100</u>	<u>\$ 1,057,676</u>	<u>\$ 804,924</u>	<u>\$ 806,785</u>	<u>\$ 17,117,459</u>		

NOTE 3 - NOTES RECEIVABLE

Loans receivable consisted of the following as of June 30, 2025:

Description	Fund	Start Date	Matures	Rate	Original Loan	Beginning Balance	Accrued Interest	Payments	Ending Balance
Charles Street Village	Sucessor Agency	2000	2041	3%	\$ 850,000	\$ 1,519,071	\$ 25,500	\$ -	\$ 1,544,571
Charles Street Village	Low Income Housing Fund	1999	2041	3%	\$ 370,000	\$ 657,497	\$ 11,100	\$ -	\$ 668,597
Charles Street Village	Low Income Housing Fund	2002	2058	3%	\$ 397,000	548,951	11,910	-	560,861
Other Loans	General Fund			7%	\$ 11,130	10,402	-	(850)	9,552
Total Governmental Funds and Government Wide						<u>\$ 1,216,850</u>	<u>\$ 23,010</u>	<u>\$ (850)</u>	<u>\$ 1,239,010</u>

NOTE 4 - LEASES RECEIVABLE

Cingular Wireless

In August 2004, the City entered into a lease with Cingular Wireless. There was an amendment in October 2023 for the final extended term which expires in August 2050 and increased the monthly payment to \$2,600. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.37%. For the year ended June 30, 2025, the City recognized \$41,870 in lease revenue and \$3,884 in interest revenue related to the lease.

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 \$36,567 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 at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.37%. For the year ended June 30, 2025, the City recognized \$34,673 of lease revenue and \$2,736 of interest revenue under the lease.

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

The following summarizes the future lease payments to be received by the City and reported in its governmental activities:

Year Ending June 30	Governmental Activities		
	Cell Tower		
	Principal Payments	Interest Payments	Total
2026	\$ 29,081	\$ 3,778	\$ 32,859
2027	30,176	3,669	33,845
2028	31,305	3,555	34,860
2029	32,469	3,437	35,906
2030	33,669	3,314	36,983
2031-2035	187,669	14,570	202,239
2036-2040	223,681	10,769	234,450
2041-2045	265,545	6,248	271,793
2046-2050	198,048	1,246	199,294
Total	<u>\$ 1,031,643</u>	<u>\$ 50,586</u>	<u>\$ 376,692</u>

The following summarizes the future lease payments to be received by the City and reported in its business-type activities:

Year Ending June 30	Business-Type Activities		
	Leachate		
	Principal Payments	Interest Payments	Total
2026	\$ 33,957	\$ 2,610	\$ 36,567
2027	34,083	2,484	36,567
2028	34,209	2,358	36,567
2029	34,336	2,231	36,567
2030	34,463	2,104	36,567
2031-2035	174,244	8,591	182,835
2036-2040	177,500	5,335	182,835
2041-2045	180,818	2,017	182,835
	<u>\$ 703,610</u>	<u>\$ 27,730</u>	<u>\$ 365,670</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years. Interfund loans between funds are long-term advances that are more formal with set interest rates and repayment terms.

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

The following summarizes the amounts due to or due from other funds as of June 30, 2025:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 124,810	\$ 180,264
Grants Fund	-	70,552
Nonmajor Funds	-	52,304
Compensated Absences Fund	178,310	-
Total Due from/to	\$ 303,120	\$ 303,120

The following summarizes interfund loans as of June 30, 2025:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$ 1,606,025	\$ -
Inclusionary Housing Fund	693,164	-
Water Fund	-	820,282
Wastewater Fund	-	1,478,907
Total Due from/to	\$ 2,299,189	\$ 2,299,189

On May 15, 2019, upon completion of P-1 Wastewater Pipeline project, as adopted by Council Resolution 2019-18, the City authorized 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%.

On September 1, 2022, the City authorized inter-fund loans from General fund to the Wastewater Fund and Water fund for \$948,220 and \$989,900 as a repayment for a portion of the CalPERS unfunded accrued liability financed by the general fund. The loans will be repaid over a period of 15 years in semi-annual installments of \$38,098 and \$39,773 at an annual interest rate of 2.5%.

Transfers In/Out

With Council approval resources may be transferred from one fund to another. Transfers from the General Fund to the Debt Service Fund were to regular debt service activity of the City. Transfers from the General Fund to other governmental funds were to provide funding for repair and replacement of infrastructure and funding for City programs. Transfers made to the water and wastewater funds were to reimburse these funds for administrative costs. Transfers made to and from the compensated absences internal service fund were to resimburse funds and departments for the costs of compensated absences. The following summarizes transfers between funds during the fiscal year ended June 30, 2025:

Fund	Transfer in	Transfer out
General Fund	\$ 427,809	\$ 3,207,755
Grants Fund	438,880	-
Capital Projects Fund	2,992,654	180,000
Nonmajor Funds	1,156,319	1,609,168
Water Fund	72,528	-
Wastewater Fund	152,528	80,000
Compensated Absences Fund	178,310	342,105
Total transfers	\$ 5,419,028	\$ 5,419,028

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

NOTE 6 - CAPITAL ASSETS

Capital assets for governmental activities consisted of the following as of June 30, 2025:

Governmental Activities	Balance July 1, 2024	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2025
Non-depreciable:					
Land	\$ 8,631,561	\$ 1	\$ -	\$ -	\$ 8,631,562
Construction-in-progress	3,848,202	2,809,482	(383,220)	(3,812,630)	2,461,834
Total non-depreciable	12,479,763	2,809,483	(383,220)	(3,812,630)	11,093,396
Depreciable:					
Buildings	10,973,629	-	-	-	10,973,629
Machinery and equipment	787,350	3,275	(163,655)	333,318	960,288
Vehicles	1,951,584	7,710	-	-	1,959,294
Improvements	35,644,527	5,746	-	3,479,312	39,129,585
Total depreciable	49,357,090	16,731	(163,655)	3,812,630	53,022,796
Less accumulated depreciation					
Buildings	(3,875,627)	(314,032)	-	-	(4,189,659)
Machinery and equipment	(639,058)	(93,374)	163,655	-	(568,777)
Vehicles	(1,532,819)	(23,499)	-	-	(1,556,318)
Improvements	(14,249,396)	(2,321,916)	-	-	(16,571,312)
Total accumulated depreciation	(20,296,900)	(2,752,821)	163,655	-	(22,886,066)
Total depreciable capital assets, net	29,060,190	(2,736,090)	-	3,812,630	30,136,730
Total governmental capital assets	\$ 41,539,953	\$ 73,393	\$ (383,220)	\$ -	\$ 41,230,126

Depreciation and amortization expense for governmental activities during the year was as follows:

General government	\$ 162,528
Public safety	133,748
Community development	62,762
Public works	2,393,783
Total depreciation expense	<u>\$ 2,752,821</u>

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

Capital assets for business-type activities consisted of the following as of June 30, 2025:

Business Type Activities	Balance July 1, 2024	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2025
Non-depreciable					
Construction-in-progress	\$ 583,349	\$ 105,038	\$ -	\$ (686,627)	\$ 1,760
Total non-depreciable	583,349	105,038	-	(686,627)	1,760
Depreciable:					
Water wells	1,451,506	-	-	-	1,451,506
Reservoirs	1,650,972	-	-	-	1,650,972
Improvements	1,311,602	-	-	(24,950)	1,286,652
Pipelines and collection system	17,228,367	44,976	(280,459)	686,626	17,679,510
Equipment	125,563	-	(84,872)	51,191	91,882
Total depreciable	21,768,010	44,976	(365,331)	712,867	22,160,522
Less accumulated depreciation					
Water wells	(1,210,644)	(32,907)	-	-	(1,243,551)
Reservoirs	(1,254,297)	(28,334)	-	-	(1,282,631)
Improvements	(881,298)	(32,698)	-	-	(913,996)
Pipelines and collection system	(6,302,433)	(597,372)	280,458	-	(6,619,347)
Equipment	(222,981)	(8,590)	58,633	-	(172,938)
Total accumulated depreciation	(9,871,653)	(699,901)	339,091	-	(10,232,463)
Total depreciable capital assets, net	11,896,357	(654,925)	(26,240)	712,867	11,928,059
Total business type capital assets	\$ 12,479,706	\$ (549,887)	\$ (26,240)	\$ 26,240	\$ 11,929,819

Depreciation and amortization expense for business-type activities for the year was as follows:

Water	\$ 349,907
Wastewater	349,994
Total depreciation expense	<u>\$ 699,901</u>

NOTE 7 - NONCURRENT LIABILITIES

The City's noncurrent liabilities consisted of the following as of June 30, 2025:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Long-term Debt:					
2022A Lease Leaseback	\$ 7,204,790	\$ -	\$ 286,820	\$ 6,917,970	\$ 293,890
2022B Lease Leaseback	3,654,040	-	228,620	3,425,420	236,300
Subtotal Long-term Debt	10,858,830	-	515,440	10,343,390	530,190
Net Pension Liabilities	5,247,051	6,650,896	7,205,295	4,692,652	-
Total OPEB Liability	216,091	338,239	339,687	214,643	-
Compensated Absences	354,254	24,056	-	378,310	-
Total Noncurrent Liabilities	\$ 16,676,226	\$ 7,013,191	\$ 8,060,422	\$ 15,628,995	\$ 530,190
Business-type Activities					
Net Pension Liabilities	\$ 1,010,748	\$ 1,312,318	\$ 1,397,138	\$ 925,928	\$ -
Compensated Absences	198,830	-	58,276	140,554	-
Total Noncurrent Liabilities	\$ 1,209,578	\$ 1,312,318	\$ 1,455,414	\$ 1,066,482	\$ -

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

Series 2022A Lease Leaseback

In 2022, the City entered into a lease/leaseback agreement with First Foundation Public Finance to finance a 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 agreement has a stated discount rate of 2.45%.

The following summarizes the future debt service payments for the Series 2022A Lease Leaseback:

Fiscal Year	Principal	Interest	Total
2026	\$ 293,890	\$ 167,690	\$ 461,580
2027	301,130	160,446	461,576
2028	308,550	153,022	461,572
2029	316,160	145,416	461,576
2030	323,950	137,623	461,573
2031-2035	1,743,570	564,316	2,307,886
2036-2040	2,598,850	316,715	2,915,565
2041-2042	1,031,870	27,747	1,059,617
Totals	\$ 6,917,970	\$ 1,672,975	\$ 8,590,945

Series 2022B Lease Leaseback

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 agreement has a stated discount rate of 3.33%.

The following summarizes the future debt service payments for the Series 2022B Lease Leaseback:

Fiscal Year	Principal	Interest	Total
2026	\$ 236,300	\$ 112,099	\$ 348,399
2027	244,230	104,165	348,395
2028	252,430	95,963	348,393
2029	260,910	87,487	348,397
2030	269,670	78,726	348,396
2031-2035	1,490,420	251,560	1,741,980
2036-2037	671,460	25,328	696,788
Totals	\$ 3,425,420	\$ 755,329	\$ 4,180,749

NOTE 8 – LONG-TERM DEBT WITH NO CITY COMMITMENT

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 bear interest at 2.95% annually and mature in 2034. The outstanding balance as of June 30, 2025 was \$2,738,409.

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

NOTE 9 - RETIREMENT PLANS

General Information about the 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 three miscellaneous rate plans. 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 55 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. The general fund typically is used to liquidate pension liabilities for governmental funds.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous		
	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	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	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%	7.000%	7.75%
Required employer contribution rates	16.02%	10.71%	7.87%

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

	Safety		
	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	2.0% @ 50	2.7% @ 50
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	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	0.00%	9.00%	13.75%
Required employer contribution rates	0.00%	20.17%	13.91%

Employees Covered

At June 30, 2025, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety	Total
Active	26	10	36
Transferred	25	13	38
Separated	18	6	24
Retired	54	45	99
Total	123	74	197

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers 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 Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are 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. For the year ended June 30, 2025, the City's contributions were as follows:

	Employer Contributions
Miscellaneous	\$ 769,340
Safety	593,418
Total Employer Contributions	<u>\$ 1,362,758</u>

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

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

As of June 30, 2025, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)	
Miscellaneous	\$	3,000,126
Safety		2,618,454
Total	\$	5,618,580

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2024, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plans as of June 30, 2024 and 2025 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Combined Plans</u>
Proportion - June 30, 2024	0.06661%	0.03918%	0.05017%
Proportion - June 30, 2025	0.06203%	0.03591%	0.04633%
Change - Increase/(Decrease)	-0.00458%	-0.00326%	-0.00384%

For the year ended June 30, 2025, the City recognized pension expense of \$349,086.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 141,622	\$ -
Differences between Expected and Actual Experience	473,078	17,069
Differences between Projected and Actual Investment Earnings	299,278	-
Differences between Employer's Contributions and Proportionate Share of Contributions	999,127	572,422
Change in Employer's Proportion	88,164	1,861,637
Pension Contributions Made Subsequent to Measurement Date	1,362,758	-
Total	\$ 3,364,027	\$ 2,451,128

The City reported \$1,362,758 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources		Total
	Miscellaneous	Safety	
2026	\$ 381,127	\$ (981,259)	\$ (600,132)
2027	393,418	(92,552)	300,866
2028	88,799	(137,147)	(48,348)
2029	(58,940)	(43,305)	(102,245)
2030	-	-	-
Thereafter	-	-	-
Total	\$ 804,404	\$ (1,254,263)	\$ (449,859)

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent 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 6.9 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9 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. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical

City of Cotati
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June 30, 2025

returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap 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%
Total	100.00%	

- (1) An expected inflation of 2.3% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability	\$ 6,499,384	5,466,339	11,965,724
Current	6.90%	6.90%	6.90%
Net Pension Liability	\$ 3,000,126	2,618,454	5,618,580
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$ 119,722	289,284	409,006

City of Cotati
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June 30, 2025

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports. See <https://www.calpers.ca.gov/page/investments/about-investment-office/investment-financial-reports?stream=top>.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Benefits Provided

The City’s OPEB Plan provides healthcare benefits to eligible retirees and their dependents. Benefits are provided through third party insurers, and the full cost of the benefits is provided by the Plan Participants. The City’s OPEB Plan is closed to new entrants. The OPEB Plan amortization period is closed.

Employees Covered by Benefit Terms

At June 30, 2023 (the valuation date), the benefit terms covered the following employees:

Active employees	38
Inactive	<u>2</u>
Total employees	<u>40</u>

Contributions

The City makes contributions based on a pay-as-you go basis as approved by the authority of the City’s Council. Total benefit payments included in the measurement period were \$11,231. The City’s contributions, which equal the benefit payments, were .26% of covered employee payroll during the measurement period June 30, 2025. Employees are not required to contribute to the OPEB Plan. There have been no assets accumulated in a trust to provide for the benefits of this OPEB Plan.

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2024
Measurement Date:	June 30, 2025
Actuarial Cost Method:	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	4.71%
Inflation	2.30%
Payroll Increases	2.80%
Trend Rate Pre-Medicare	6.50%
Trend Rate Medicare	4.9% decreasing gradually to an ultimate rate of 4.04% in 2075
Mortality	CalPERS Tables

City of Cotati
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June 30, 2025

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index. The discount rate as increased from 3.97% to 4.71%.

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability during the year ended June 30, 2025:

Fiscal Year Ended June 30, 2025	Total OPEB Liability
Balance at June 30, 2024	\$ 216,091
Service cost	14,342
Interest in Total OPEB Liability	8,925
Employer contributions	-
Balance of diff between actual/exp experience	(1,146)
Balance of changes in assumptions	(12,338)
Benefit payments	(11,231)
Net changes	(1,448)
Balance at June 30, 2025	\$ 214,643

The City’s OPEB Plan is nonfunded, meaning that there have not been any assets placed into an irrevocable trust, therefore the OPEB Plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 145,751	\$ 49,089
Change in assumptions	9,295	168,086
Totals	\$ 155,046	\$ 217,175

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

Year Ended June 30,	
2026	\$ (9,436)
2027	(9,436)
2028	(9,436)
2029	(9,436)
2030	(9,429)
Thereafter	(14,956)
Total	\$ (62,129)

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2025:

Service cost	\$ 14,342
Interest in TOL	8,925
Difference between actual and expected experience	5,170
Change in assumptions	<u>(14,606)</u>
OPEB Expense	<u>\$ 13,831</u>

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2025:

Net OPEB liability ending	\$ 214,643
Net OPEB liability beginning	<u>(216,091)</u>
Change in net OPEB liability	(1,448)
Changes in deferred outflows	14,619
Changes in deferred inflows	(10,571)
Employer contributions and implicit subsidy	<u>11,231</u>
OPEB Expense	<u>\$ 13,831</u>

Sensitivity to Changes in the Municipal Bond Rate

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 municipal bond rate (used to determine the discount rate) that is one percentage point lower or one percentage point higher, is as follows:

	<u>Discount Rate</u>		
	<u>(1% Decrease)</u>	<u>4.71%</u>	<u>(1% Increase)</u>
Total OPEB Liability	\$ 231,497	\$ 214,643	\$ 199,151

Sensitivity to Changes in the Healthcare Cost Trend Rates

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 that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	<u>Trend Rate</u>		
	<u>(1% Decrease)</u>	<u>6.50%</u>	<u>(1% Increase)</u>
Total OPEB Liability	\$ 191,386	\$ 214,643	\$ 242,383

NOTE 11 - DEFICIT NET POSITION

The Successor Agency Private Purpose Trust Fund ended the year with a deficit net position of \$ 2,604,362 primarily due to the outstanding tax allocation bond liability.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation

The City is subject to certain matters of litigation that may arise in the normal course of conducting City business. City management believes, based upon consultation with legal counsel, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs are audited by the City's independent accountants if required by and in accordance with the provisions of the Uniform Guidance and applicable State requirements. For Federal programs, the City did not reach the level of qualifying expenditures during the current fiscal year that would require a single audit. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

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. Encumbrances outstanding as of June 30, 2025 totaled \$2.74 million, which included \$2 million committed for two contractors.

NOTE 13 - REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

The Dissolution Process

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

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the Successor Agency to hold assets until they are distributed to other units of State and local government. The City Council of Cotati elected to have the City become the Successor Agency for the former Redevelopment Agency. After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly-established Oversight Board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenues in the amount that is necessary to pay the 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.

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

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.

Enforceable Obligations (Long-term Liabilities)

The Successor Agency assumed the long-term debt, notes and loans of the Redevelopment Agency. As of June 30, 2025, the Successor Agency’s Enforceable Obligations included the following long-term debt:

	Beginning Balance	Adjustments/ Additions	Deletions	Ending Balance	Due Within One Year
Successor Agency Trust Fund					
2020 Tax Allocation Bonds	\$ 6,990,954	\$ -	\$ 672,278	\$ 6,318,676	\$ 698,995
Total Noncurrent Liabilities	\$ 6,990,954	\$ -	\$ 672,278	\$ 6,318,676	\$ 698,995

2020 Tax Allocation Refunding Bonds

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 1.29%. 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.

The former Redevelopment Agency had pledged future tax increment revenues to pay debt service on the 2020 Tax Allocation Bonds.

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

The following summarizes the future debt service requirements for the 2020 Tax Allocation Bonds:

Fiscal Year	Principal	Interest	Total
2026	\$ 698,995	\$ 77,002	\$ 775,997
2027	710,093	67,914	778,007
2028	719,948	58,690	778,638
2029	728,541	49,347	777,888
2030	740,484	39,872	780,356
2031-2035	2,432,509	79,654	2,512,163
2036	288,106	1,858	289,964
Total	\$ 6,318,676	\$ 374,337	\$ 6,693,013

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; employment-related claims; cyber incidents; pollution; and natural disasters. To manage these exposures, the City participates as a member of the California Intergovernmental Risk Authority (CIRA). The City does not maintain separate self-insurance but is responsible for deductibles and retentions ranging from \$5,000 to \$250,000 depending on the program. Through CIRA and its purchased excess insurance, the City has coverage including: up to \$40 million for liability and employment practices claims; statutory limits for workers' compensation (with \$495,000 coverage per occurrence in excess of the City's \$5,000 deductible, plus \$250,000 excess of CIRA's \$500,000 retention for non-safety employees, and \$500,000 excess of CIRA's \$500,000 retention for safety employees); \$599.9 million for all-risk property (subject to sub limits and deductibles); \$15 million in excess earthquake coverage; \$2 million in excess cyber liability; \$50 million in pollution liability; and \$5 million in crime/fidelity. Financial information pertaining to CIRA can be obtained from its administrative offices at 2330 East Bidwell Street, Suite 150, Folsom, CA 95630.

Liabilities of the City are reported in the financial statements 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 (IBNR). Because estimating claims involves complex factors such as inflation, legal changes, and settlement trends, claim liabilities are periodically reevaluated. The City's exposure is limited to deductible or retention amounts and any losses exceeding program coverage.. There have been no significant changes in insurance coverages in fiscal 2025. Settlements have not exceeded coverage for each of the past four fiscal years. The City has no material claim liabilities at June 30, 2025. There were no claims liabilities as of June 30, 2025.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

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.

Sonoma County Water Agency (the 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

City of Cotati
Notes to the Basic Financial Statements
June 30, 2025

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)

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.

NOTE 16 - PRIOR PERIOD ADJUSTMENTS

The City recorded the following prior period adjustments:

	Beginning Balance Previously Reported	Prior Period Adjustments Error Corrections	Beginning Balance Restated	Description
<i>Fund Financial Statements</i>				
Water Fund	\$ 6,054,842	\$ 508,650	\$ 6,563,492	Remove old interfund loans from the general fund
Wastewater Fund	8,448,170	517,422	8,965,592	Remove old interfund loans from the general fund
General Fund	8,943,491	(1,015,205)	7,928,286	Remove old interfund loans and other immaterial corrections
<i>Government Wide Financial Statements</i>				
Business-Type Activities	14,503,012	1,026,072	15,529,084	Remove old internal balances
Governmental Activities	41,516,882	(1,015,201)	40,501,681	Remove old internal balances and other immaterial items



REQUIRED SUPPLEMENTARY INFORMATION

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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. Special revenue funds have appropriated budgets based on the use of resources (e.g., grant awards and endowment requirements). 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
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,123,996	\$ 2,138,512	\$ 2,170,267	\$ 31,755
Sales taxes	6,027,000	5,767,500	5,825,250	57,750
Other taxes	752,000	847,000	878,943	31,943
Licenses and permits	597,900	751,190	776,651	25,461
Fines and forfeitures	-	5,010	4,910	(100)
Intergovernmental	218,870	241,343	278,755	37,412
Charges for Services	594,126	683,688	702,211	18,523
Interest and rents	463,741	516,241	378,340	(137,901)
Miscellaneous	155,450	224,644	122,005	(102,639)
Total Revenues	10,933,083	11,175,128	11,137,332	(37,796)
EXPENDITURES				
Current:				
General Government:				
City Council	183,606	181,112	150,713	30,399
City manager/city clerk	935,990	937,395	849,074	88,321
Administrative services	543,550	565,547	524,010	41,537
Public safety - police	4,928,394	4,706,982	4,615,061	91,921
Community development	923,778	954,735	948,950	5,785
Public works, parks and buildings	2,470,828	2,487,777	2,165,634	322,143
Capital outlay	-	-	33	(33)
Total Expenditures	9,986,146	9,833,548	9,253,475	580,073
Excess (Deficiency) of Revenues over Expenditures	946,937	1,341,580	1,883,857	542,277
OTHER FINANCING SOURCES (USES)				
Transfers in	202,000	371,000	427,809	56,809
Transfers out	(4,101,000)	(3,714,053)	(3,207,755)	506,298
Total Other Financing Sources (Uses)	(3,899,000)	(3,343,053)	(2,779,946)	563,107
Net Change in Fund Balance	(2,952,063)	(2,001,473)	(896,089)	1,105,384
Fund Balance Beginning	8,943,491	8,943,491	8,943,491	-
Prior Period Restatement	(1,015,205)	(1,015,205)	(1,015,205)	-
Fund Balance Beginning, as Adjusted	7,928,286	7,928,286	7,928,286	-
Fund Balance Ending	\$ 4,976,223	\$ 5,926,813	\$ 7,032,197	\$ 1,105,384

City of Cotati
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Grants Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 669,000	\$ 1,358,729	\$ 1,241,029	\$ (117,700)
Miscellaneous	-	-	174,985	174,985
Total Revenues	669,000	1,358,729	1,416,014	57,285
EXPENDITURES				
Current:				
General Government:				
Administrative services	-	40,050	-	40,050
Public safety - police	144,000	144,000	150,119	(6,119)
Community development	-	290,544	357,146	(66,602)
Public works, parks and buildings	1,206,000	1,314,626	1,323,968	(9,342)
Capital outlay	-	23,661	23,661	-
Total Expenditures	1,350,000	1,812,881	1,854,894	(42,013)
Excess (Deficiency) of Revenues over Expenditures	(681,000)	(454,152)	(438,880)	15,272
OTHER FINANCING SOURCES (USES)				
Transfers in	681,000	626,607	438,880	(187,727)
Transfers out	-	(180,922)	-	180,922
Total Other Financing Sources (Uses)	681,000	445,685	438,880	(6,805)
Net Change in Fund Balance	-	(8,467)	-	8,467
Fund Balance Beginning	8,467	8,467	8,467	-
Fund Balance Ending	\$ 8,467	\$ -	\$ 8,467	\$ 8,467

City of Cotati
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Inclusionary Housing Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$ -	\$ 37,320	\$ 37,320	\$ -
Interest and rents	120,568	106,157	66,443	(39,714)
Total Revenues	<u>120,568</u>	<u>143,477</u>	<u>103,763</u>	<u>(39,714)</u>
EXPENDITURES				
Current:				
General Government:				
Administrative services	-	1,040	1,040	-
Total Expenditures	<u>-</u>	<u>1,040</u>	<u>1,040</u>	<u>-</u>
Net Change in Fund Balance	120,568	142,437	102,723	(39,714)
Fund Balance Beginning	<u>3,165,174</u>	<u>3,165,174</u>	<u>3,165,174</u>	<u>-</u>
Fund Balance Ending	<u>\$ 3,285,742</u>	<u>\$ 3,307,611</u>	<u>\$ 3,267,897</u>	<u>\$ (39,714)</u>

City of Cotati
Schedule of Pension Contributions
(Last Ten Years)

Miscellaneous and Safety Plans

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Contractually Required Contributions	\$ 1,004,742	\$ 1,069,601	\$ 1,153,203	\$ 1,293,940	\$ 1,144,938
Contributions in Relation to					
Contractually Required Contributions	1,004,742	1,069,601	1,153,203	1,293,940	1,144,938
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll	\$ 2,935,345	\$ 2,921,800	\$ 3,066,402	\$ 3,297,800	\$ 3,601,857
Contributions as a % of Covered Payroll	34.23%	36.61%	37.61%	39.24%	31.79%

Miscellaneous and Safety Plans

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Contractually Required Contributions	\$ 1,272,801	\$ 1,372,022	\$ 898,680	\$ 858,730	\$ 965,295
Contributions in Relation to					
Contractually Required Contributions	1,272,801	13,372,022	898,680	1,529,656	1,362,758
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (12,000,000)</u>	<u>\$ -</u>	<u>\$ (670,926)</u>	<u>\$ (397,463)</u>
Covered Payroll	\$ 3,810,492	\$ 3,794,622	\$ 3,945,112	\$ 4,370,956	\$ 4,511,310
Contributions as a % of Covered Payroll	33.40%	352.39%	22.78%	35.00%	30.21%

Notes to Schedule:

Valuation Date: June 30, 2023
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period no more than 26 years
Inflation Assumed at 2.30%
Investment Rate of Returns set at 6.8%
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.

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2022.

The CalPERS mortality assumptions was adjusted in fiscal year 2021.

City of Cotati
Schedule of Proportionate Share of Net Pension Liability
(Last Ten Years)

Miscellaneous and Safety Plan

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Proportion of Net Pension Liability (Safety and Misc)	0.12248%	0.11214%	0.10666%	0.10525%	0.10214%
Proportionate Share of Net Pension Liability	\$ 8,406,983	\$ 9,703,297	\$ 10,577,410	\$ 10,142,246	\$ 10,466,093
Covered Payroll	\$ 2,789,822	\$ 2,935,345	\$ 2,921,800	\$ 3,066,402	\$ 3,297,800
Proportionate Share of NPL as a % of Covered Payroll	301.34%	330.57%	362.02%	330.75%	317.37%
Plan's Fiduciary Net Position as a % of the TPL	69.41%	66.61%	66.19%	70.21%	70.72%

Miscellaneous and Safety Plan

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Proportion of Net Pension Liability (Safety and Misc)	0.09964%	0.12436%	0.05900%	0.05016%	0.04633%
Proportionate Share of Net Pension Liability	\$ 10,841,096	\$ 6,725,519	\$ 6,814,583	\$ 6,257,799	\$ 5,618,580
Covered Payroll	\$ 3,601,857	\$ 3,810,492	\$ 3,794,622	\$ 3,945,112	\$ 4,370,956
Proportionate Share of NPL as a % of Covered Payroll	300.99%	176.50%	179.59%	158.62%	128.54%
Plan's Fiduciary Net Position as a % of the TPL	71.72%	83.11%	83.95%	85.90%	87.99%

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2022.

The CalPERS mortality assumptions was adjusted in fiscal year 2021.

City of Cotati
Schedule of Changes in the City's Total OPEB Liability
(Last Ten Years)

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability								
Service cost	\$ 13,394	\$ 9,106	\$ 10,004	\$ 10,515	\$ 11,414	\$ 8,782	\$ 9,493	\$ 14,342
Interest	12,975	11,183	10,563	7,403	4,922	8,623	9,103	8,925
Changes of benefit terms	-	-	-	(61,104)	-	-	-	-
Diff. between expected/actual experience	(57,987)	-	(23,630)	(5,375)	(15,324)	4,463	168,193	(1,146)
Changes of assumptions	(14,780)	9,123	(2,762)	8,266	(1,324)	(698)	(175,122)	(12,338)
Benefit payments	(25,489)	(19,850)	(16,930)	(17,688)	(10,572)	(11,440)	(13,021)	(11,231)
Net change in Total OPEB Liability	(71,887)	9,562	(22,755)	(57,983)	(10,884)	9,730	(1,354)	(1,448)
Total OPEB Liability - beginning	361,662	289,775	299,337	276,582	218,599	207,715	217,445	216,091
Total OPEB Liability - ending	289,775	299,337	276,582	218,599	207,715	217,445	216,091	214,643
Covered Employee Payroll	\$ 3,143,993	\$ 3,143,993	\$ 3,542,830	\$ 3,640,289	\$ 3,660,240	\$ 3,973,105	\$ 3,886,303	\$ 4,317,617
NOL as a % of covered employee payroll	9.22%	9.52%	7.81%	6.00%	5.67%	5.47%	5.56%	4.97%
TOL as a % of covered employee payroll	9.22%	9.52%	7.81%	6.00%	5.67%	5.47%	5.56%	4.97%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, Discount rates changed from 3.97% in FY2024 to 4.71% in FY2025.

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SUPPLEMENTARY INFORMATION

City of Cotati
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
City Capital Project Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Charges for Services	\$ 184,500	\$ 182,506	\$ 188,779	\$ 6,273
Interest and rents	-	20,000	25,541	5,541
Total Revenues	184,500	202,506	214,320	11,814
EXPENDITURES				
Current:				
Community development	993,000	847,266	988,601	(141,335)
Capital outlay	4,103,000	3,792,352	2,004,053	1,788,299
Total Expenditures	5,096,000	4,639,618	2,992,654	1,646,964
Excess (Deficiency) of Revenues over Expenditures	(4,911,500)	(4,437,112)	(2,778,334)	1,658,778
OTHER FINANCING SOURCES (USES)				
Transfers in	5,096,000	4,717,473	2,992,654	(1,724,819)
Transfers out	(180,000)	(180,000)	(180,000)	-
Total Other Financing Sources (Uses)	4,916,000	4,537,473	2,812,654	(1,724,819)
Net Change in Fund Balance	4,500	100,361	34,320	(66,041)
Fund Balance Beginning	298,390	298,390	298,390	-
Fund Balance Ending	\$ 302,890	\$ 398,751	\$ 332,710	\$ (66,041)

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 reported the following nonmajor special revenue funds:

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.

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.

Park In-Lieu Fund accounts for funds received from development and used for park development and improvements as specified in the fee program.

PEG 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.

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 Fund 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.

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

Bed Tax Fund accounts for the bed tax 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.

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

In-Lieu Tree Fund accounts for fees charged for tree removals to be repurposed for the establishment of new replacement trees within the City.

Veterans Building Fund accounts for revenues and expenses for the operations of the Cotati Veterans Building which is managed by the City of Cotati through a limited term revenue sharing operating agreement with Sonoma County who owns the building

NONMAJOR GOVERNMENTAL FUNDS

Community Development Special Projects Fund is a special revenue fund that holds restricted funding for various minor funding sources.

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.

Debt Service Fund

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term debt.

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.

Debt Service Fund is a fund designated to account for the accumulation of accumulation of resources for, and the payment of, the obligations of the series 2022A Lease Obligation Street Improvement Project and the series 2022B Taxable Lease Obligation CalPERS UAL Prepayment Project.

Capital Projects Funds

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, 2025

	Gas Taxes	MTC Street	Traffic Mitigation	Parks In-Lieu	PEG
ASSETS					
Cash and investments	\$ 305,426	\$ 188,686	\$ 762,019	\$ 305	\$ 36,110
Taxes receivable	-	67,736	-	-	-
Accounts receivable	18,554	-	-	-	3,908
Prepaid items	-	-	-	-	8,756
Total assets	\$ 323,980	\$ 256,422	\$ 762,019	\$ 305	\$ 48,774
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	8,980
Total liabilities	-	-	-	-	8,980
Fund Balances:					
Nonspendable - prepaid items	-	-	-	-	8,756
Restricted:					
Affordable housing	-	-	-	-	-
Public safety	-	-	-	-	-
Streets	323,980	256,422	762,019	-	-
Parks	-	-	-	305	-
Public education	-	-	-	-	31,038
Public facilities	-	-	-	-	-
Committed					
Veterans building	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	323,980	256,422	762,019	305	39,794
Total liabilities and fund balances	\$ 323,980	\$ 256,422	\$ 762,019	\$ 305	\$ 48,774

Continued

City of Cotati
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Public Safety	K-9 Program	Capital Projects Unspent Bond Proceeds	Community Facilities District	Bed Tax
ASSETS					
Cash and investments	\$ -	\$ 457	\$ -	\$ 31,724	\$ -
Taxes receivable	-	-	-	-	-
Accounts receivable	5,436	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 5,436	\$ 457	\$ -	\$ 31,724	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 457	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	5,156	-	-	-	320
Total liabilities	5,156	457	-	-	320
Fund Balances:					
Nonspendable - prepaid items	-	-	-	-	-
Restricted:					
Affordable housing	-	-	-	-	-
Public safety	280	-	-	-	-
Streets	-	-	-	-	-
Parks	-	-	-	-	-
Public education	-	-	-	-	-
Public facilities	-	-	-	31,724	-
Committed					
Veterans building	-	-	-	-	-
Unassigned	-	-	-	-	(320)
Total fund balances	280	-	-	31,724	(320)
Total liabilities and fund balances	\$ 5,436	\$ 457	\$ -	\$ 31,724	\$ -

Continued

City of Cotati
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Affordable Housing Linkage	In-Lieu Tree	Veterans Building	Street Bond Project
ASSETS				
Cash and investments	\$ 334,827	\$ 26,669	\$ 4,289	\$ -
Taxes receivable	-	-	-	-
Accounts receivable	-	-	7,400	-
Prepaid items	-	-	-	-
Total assets	\$ 334,827	\$ 26,669	\$ 11,689	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 297	\$ 2,302	\$ -
Accrued liabilities	-	-	3,000	-
Deposits payable	-	-	5,550	-
Due to other funds	-	-	-	-
Total liabilities	-	297	10,852	-
Fund Balances:				
Nonspendable - prepaid items	-	-	-	-
Restricted:				
Affordable housing	334,827	-	-	-
Public safety	-	-	-	-
Streets	-	-	-	-
Parks	-	-	-	-
Public education	-	26,372	-	-
Public facilities	-	-	-	-
Committed				
Veterans building	-	-	837	-
Unassigned	-	-	-	-
Total fund balances	334,827	26,372	837	-
Total liabilities and fund balances	\$ 334,827	\$ 26,669	\$ 11,689	\$ -

Continued

City of Cotati
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Debt Service	Community Development Projects	Landscape and Lighting	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ -	\$ 33,331	\$ 81,096	\$ 1,804,939
Taxes receivable	-	25,951	221	93,908
Accounts receivable	-	17,339	-	52,637
Prepaid items	-	-	-	8,756
Total assets	\$ -	\$ 76,621	\$ 81,317	\$ 1,960,240
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,605	\$ 5,661
Accrued liabilities	-	-	-	3,000
Deposits payable	-	-	-	5,550
Due to other funds	-	25,306	12,542	52,304
Total liabilities	-	25,306	15,147	66,515
Fund Balances:				
Nonspendable - prepaid items	-	-	-	8,756
Restricted:				
Affordable housing	-	-	-	334,827
Public safety	-	-	-	280
Streets	-	21,773	66,170	1,430,364
Parks	-	645	-	950
Public education	-	28,897	-	86,307
Public facilities	-	-	-	31,724
Committed				
Veterans building	-	-	-	837
Unassigned	-	-	-	(320)
Total fund balances	-	51,315	66,170	1,893,725
Total liabilities and fund balances	\$ -	\$ 76,621	\$ 81,317	\$ 1,960,240

Concluded

City of Cotati

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2025

	Gas Taxes	MTC Street	Traffic Mitigation	Parks In-Lieu	PEG
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	72,778	-	-	-
Intergovernmental	218,951	-	-	9,684	-
Charges for Services	-	-	16,356	-	16,460
Interest and rents	20,084	11,463	40,131	3,182	1,448
Miscellaneous	-	55,102	-	-	-
Total Revenues	239,035	139,343	56,487	12,866	17,908
EXPENDITURES					
Current:					
General Government	-	-	-	-	13,188
Public Safety	-	-	-	-	-
Public Works	(2,623)	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	(2,623)	-	-	-	13,188
Excess (Deficiency) of Revenues over Expenditures	241,658	139,343	56,487	12,866	4,720
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(200,000)	(75,000)	-	(106,000)	(48,000)
Total Other Financing Sources (Uses)	(200,000)	(75,000)	-	(106,000)	(48,000)
Net Change in Fund Balances	41,658	64,343	56,487	(93,134)	(43,280)
Fund Balances Beginning	282,322	192,079	705,532	93,439	83,074
Fund Balances Ending	\$ 323,980	\$ 256,422	\$ 762,019	\$ 305	\$ 39,794

Continued

City of Cotati

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2025

	Public Safety	K-9 Program	Capital Projects Unspent Bond Proceeds	Community Facilities District	Bed Tax
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ 42,078	\$ -
Sales taxes	-	-	-	-	-
Intergovernmental	193,748	-	-	-	-
Charges for Services	-	-	-	-	1,335
Interest and rents	2,095	-	-	554	1,313
Miscellaneous	-	500	-	-	-
Total Revenues	195,843	500	-	42,632	2,648
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	7,139	-	-	-
Public Works	-	-	-	3,959	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	7,139	-	3,959	-
Excess (Deficiency) of Revenues over Expenditures	195,843	(6,639)	-	38,673	2,648
OTHER FINANCING SOURCES (USES)					
Transfers in	-	6,713	339,629	-	-
Transfers out	(221,277)	-	-	(12,000)	(38,000)
Total Other Financing Sources (Uses)	(221,277)	6,713	339,629	(12,000)	(38,000)
Net Change in Fund Balances	(25,434)	74	339,629	26,673	(35,352)
Fund Balances Beginning	25,714	(74)	(339,629)	5,051	35,032
Fund Balances Ending	\$ 280	\$ -	\$ -	\$ 31,724	\$ (320)

Continued

City of Cotati

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2025

	Affordable Housing Linkage	In-Lieu Tree	Veterans Building	Street Bond Project
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	11,352	-	-
Interest and rents	17,823	891	30,766	9,717
Miscellaneous	-	-	-	-
Total Revenues	17,823	12,243	30,766	9,717
EXPENDITURES				
Current:				
General Government	-	1,340	12,887	-
Public Safety	-	-	-	-
Public Works	-	-	4,800	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	1,340	17,687	-
Excess (Deficiency) of Revenues over Expenditures	17,823	10,903	13,079	9,717
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(12,311)	(479,580)
Total Other Financing Sources (Uses)	-	-	(12,311)	(479,580)
Net Change in Fund Balances	17,823	10,903	768	(469,863)
Fund Balances Beginning	317,004	15,469	69	469,863
Fund Balances Ending	\$ 334,827	\$ 26,372	\$ 837	\$ -

Continued

City of Cotati
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Debt Service	Community Development Projects	Landscape and Lighting	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 42,078
Sales taxes	-	109,300	-	182,078
Intergovernmental	-	206,073	-	628,456
Charges for Services	-	3,242	56,845	105,590
Interest and rents	-	13,448	4,018	156,933
Miscellaneous	-	-	-	55,602
Total Revenues	-	332,063	60,863	1,170,737
EXPENDITURES				
Current:				
General Government	-	-	-	27,415
Public Safety	-	-	-	7,139
Public Works	-	-	58,385	64,521
Capital outlay	-	-	2,952	2,952
Debt service:				
Principal	515,440	-	-	515,440
Interest and fiscal charges	294,537	-	-	294,537
Total Expenditures	809,977	-	61,337	912,004
Excess (Deficiency) of Revenues over Expenditures	(809,977)	332,063	(474)	258,733
OTHER FINANCING SOURCES (USES)				
Transfers in	809,977	-	-	1,156,319
Transfers out	-	(417,000)	-	(1,609,168)
Total Other Financing Sources (Uses)	809,977	(417,000)	-	(452,849)
Net Change in Fund Balances	-	(84,937)	(474)	(194,116)
Fund Balances Beginning	-	136,252	66,644	2,087,841
Fund Balances Ending	\$ -	\$ 51,315	\$ 66,170	\$ 1,893,725

Concluded

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Gas Taxes			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	211,535	224,018	218,951	(5,067)
Charges for Services	-	-	-	-
Interest and rents	700	16,100	20,084	3,984
Miscellaneous	-	-	-	-
Total Revenues	212,235	240,118	239,035	(1,083)
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	5,800	5,645	(2,623)	8,268
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	5,800	5,645	(2,623)	8,268
Excess (Deficiency) of Revenues over Expenditures	206,435	234,473	241,658	7,185
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(200,000)	(290,000)	(200,000)	90,000
Total Other Financing Sources (Uses)	(200,000)	(290,000)	(200,000)	90,000
Net Change in Fund Balances	6,435	(55,527)	41,658	97,185
Fund Balances Beginning	282,322	282,322	282,322	-
Fund Balances Ending	\$ 288,757	\$ 226,795	\$ 323,980	\$ 97,185

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	MTC Street			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	82,000	77,000	72,778	(4,222)
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest and rents	-	9,410	11,463	2,053
Miscellaneous	-	-	55,102	55,102
Total Revenues	82,000	86,410	139,343	52,933
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	82,000	86,410	139,343	52,933
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(75,000)	(75,000)	(75,000)	-
Total Other Financing Sources (Uses)	(75,000)	(75,000)	(75,000)	-
Net Change in Fund Balances	7,000	11,410	64,343	52,933
Fund Balances Beginning	192,079	192,079	192,079	-
Fund Balances Ending	\$ 199,079	\$ 203,489	\$ 256,422	\$ 52,933

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Traffic Mitigation			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	54,000	32,000	16,356	(15,644)
Interest and rents	10,000	33,500	40,131	6,631
Miscellaneous	-	-	-	-
Total Revenues	64,000	65,500	56,487	(9,013)
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	64,000	65,500	56,487	(9,013)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(362,000)	-	-	-
Total Other Financing Sources (Uses)	(362,000)	-	-	-
Net Change in Fund Balances	(298,000)	65,500	56,487	(9,013)
Fund Balances Beginning	705,532	705,532	705,532	-
Fund Balances Ending	\$ 407,532	\$ 771,032	\$ 762,019	\$ (9,013)

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Parks In-Lieu			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	10,000	9,690	9,684	(6)
Charges for Services	-	-	-	-
Interest and rents	-	3,100	3,182	82
Miscellaneous	-	-	-	-
Total Revenues	<u>10,000</u>	<u>12,790</u>	<u>12,866</u>	<u>76</u>
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,000</u>	<u>12,790</u>	<u>12,866</u>	<u>76</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(90,000)	(106,000)	(106,000)	-
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>(106,000)</u>	<u>(106,000)</u>	<u>-</u>
Net Change in Fund Balances	(80,000)	(93,210)	(93,134)	76
Fund Balances Beginning	<u>93,439</u>	<u>93,439</u>	<u>93,439</u>	<u>-</u>
Fund Balances Ending	<u>\$ 13,439</u>	<u>\$ 229</u>	<u>\$ 305</u>	<u>\$ 76</u>

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	PEG			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	20,000	17,000	16,460	(540)
Interest and rents	-	1,750	1,448	(302)
Miscellaneous	-	-	-	-
Total Revenues	20,000	18,750	17,908	(842)
EXPENDITURES				
Current:				
General government - admin services	20,000	16,000	13,188	2,812
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	20,000	16,000	13,188	2,812
Excess (Deficiency) of Revenues over Expenditures	-	2,750	4,720	1,970
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(48,000)	(48,000)	(48,000)	-
Total Other Financing Sources (Uses)	(48,000)	(48,000)	(48,000)	-
Net Change in Fund Balances	(48,000)	(45,250)	(43,280)	1,970
Fund Balances Beginning	83,074	83,074	83,074	-
Fund Balances Ending	\$ 35,074	\$ 37,824	\$ 39,794	\$ 1,970

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Public Safety			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	164,000	208,000	193,748	(14,252)
Charges for Services	-	-	-	-
Interest and rents	-	995	2,095	1,100
Miscellaneous	-	-	-	-
Total Revenues	164,000	208,995	195,843	(13,152)
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	164,000	208,995	195,843	(13,152)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(170,000)	(234,708)	(221,277)	13,431
Total Other Financing Sources (Uses)	(170,000)	(234,708)	(221,277)	13,431
Net Change in Fund Balances	(6,000)	(25,713)	(25,434)	279
Fund Balances Beginning	25,714	25,714	25,714	-
Fund Balances Ending	\$ 19,714	\$ 1	\$ 280	\$ 279

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	K-9 Program			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	500	500	-
Total Revenues	-	500	500	-
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	10,000	7,100	7,139	(39)
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	2,500	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	12,500	7,100	7,139	(39)
Excess (Deficiency) of Revenues over Expenditures	(12,500)	(6,600)	(6,639)	(39)
OTHER FINANCING SOURCES (USES)				
Transfers in	12,500	5,855	6,713	858
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	12,500	5,855	6,713	858
Net Change in Fund Balances	-	(745)	74	819
Fund Balances Beginning	(74)	(74)	(74)	-
Fund Balances Ending	\$ (74)	\$ (819)	\$ -	\$ 819

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Capital Projects Unspent Bond Proceeds			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	339,629	339,629
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	339,629	339,629
Net Change in Fund Balances	-	-	339,629	339,629
Fund Balances Beginning	(339,629)	(339,629)	(339,629)	-
Fund Balances Ending	\$ (339,629)	\$ (339,629)	\$ -	\$ 339,629

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Community Facilities District			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 39,000	\$ 38,000	\$ 42,078	\$ 4,078
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest and rents	-	-	554	554
Miscellaneous	-	-	-	-
Total Revenues	39,000	38,000	42,632	4,632
EXPENDITURES				
Current:				
General government - admin services	500	500	-	500
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	7,000	7,000	3,959	3,041
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	7,500	7,500	3,959	3,541
Excess (Deficiency) of Revenues over Expenditures	31,500	30,500	38,673	8,173
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(32,000)	(35,000)	(12,000)	23,000
Total Other Financing Sources (Uses)	(32,000)	(35,000)	(12,000)	23,000
Net Change in Fund Balances	(500)	(4,500)	26,673	31,173
Fund Balances Beginning	5,051	5,051	5,051	-
Fund Balances Ending	\$ 4,551	\$ 551	\$ 31,724	\$ 31,173

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Bed Tax			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	4,000	2,000	1,335	(665)
Interest and rents	500	1,235	1,313	78
Miscellaneous	-	-	-	-
Total Revenues	4,500	3,235	2,648	(587)
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	4,500	3,235	2,648	(587)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(30,000)	(38,000)	(38,000)	-
Total Other Financing Sources (Uses)	(30,000)	(38,000)	(38,000)	-
Net Change in Fund Balances	(25,500)	(34,765)	(35,352)	(587)
Fund Balances Beginning	35,032	35,032	35,032	-
Fund Balances Ending	\$ 9,532	\$ 267	\$ (320)	\$ (587)

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Affordable Housing Linkage			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest and rents	11,000	14,450	17,823	3,373
Miscellaneous	-	-	-	-
Total Revenues	11,000	14,450	17,823	3,373
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	11,000	14,450	17,823	3,373
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	11,000	14,450	17,823	3,373
Fund Balances Beginning	317,004	317,004	317,004	-
Fund Balances Ending	\$ 328,004	\$ 331,454	\$ 334,827	\$ 3,373

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	In-Lieu Tree			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	500	6,900	11,352	4,452
Interest and rents	-	650	891	241
Miscellaneous	-	-	-	-
Total Revenues	500	7,550	12,243	4,693
EXPENDITURES				
Current:				
General government - admin services	6,050	2,515	1,340	1,175
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	6,050	2,515	1,340	1,175
Excess (Deficiency) of Revenues over Expenditures	(5,550)	5,035	10,903	5,868
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(16,000)	-	16,000
Total Other Financing Sources (Uses)	-	(16,000)	-	16,000
Net Change in Fund Balances	(5,550)	(10,965)	10,903	21,868
Fund Balances Beginning	15,469	15,469	15,469	-
Fund Balances Ending	\$ 9,919	\$ 4,504	\$ 26,372	\$ 21,868

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Veterans Building			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	1,000	-	-	-
Interest and rents	21,250	35,265	30,766	(4,499)
Miscellaneous	-	-	-	-
Total Revenues	22,250	35,265	30,766	(4,499)
EXPENDITURES				
Current:				
General government - admin services	11,200	18,000	12,887	5,113
Public safety - police	-	-	-	-
Community development	6,850	1,000	-	1,000
Public works, parks and buildings	-	3,200	4,800	(1,600)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	18,050	22,200	17,687	4,513
Excess (Deficiency) of Revenues over Expenditures	4,200	13,065	13,079	14
OTHER FINANCING SOURCES (USES)				
Transfers in	-	(65)	-	65
Transfers out	(4,200)	(13,000)	(12,311)	689
Total Other Financing Sources (Uses)	(4,200)	(13,065)	(12,311)	754
Net Change in Fund Balances	-	-	768	768
Fund Balances Beginning	69	69	69	-
Fund Balances Ending	\$ 69	\$ 69	\$ 837	\$ 768

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Street Bond Project			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest and rents	-	-	9,717	9,717
Miscellaneous	-	-	-	-
Total Revenues	-	-	9,717	9,717
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	9,717	9,717
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(332,433)	(469,863)	(479,580)	(9,717)
Total Other Financing Sources (Uses)	(332,433)	(469,863)	(479,580)	(9,717)
Net Change in Fund Balances	(332,433)	(469,863)	(469,863)	-
Fund Balances Beginning	469,863	469,863	469,863	-
Fund Balances Ending	\$ 137,430	\$ -	\$ -	\$ -

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Debt Service			
	Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
General government - admin services	900	900	-	900
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	501,110	501,110	515,440	(14,330)
Interest and fiscal charges	308,865	308,865	294,537	14,328
Total Expenditures	810,875	810,875	809,977	898
Excess (Deficiency) of Revenues over Expenditures	(810,875)	(810,875)	(809,977)	898
OTHER FINANCING SOURCES (USES)				
Transfers in	809,975	809,975	809,977	2
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	809,975	809,975	809,977	2
Net Change in Fund Balances	(900)	(900)	-	900
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ (900)	\$ (900)	\$ -	\$ 900

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Community Development Projects			
	Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	100,000	110,000	109,300	(700)
Intergovernmental	193,000	198,225	206,073	7,848
Charges for Services	2,500	3,000	3,242	242
Interest and rents	-	14,330	13,448	(882)
Miscellaneous	-	-	-	-
Total Revenues	295,500	325,555	332,063	6,508
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	295,500	325,555	332,063	6,508
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(373,000)	(417,000)	(417,000)	-
Total Other Financing Sources (Uses)	(373,000)	(417,000)	(417,000)	-
Net Change in Fund Balances	(77,500)	(91,445)	(84,937)	6,508
Fund Balances Beginning	136,252	136,252	136,252	-
Fund Balances Ending	\$ 58,752	\$ 44,807	\$ 51,315	\$ 6,508

Cont'd

City of Cotati
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Landscape and Lighting			
	Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	51,994	51,994	56,845	4,851
Interest and rents	436	436	4,018	3,582
Miscellaneous	-	-	-	-
Total Revenues	52,430	52,430	60,863	8,433
EXPENDITURES				
Current:				
General government - admin services	-	-	-	-
Public safety - police	-	-	-	-
Community development	-	-	-	-
Public works, parks and buildings	67,055	82,385	58,385	24,000
Capital outlay	6,250	7,000	2,952	4,048
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	73,305	89,385	61,337	28,048
Excess (Deficiency) of Revenues over Expenditures	(20,875)	(36,955)	(474)	36,481
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(20,875)	(36,955)	(474)	36,481
Fund Balances Beginning	66,644	66,644	66,644	-
Fund Balances Ending	\$ 45,769	\$ 29,689	\$ 66,170	\$ 36,481

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INTERNAL SERVICE FUNDS

City of Cotati
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Vehicle Replacement	Compensated Absences	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 67,636	\$ 200,000	\$ 267,636
Due from other funds	-	178,310	178,310
Total current assets	67,636	378,310	445,946
Noncurrent assets:			
Capital assets:			
Depreciable, net of accumulated depreciation	402,976	-	402,976
Total assets	\$ 470,612	\$ 378,310	\$ 848,922
LIABILITIES			
Current liabilities:			
Compensated absences, due within one year	\$ -	\$ 258,314	\$ 258,314
Noncurrent liabilities:			
Compensated absences, due in more than one year	-	119,996	119,996
Total liabilities	\$ -	\$ 378,310	\$ 378,310
NET POSITION			
Net Investment in capital assets	\$ 402,976	\$ -	\$ 402,976
Unrestricted	67,636	-	67,636
Total net position	\$ 470,612	\$ -	\$ 470,612

City of Cotati

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2025

	Vehicle Replacement	Compensated Absences	Total
OPERATING REVENUES			
Charges for services	\$ 8,344	\$ 124,214	\$ 132,558
Total operating revenues	<u>8,344</u>	<u>124,214</u>	<u>132,558</u>
OPERATING EXPENSES			
Personnel services	-	148,270	148,270
Supplies and materials	8,344	-	8,344
Depreciation	139,466	-	139,466
Total operating expenses	<u>147,810</u>	<u>148,270</u>	<u>296,080</u>
Operating income (loss)	<u>(139,466)</u>	<u>(24,056)</u>	<u>(163,522)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	<u>3,676</u>	<u>28,858</u>	<u>32,534</u>
Income (loss) before operating transfers	(135,790)	4,802	(130,988)
Transfers in	-	178,310	178,310
Transfers out	-	(342,105)	(342,105)
Total transfers	<u>-</u>	<u>(163,795)</u>	<u>(163,795)</u>
Change in net position	(135,790)	(158,993)	(294,783)
Total net position - beginning	606,402	158,993	765,395
Total net position - ending	<u>\$ 470,612</u>	<u>\$ -</u>	<u>\$ 470,612</u>

City of Cotati
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Vehicle Replacement	Compensated Absences	Total
Cash flows from operating activities:			
Receipts from interfund charges for services	\$ 8,344	\$ 125,801	\$ 134,145
Payments to suppliers	(8,344)	-	(8,344)
Payments to employees	-	(125,801)	(125,801)
Net cash provided (used) by operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from noncapital financing activities:			
Interfund transactions	-	(342,105)	(342,105)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(342,105)</u>	<u>(342,105)</u>
Cash flows from capital financing activities:			
Acquisition of capital assets	(7,708)	-	(7,708)
Net cash provided (used) by capital financing activities	<u>(7,708)</u>	<u>-</u>	<u>(7,708)</u>
Cash flows from investing activities:			
Investment receipts	3,674	28,858	32,532
Net cash provided (used) by investing activities	<u>3,674</u>	<u>28,858</u>	<u>32,532</u>
Net increase (decrease) in cash and cash equivalents	(4,034)	(313,247)	(317,281)
Cash and cash equivalents - beginning	71,670	513,247	584,917
Cash and cash equivalents - ending	<u>\$ 67,636</u>	<u>\$ 200,000</u>	<u>\$ 267,636</u>
Reconciliation of operating income to net cash provided (used)			
by operating activities:			
Operating income (loss)	\$ (139,466)	\$ (24,056)	\$ (163,522)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	139,466	-	139,466
Change in operating assets and liabilities:			
Accounts receivables	-	1,587	1,587
Accrued liabilities	-	(1,587)	(1,587)
Compensated absences	-	24,056	24,056
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



MEASURE S

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City of Cotati
Schedule of Revenues and Expenditures
Measure S
For the Year Ended June 30, 2025

	Measure S
REVENUES	
Measure S taxes	\$ 3,054,830
Total Revenues	<u>3,054,830</u>
 EXPENDITURES	
Operations and maintenance:	
Street, sidewalk and storm drain	232,454
Public safety program	480,328
Recreation program	445,524
Park and landscape program	169,023
Public building program	84,880
Capital improvements and equipment:	
Street, sidewalk and storm drain	713,389
Public safety program	29,722
Park and landscape program	637,047
Public building program	252,293
State administrative fees	10,170
Total Expenditures	<u>3,054,830</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ -</u>

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Governmental Activities										
Net Investment in capital assets	\$ 16,517,982	\$ 18,192,860	\$ 20,039,682	\$ 21,808,218	\$ 25,878,148	\$ 27,881,695	\$ 30,483,120	\$ 28,236,134	\$ 33,865,291	\$ 30,886,736
Restricted	5,648,440	6,775,373	7,450,051	5,830,201	5,595,389	5,697,447	7,419,345	14,194,599	6,900,265	6,391,358
Unrestricted	(1,392,655)	(957,876)	(257,960)	1,822,203	231,153	2,041,252	1,492,392	(182,412)	(263,875)	3,141,326
Total governmental activities net position	\$ 20,773,747	\$ 24,010,357	\$ 27,231,773	\$ 29,460,622	\$ 31,704,690	\$ 35,620,394	\$ 39,394,857	\$ 42,248,321	\$ 40,501,681	\$ 40,419,420
Business-type activities										
Net Investment in capital assets	\$ 9,001,287	\$ 9,250,509	\$ 8,864,388	\$ 13,104,759	\$ 12,534,830	\$ 12,602,934	\$ 12,037,960	\$ 12,519,601	\$ 12,479,706	\$ 11,929,819
Restricted	4,535,027	3,783,904	4,517,050	102,103	-	-	-	-	-	-
Unrestricted	2,753,618	3,486,382	2,735,965	2,710,421	3,852,645	3,109,741	3,436,675	2,099,469	3,049,378	3,622,763
Total business-type activities net position	\$ 16,289,932	\$ 16,520,795	\$ 16,117,403	\$ 15,917,283	\$ 16,387,475	\$ 15,712,675	\$ 15,474,635	\$ 14,619,070	\$ 15,529,084	\$ 15,552,582
Primary government										
Net Investment in capital assets	\$ 25,519,249	\$ 27,443,369	\$ 28,904,070	\$ 34,912,977	\$ 38,412,978	\$ 40,484,629	\$ 42,521,080	\$ 40,755,735	\$ 46,344,997	\$ 42,816,555
Restricted	10,183,467	10,559,277	11,967,101	5,932,304	5,595,389	5,697,447	7,419,345	14,194,599	6,900,265	6,391,358
Unrestricted	1,360,963	2,528,506	2,478,005	4,532,624	4,083,798	5,150,993	4,929,067	1,917,057	2,785,503	6,764,089
Total primary government net position	\$ 37,063,679	\$ 40,531,152	\$ 43,349,176	\$ 45,377,905	\$ 48,092,165	\$ 51,333,069	\$ 54,869,492	\$ 56,867,391	\$ 56,030,765	\$ 55,972,002

Source of information: Audited financial statements

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Expenses:										
Governmental Activities										
General government	\$ 1,729,742	\$ 1,311,401	\$ 1,382,139	\$ 2,499,291	\$ 1,808,561	\$ 1,332,803	\$ 1,804,038	\$ 3,199,265	\$ 1,264,167	\$ 1,575,556
Public safety	2,676,142	2,628,760	3,733,774	3,410,242	4,081,647	4,186,303	4,219,712	4,404,168	4,951,027	4,499,782
Community development	1,070,087	427,963	439,133	581,558	644,933	972,578	1,672,689	1,610,576	3,562,140	2,162,195
Public works	1,844,032	1,736,094	1,830,007	1,948,935	1,993,763	1,857,882	2,406,759	3,325,556	4,727,368	5,508,941
Interest on long-term debt	306,313	-	-	-	1,911	965	190,521	506,426	302,939	288,437
Total governmental activities expenses	\$ 7,626,316	\$ 6,104,218	\$ 7,385,053	\$ 8,440,026	\$ 8,530,815	\$ 8,350,531	\$ 10,293,719	\$ 13,045,991	\$ 14,807,641	\$ 14,034,911
Business-type activities										
Water	\$ 1,422,854	\$ 1,623,862	\$ 1,816,685	\$ 1,737,323	\$ 2,086,615	\$ 2,324,983	\$ 2,040,153	\$ 2,301,068	\$ 2,346,268	\$ 2,500,939
Wastewater	2,224,574	2,421,786	2,723,983	2,734,699	2,931,726	3,439,883	3,617,797	3,726,683	3,620,353	3,927,084
Total business-type activities expenses	\$ 3,647,428	\$ 4,045,648	\$ 4,540,668	\$ 4,472,022	\$ 5,018,341	\$ 5,764,866	\$ 5,657,950	\$ 6,027,751	\$ 5,966,621	\$ 6,428,023
Total primary government expenses	\$ 11,273,744	\$ 10,149,866	\$ 11,925,721	\$ 12,912,048	\$ 13,549,156	\$ 14,115,397	\$ 15,951,669	\$ 19,073,742	\$ 20,774,262	\$ 20,462,934
Program revenues:										
Governmental Activities										
Charges for services										
General government	\$ 112,018	\$ 165,292	\$ 165,598	\$ 554,930	\$ 930,779	\$ 995,882	\$ 1,360,912	\$ 1,240,293	\$ 947,169	\$ 359,739
Public safety	121,292	120,841	95,170	437,647	328,557	309,572	248,916	294,419	376,105	448,332
Community development	783,105	770,643	734,913	271,021	304,005	908,994	447,194	410,008	349,934	594,057
Public works	94,862	394,040	679,712	114,508	1,177,833	1,094,433	56,890	144,361	96,235	700,128
Operating grants and contributions	431,468	679,146	428,962	301,544	850,304	743,354	2,274,436	1,525,040	1,119,905	822,565
Capital grants and contributions	4,113,824	697,062	2,122,200	-	-	-	-	-	680,046	541,196
Total governmental activities program revenues	\$ 5,656,569	\$ 2,827,024	\$ 4,226,555	\$ 1,679,650	\$ 2,531,428	\$ 3,067,235	\$ 4,388,348	\$ 3,614,121	\$ 3,569,394	\$ 3,466,017
Business-type activities										
Charges for services										
Water	\$ 1,371,858	\$ 1,559,828	\$ 1,694,915	\$ 1,733,794	\$ 2,137,569	\$ 2,214,793	\$ 2,334,947	\$ 2,087,050	\$ 2,249,182	\$ 2,555,963
Wastewater	2,360,902	2,048,481	2,214,960	2,381,342	3,205,145	2,822,407	3,083,753	2,911,124	3,322,913	3,400,494
Operating grants and contributions	-	30,000	-	-	-	-	-	-	-	-
Capital grants and contributions	112,915	701,166	610,674	-	-	-	-	-	-	-
Total business-type activities program revenues	\$ 3,845,675	\$ 4,339,475	\$ 4,520,549	\$ 4,115,136	\$ 5,342,714	\$ 5,037,200	\$ 5,418,700	\$ 4,998,174	\$ 5,572,095	\$ 5,956,457
Total primary government revenues	\$ 9,502,244	\$ 7,166,499	\$ 8,747,104	\$ 5,794,786	\$ 7,874,142	\$ 8,104,435	\$ 9,807,048	\$ 8,612,295	\$ 9,141,489	\$ 9,422,474
Net revenues (expenses)										
Governmental Activities	\$ (1,969,747)	\$ (3,277,194)	\$ (3,158,498)	\$ (6,760,376)	\$ (5,999,387)	\$ (5,283,296)	\$ (5,905,371)	\$ (9,431,870)	\$ (11,238,247)	\$ (10,568,894)
Business-type activities	198,247	293,827	(20,119)	(356,886)	324,373	(727,866)	(239,250)	(1,029,577)	(394,526)	(471,566)
Total net revenues (expenses)	\$ (1,771,500)	\$ (2,983,367)	\$ (3,178,617)	\$ (7,117,262)	\$ (5,675,014)	\$ (6,010,962)	\$ (6,144,621)	\$ (10,461,447)	\$ (11,632,773)	\$ (11,040,460)

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
General revenues and other changes in net position										
Governmental Activities										
Taxes:										
Property taxes	\$ 1,652,877	\$ 1,472,627	\$ 1,544,849	\$ 1,734,281	\$ 1,813,280	\$ 1,774,242	\$ 1,902,006	\$ 2,002,321	\$ 2,110,629	\$ 2,212,345
Sales taxes	4,075,204	4,222,473	4,145,877	5,109,211	5,091,824	6,004,019	6,418,733	6,217,892	6,091,096	6,007,328
Other taxes	603,792	678,955	829,535	907,508	1,054,055	1,192,032	1,344,773	1,302,352	1,467,716	1,528,372
Incremental property taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	44,094	76,785	137,294	339,211	286,349	228,707	14,322	568,048	810,670	504,477
Other general revenues	-	-	-	-	-	-	-	2,000,000	26,696	379,167
Special item	-	-	-	-	-	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Transfers	-	62,964	161,053	-	-	-	-	194,721	-	(145,056)
Total governmental activities	\$ 6,375,967	\$ 6,513,804	\$ 6,818,608	\$ 8,090,211	\$ 8,245,508	\$ 9,199,000	\$ 9,679,834	\$ 12,285,334	\$ 10,506,807	\$ 10,486,633
Business-type activities										
Other revenues	\$ -	\$ -	\$ -	\$ 156,766	\$ 145,819	\$ 52,866	\$ 1,210	\$ 174,012	\$ 278,468	\$ 350,008
Transfers	-	(62,964)	(161,053)	-	-	-	-	-	-	145,056,00
Total business-type activities	\$ -	\$ (62,964)	\$ (161,053)	\$ 156,766	\$ 145,819	\$ 52,866	\$ 1,210	\$ 174,012	\$ 278,468	\$ 495,064
Total primary government	\$ 6,375,967	\$ 6,450,840	\$ 6,657,555	\$ 8,246,977	\$ 8,391,327	\$ 9,251,866	\$ 9,681,044	\$ 12,459,346	\$ 10,785,275	\$ 10,981,697
Changes in net position										
Governmental Activities	\$ 4,406,220	\$ 3,236,610	\$ 3,660,110	\$ 1,329,835	\$ 2,246,121	\$ 3,915,704	\$ 3,774,463	\$ 2,853,464	\$ (731,440)	\$ (82,261)
Business-type activities	198,247	230,863	(181,172)	(200,120)	470,192	(674,800)	(238,040)	(855,565)	(116,058)	23,498
Total primary government	\$ 4,604,467	\$ 3,467,473	\$ 3,478,938	\$ 1,129,715	\$ 2,716,313	\$ 3,240,904	\$ 3,536,423	\$ 1,997,899	\$ (847,498)	\$ (58,763)

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)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
General fund:										
Nonspendable	\$ 42,311	\$ 26,778	\$ 51,017	\$ 51,112	\$ 82,937	\$ 95,835	\$ 485,752	\$ 248,017	\$ 35,456	\$ 84,514
Restricted for capital projects	-	-	-	-	-	-	-	2,375,000	443,980	-
Committed for special projects	45,000	45,000	-	-	-	-	-	-	-	-
Committed for emergencies	120,000	120,000	1,400,254	1,700,118	1,910,969	1,910,969	2,131,107	2,361,957	2,495,967	2,495,966
Assigned for encumbrances	-	-	-	-	-	-	142,939	-	-	-
Unassigned	3,753,034	4,362,879	4,286,690	5,498,960	5,297,547	7,210,913	6,235,593	5,238,307	4,952,883	4,451,717
Total general fund	\$ 3,960,345	\$ 4,554,657	\$ 5,737,961	\$ 7,250,190	\$ 7,291,453	\$ 9,217,717	\$ 8,995,391	\$ 10,223,281	\$ 7,928,286	\$ 7,032,197
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,934	\$ 8,756
Restricted for affordable housing	3,101,038	3,136,427	3,272,449	3,314,901	3,397,943	3,489,015	3,466,109	3,386,832	3,482,178	3,602,724
Restricted for public safety	141,656	149,404	113,934	23,243	35,328	15,307	58,528	44,836	25,714	280
Restricted for streets	332,857	490,272	1,055,063	777,091	690,712	607,918	761,117	4,290,610	1,716,440	1,430,364
Restricted for parks	2,317	314,861	281,825	188,139	31,114	123,264	345,470	121,694	264,723	950
Restricted for public education	7,214	15,665	23,325	10,290	14,678	20,053	27,197	68,854	90,609	86,307
Restricted for debt service	919,278	930,095	943,984	-	-	-	-	-	-	-
Restricted for recycling	5,310	-	-	-	-	-	-	-	-	-
Restricted for special projects	1,141,087	701,184	689,995	550,549	-	-	-	-	-	-
Restricted for capital projects	754,678	293,080	-	-	308,410	272,082	1,878,764	133,236	13,518	8,467
Restricted for public facilities	-	-	-	-	-	-	-	-	-	31,724
Committed for capital projects	-	-	568,484	269,262	298,205	274,728	274,805	250,064	298,390	332,710
Committed for veterans building	-	-	-	-	-	-	-	-	69	837
Assigned	-	-	-	-	24,718	55,435	-	-	-	-
Unassigned	-	-	-	-	(479,495)	(94,058)	(445,490)	(1,196)	(339,703)	(320)
Total governmental activities net position	\$ 6,405,435	\$ 6,030,988	\$ 6,949,059	\$ 5,133,475	\$ 4,321,613	\$ 4,763,744	\$ 6,366,500	\$ 8,294,930	\$ 5,559,872	\$ 5,502,799
Total Governmental Funds	\$ 10,365,780	\$ 10,585,645	\$ 12,687,020	\$ 12,383,665	\$ 11,613,066	\$ 13,981,461	\$ 15,361,891	\$ 18,515,211	\$ 13,488,158	\$ 12,534,996

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)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Revenues:										
Property taxes	\$ 1,652,877	\$ 1,472,627	\$ 1,544,847	\$ 1,734,281	\$ 1,813,280	\$ 1,774,242	\$ 1,902,006	\$ 2,002,321	\$ 2,110,629	\$ 2,212,345
Sales taxes	4,128,500	4,332,626	4,261,452	5,172,427	5,154,685	6,004,019	6,418,733	6,217,892	6,091,097	6,007,328
Other taxes	46,314	44,041	173,119	401,685	509,572	646,454	720,920	651,507	789,248	878,943
Licenses and permits	502,033	521,507	544,780	515,547	546,010	624,513	689,807	684,245	774,321	776,651
Fines and forfeits	235,551	4,839	-	-	-	-	-	-	-	4,910
Intergovernmental	1,350,366	998,301	424,872	643,120	779,480	1,612,970	2,432,231	1,827,496	1,281,656	2,148,240
Charges for services	1,201,768	1,450,185	1,515,847	699,800	717,283	1,551,512	1,467,493	1,265,308	995,122	1,033,900
Interest and rents	85,921	112,270	206,880	332,626	297,910	223,267	19,684	550,713	782,164	627,257
Miscellaneous	107,382	150,298	222,104	270,375	431,445	296,622	399,661	467,019	1,171,639	352,592
Total revenues	\$ 9,310,712	\$ 9,086,694	\$ 8,893,901	\$ 9,769,861	\$ 10,249,665	\$ 12,733,599	\$ 14,050,535	\$ 13,666,501	\$ 13,995,876	\$ 14,042,166
Expenditures:										
Current:										
General government	1,635,238	1,276,704	879,854	1,126,300	1,189,649	1,385,817	2,012,707	1,304,601	1,365,169	1,552,252
Public safety	2,915,581	2,991,798	3,349,442	3,715,188	3,607,872	3,965,857	7,581,747	4,287,989	4,827,959	4,772,319
Community development	476,483	427,963	439,133	581,558	644,933	719,621	1,340,858	1,484,954	3,504,390	2,294,697
Public works	1,088,141	1,137,856	1,074,822	1,458,531	1,390,244	1,430,423	2,254,601	1,813,282	5,039,958	3,554,123
Capital Outlay	2,320,464	2,650,334	795,748	2,020,839	4,178,919	2,853,309	5,472,060	8,603,758	2,475,410	2,030,699
Debt Service:										
Principal retirement	135,000	145,000	158,022	6,331	6,736	7,167	197,636	487,633	501,110	515,440
Interest and fiscal charges	309,238	300,138	291,432	1,801	1,911	965	507	376,251	308,865	294,537
Total Expenditures	\$ 8,880,145	\$ 8,929,793	\$ 6,988,453	\$ 8,910,548	\$ 11,020,264	\$ 10,363,159	\$ 18,860,116	\$ 18,358,468	\$ 18,022,861	\$ 15,014,067
Excess (deficiency) of revenues over (under) expenditures	430,567	156,901	1,905,448	859,313	(770,599)	2,370,440	(4,809,581)	(4,691,967)	(4,026,985)	(971,901)
Other financing sources (uses):										
Contributions from Successor Agency	\$ 701,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of assets	-	-	-	-	-	-	-	2,000,000	12,132	-
Right of use lease financing	-	-	34,874	-	-	-	-	-	-	-
Long term debt issuance	-	-	-	-	-	-	6,190,011	5,848,287	-	-
Transfers in	1,612,149	2,383,566	910,786	2,237,319	3,537,819	2,317,805	13,380,782	14,943,479	8,289,713	5,015,662
Transfers out	(1,612,149)	(2,320,602)	(749,733)	(2,452,003)	(3,537,819)	(2,317,805)	(13,380,782)	(14,943,479)	(8,289,713)	(4,996,923)
Total governmental activities net position	701,184	62,964	195,927	(214,884)	-	-	6,190,011	7,848,287	12,132	18,739
Net change in fund balances	\$ 1,131,751	\$ 219,865	\$ 2,101,375	\$ 644,629	\$ (770,599)	\$ 2,370,440	\$ 1,380,430	\$ 3,156,320	\$ (4,014,853)	\$ (953,162)
Debt service as a percentage of noncapital expenditures	6.8%	7.1%	7.3%	0.1%	0.1%	0.1%	1.5%	8.9%	5.2%	6.2%

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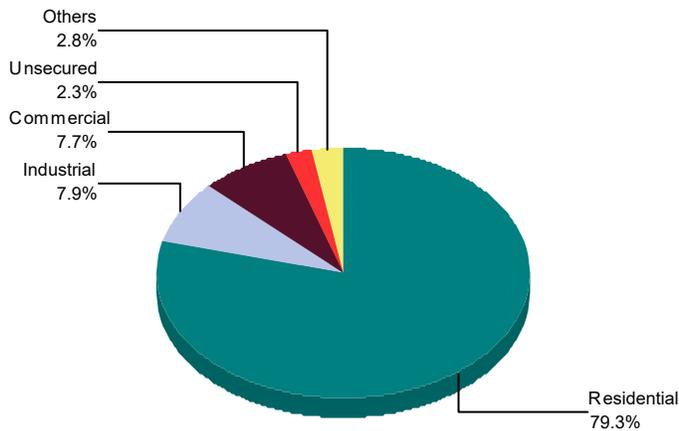
THE CITY OF COTATI

2024/25 USE CATEGORY SUMMARY

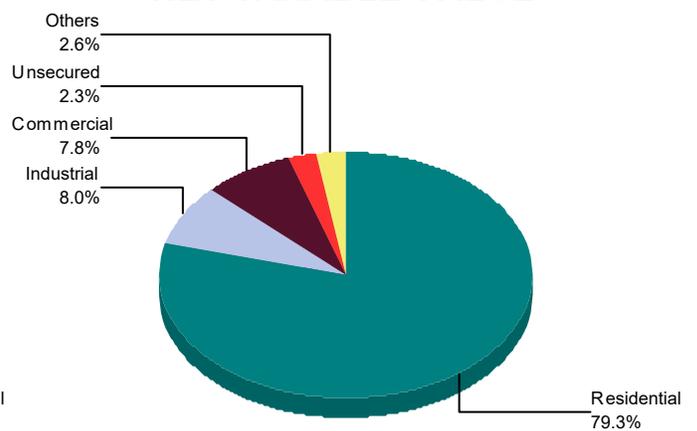
BASIC PROPERTY VALUE TABLE

Category	Parcels	Assessed Value	Net Taxable Value
Residential	2,488	\$1,193,914,925 (79.3%)	\$1,183,764,186 (79.3%)
Commercial	78	\$116,650,682 (7.7%)	\$116,650,682 (7.8%)
Industrial	85	\$118,833,742 (7.9%)	\$118,833,742 (8.0%)
Govt. Owned	79	\$0 (0.0%)	\$0 (0.0%)
Institutional	16	\$6,631,402 (0.4%)	\$3,435,284 (0.2%)
Miscellaneous	11	\$1,137,409 (0.1%)	\$1,136,909 (0.1%)
Recreational	1	\$3,537,248 (0.2%)	\$3,537,248 (0.2%)
Vacant	78	\$27,711,825 (1.8%)	\$27,535,439 (1.8%)
Cross Reference	[78]	\$3,701,231 (0.2%)	\$3,666,443 (0.2%)
Unsecured	[409]	\$34,392,643 (2.3%)	\$34,271,987 (2.3%)
TOTALS	2,836	\$1,506,511,107	\$1,492,831,920

ASSESSED VALUE



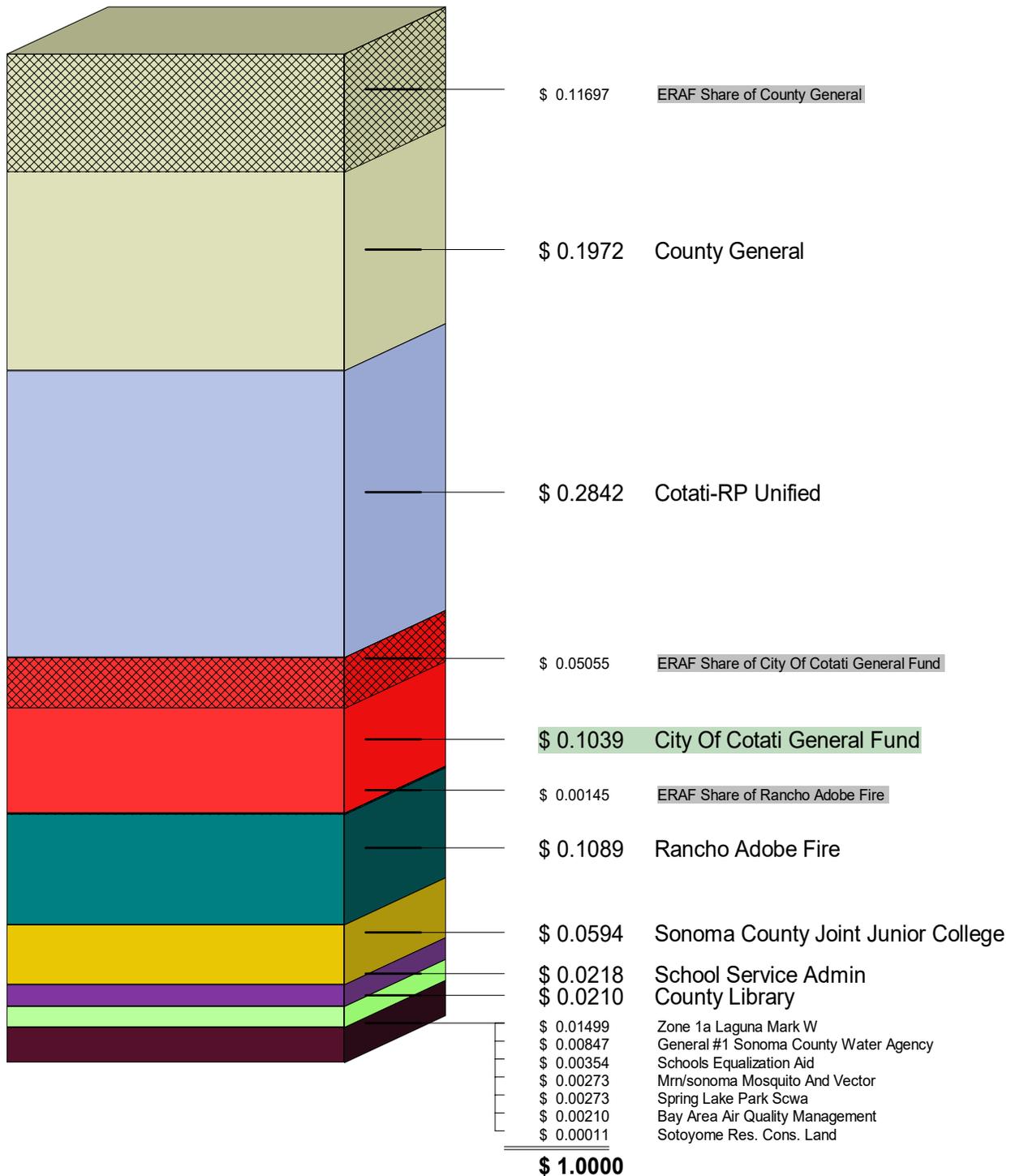
NET TAXABLE VALUE



Data Source: Sonoma County Assessor 2024/25 Combined Tax Rolls

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

THE CITY OF COTATI PROPERTY TAX DOLLAR BREAKDOWN



Data Source: Sonoma County Assessor 2024/25 Annual Tax Increment Tables

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

Prepared On 7/23/2025 By MV

THE CITY OF COTATI

2024/25 ROLL SUMMARY

Taxable Property Values

	Secured	Nonunitary Utilities	Unsecured
Parcels	2,836	0	409
TRAs	13	0	12
Values			
Land	579,104,371	0	178,023
Improvements	888,038,438	0	0
Personal Property	4,515,190	0	22,329,911
Fixtures	460,465	0	11,884,709
Aircraft	0	0	0
Total Value	\$1,472,118,464	\$0	\$34,392,643
Exemptions			
Real Estate	13,448,203	0	1,503
Personal Property	100,448	0	114,658
Fixtures	9,880	0	4,495
Aircraft	0	0	0
Homeowners*	8,141,000	0	0
Total Exemptions*	\$13,558,531	\$0	\$120,656
Total Net Value	\$1,458,559,933	\$0	\$34,271,987

Combined Values	Total
Total Values	\$1,506,511,107
Total Exemptions	\$13,679,187
Net Total Values	\$1,492,831,920
Net Aircraft Values	\$0

* Note: Homeowner Exemptions are not included in Total Exemptions

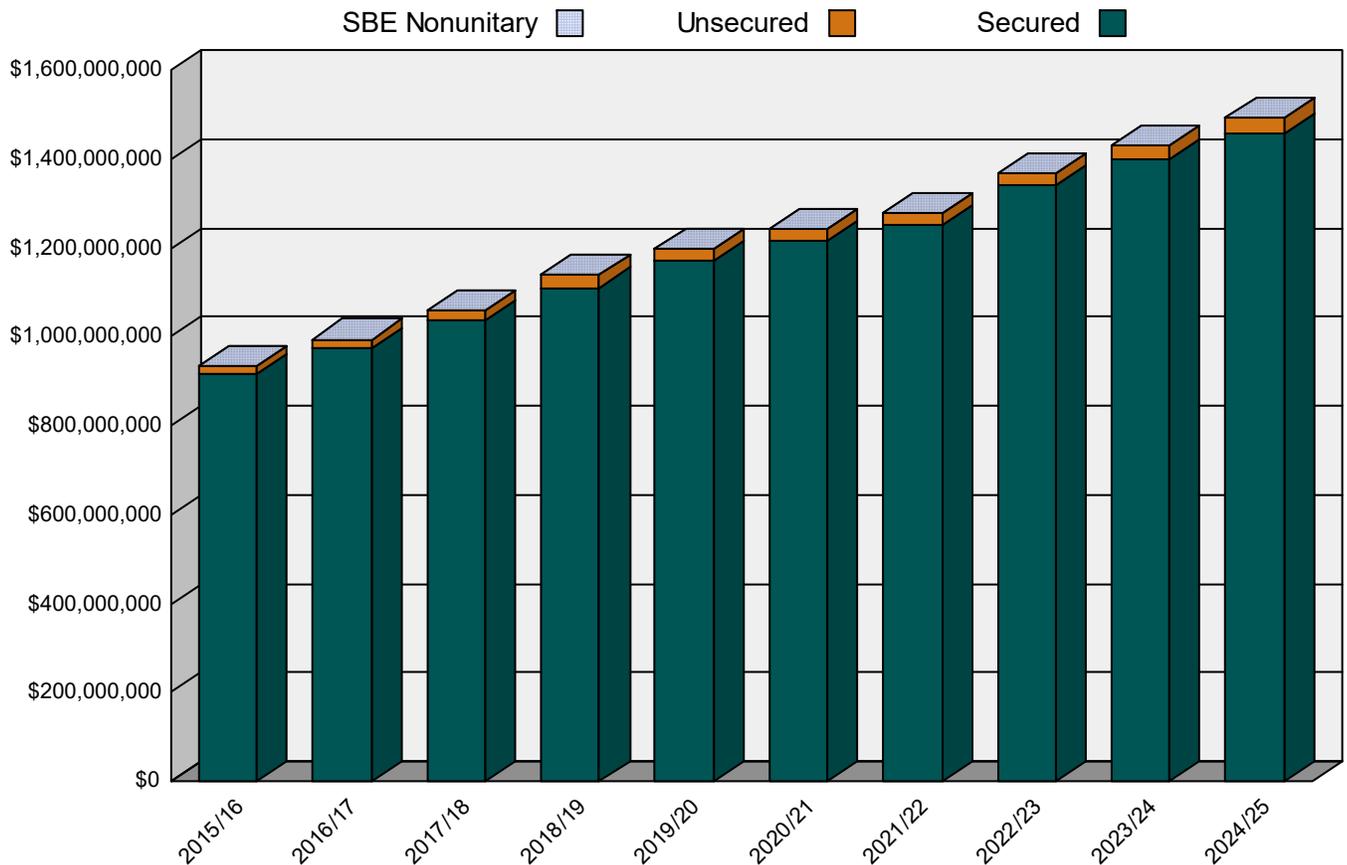
Totals do not Include Aircraft Values or Exemptions

THE CITY OF COTATI

NET TAXABLE ASSESSED VALUE HISTORY

2015/16 - 2024/25 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2015/16	\$915,555,387	\$19,759,670	\$0	935,315,057	
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%
2023/24	\$1,399,056,857	\$32,178,953	\$0	1,431,235,810	4.47%
2024/25	\$1,458,559,933	\$34,271,987	\$0	1,492,831,920	4.30%
Annual Growth Rate %					5.33%



Data Source: Sonoma County Assessor 0/ - 2024/25 Combined Tax Rolls

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

Annual Growth Rate (CAGR) is calculated as the mean annualized growth rate for compounding values over a given time period.

THE CITY OF COTATI

ASSESSED VALUE OF TAXABLE PROPERTY

2015/16 - 2024/25 Taxable Property Values

Category	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Residential	715,961,764	767,060,996	826,433,803	889,070,832	935,486,786	969,710,258	1,002,761,633	1,085,421,319	1,137,098,284	1,183,764,186
Commercial	90,746,880	94,066,325	95,586,147	103,268,500	106,286,851	104,599,685	107,438,126	112,448,021	113,303,647	116,650,682
Industrial	81,062,360	83,370,408	85,606,861	89,805,232	99,333,894	105,403,915	105,974,580	108,065,122	110,306,572	118,833,742
Govt. Owned	0	0	0	0	0	0	0	0	0	0
Institutional	1,713,465	1,734,254	1,839,508	2,104,979	2,320,009	2,366,763	3,010,211	2,517,324	3,395,465	3,435,284
Miscellaneous	550,450	558,841	570,015	730,838	745,453	760,358	768,232	783,595	1,115,118	1,136,909
Recreational	3,002,039	3,047,819	3,108,774	3,170,949	3,234,367	3,299,054	3,333,231	3,399,894	3,467,891	3,537,248
Vacant	20,298,185	20,714,229	22,084,929	20,156,355	21,367,104	27,077,285	25,614,090	25,107,486	27,055,163	27,535,439
Cross Reference	2,220,244	2,521,139	2,869,097	2,972,313	2,958,262	3,101,052	3,143,284	3,223,829	3,314,717	3,666,443
Unsecured	19,759,670	21,771,776	21,532,517	26,992,115	26,672,022	27,633,799	28,739,628	29,048,406	32,178,953	34,271,987
TOTALS	935,315,057	994,845,787	1,059,631,651	1,138,272,113	1,198,404,748	1,243,952,169	1,280,783,015	1,370,014,996	1,431,235,810	1,492,831,920
Total Direct Rate	0.10129	0.10117	0.10104	0.10092	0.10073	0.09440	0.09445	0.09714	0.09701	0.09709

Notes:
 Exempt values are not included in Total.
 In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

THE CITY OF COTATI

2024/25 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured		Unsecured		Combined		Primary Use & Primary Agency
	Parcels	Value % of Net AV	Parcels	Value % of Net AV	Value % of Net AV	% of Net AV	
1) LOWES HIW INC	1	\$21,000,000 1.44%	1	\$2,009,601 5.86%	\$23,009,601 1.54%	1.54%	Commercial Successor Agency
2) SUNHILL ENTERPRISES LP	2	\$9,119,210 0.62%			\$9,119,210 0.61%	0.61%	Commercial Successor Agency
3) ADK DEVELOPMENT GROUP LLC	2	\$8,808,026 0.60%			\$8,808,026 0.59%	0.59%	Industrial Successor Agency
4) GTY PACIFIC LEASING LLC	2	\$7,607,634 0.52%			\$7,607,634 0.51%	0.51%	Commercial Successor Agency
5) EMC PROPERTY COMPANY LLC	1	\$6,037,363 0.41%			\$6,037,363 0.40%	0.40%	Industrial Successor Agency
6) 294 COTATI LLC	1	\$6,030,158 0.41%			\$6,030,158 0.40%	0.40%	Residential Successor Agency
7) FMCA2021A LLC	2	\$6,019,400 0.41%			\$6,019,400 0.40%	0.40%	Residential City of Cotati General Fund
8) VINEYARD MEADOWS APARTMENTS LP	3	\$5,679,542 0.39%			\$5,679,542 0.38%	0.38%	Residential City of Cotati General Fund
9) COTATI COMMONS MARKETPLACE LLC	4	\$5,553,390 0.38%			\$5,553,390 0.37%	0.37%	Vacant Successor Agency
10) REDWOOD SELF STORAGE LLC	1	\$5,544,407 0.38%			\$5,544,407 0.37%	0.37%	Industrial Successor Agency
Top Ten Total	19	\$81,399,130 5.58%	1	\$2,009,601 5.86%	\$83,408,731 5.58%	5.58%	
City Total		\$1,459,980,903		\$34,275,889	\$1,494,256,792*		*Value includes Outer TRAs

Data Source: Sonoma County Assessor 2024/25 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
 Top Owners last edited on 7/18/25 by maheav using sales through 06/30/2025 (Version r.1)

THE CITY OF COTATI

2015/16 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured		Unsecured		Combined		Primary Use & Primary Agency
	Parcels	Value % of Net AV	Parcels	Value % of Net AV	Value % of Net AV	% of Net AV	
1) LOWES HIW INC	1	\$18,299,572 2.00%			\$18,299,572 1.95%		Commercial Successor Agency
2) SUNHILL ENTERPRISES LP	2	\$7,739,410 0.84%			\$7,739,410 0.83%		Commercial Successor Agency
3) COTATI COMMONS MARKETPLACE LLC	4	\$5,686,578 0.62%			\$5,686,578 0.61%		Vacant Successor Agency
4) VINEYARD MEADOWS APARTMENTS LP	3	\$4,823,408 0.53%			\$4,823,408 0.52%		Residential City of Cotati General Fund
5) REDWOOD SELF STORAGE LLC	1	\$4,712,960 0.51%			\$4,712,960 0.50%		Industrial Successor Agency
6) ECM PROPERTY COMPANY LLC	1	\$4,404,047 0.48%			\$4,404,047 0.47%		Industrial Successor Agency
7) STEVE R ORTH TRUST	1	\$4,021,237 0.44%			\$4,021,237 0.43%		Commercial Successor Agency
8) FRANKLIN ARDEN LLC ETAL	2	\$3,829,580 0.42%			\$3,829,580 0.41%		Commercial Successor Agency
9) SHAMI APPLE VALLEY LLC	1	\$3,650,000 0.40%			\$3,650,000 0.39%		Commercial Successor Agency
10) SCOTT A GERBER TRUST	2	\$3,256,896 0.36%			\$3,256,896 0.35%		Residential City of Cotati General Fund
Top Ten Total	18	\$60,423,688 6.59%	0	\$0 0.00%	\$60,423,688 6.45%		
City Total		\$916,340,348		\$19,759,670	\$936,100,018*		

*Value includes Outer TRAs

Data Source: Sonoma County Assessor 2015/16 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)

Last 10 Fiscal Years										
Agency	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Basic Levy¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Cotati-Rohnert Park Unified	0.15100	0.13900	0.16700	0.16500	0.16400	0.15600	0.12600	0.11450	0.11300	0.09650
Sonoma County Junior College	0.01600	0.04000	0.03700	0.03600	0.03700	0.03700	0.03700	0.03500	0.03350	0.03050
West Sonoma Russian River Project	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700	0.00700
Total Direct & Overlapping² Tax Rates	1.17400	1.18600	1.21100	1.20800	1.20800	1.20000	1.17000	1.15650	1.15350	1.13400
City's Share of 1% Levy Per Prop 13³	0.10661	0.10651	0.10637	0.10624	0.10616	0.10390	0.10390	0.10390	0.10390	0.10390
Voter Approved City Debt Rate										
Redevelopment Rate⁴										
Total Direct Rate⁵	0.10129	0.10117	0.10104	0.10092	0.10073	0.09440	0.09445	0.09714	0.09701	0.09709

Data Source: Sonoma County Assessor 2015/16 - 2024/25 Tax Rate Table

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Notes:

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

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

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

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

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

THE CITY OF COTATI

SALES VALUE HISTORY

Single Family Residential Full Value Sales (01/01/2023 - 6/30/2025)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2023	70	\$659,443	\$630,500	
2024	71	\$678,859	\$585,000	-7.22%
2025	30	\$605,633	\$565,000	-3.42%



Data Source: Sonoma County Recorder

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

CITY OF COTATI
TOP 25 SALES TAX PRODUCERS
FOR CALENDAR YEAR 2024

Business Name	Business Category
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
Dunn Edwards Paint	Paint/Glass/Wallpaper
Fume Highroad	Cannabis Related
Instrument Technology	Electrical Equipment
Jane Dispensary	Cannabis Related
Livewire Sonoma	Boats/Motorcycles
Lowe's	Building Materials
Marvins	Casual Dining
McPhail Fuel	Fuel/Ice Dealers
Mercy Wellness Center	Cannabis Related
Mi Pueblo	Casual Dining
Mi Ranchito Restaurant	Casual Dining
North Bay Motors Sonoma Rv	Trailers/RVs
Olivers Market	Grocery Stores
Park Avenue Catering	Food Delivery/Catering
Santa Rosa Hardware	Building Materials
Shamrock Building Materials	Building Materials
Spa World	Specialty Stores
Speedway Express	Service Stations
Walgreens	Drug Stores

Percent of Calendar Year Total Paid By Top 25 Accounts = 77.72%

* Firms Listed Alphabetically

Printed 06/06/2025

Period: January 2024 Thru December 2024

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 2015

Business Name	Business Category
76/Circle K	Service Stations
B2 Enterprises	Sporting Goods/Bike Stores
Chevron	Service Stations
Chouinard & Myhre	Business Services
Circle K 76	Service Stations
Cotati Gas & Food Mart	Service Stations
Donahue Truck Sales	New Motor Vehicle Dealers
Instrument Technology	Electrical Equipment
Livewire Sonoma	Boats/Motorcycles
Lowe's	Building Materials
McLea's Tire Service	Automotive Supply Stores
McPhail Fuel	Fuel/Ice Dealers
Mercy Wellness Center	Cannabis Related
Mi Pueblo	Casual Dining
Mi Ranchito Restaurant	Casual Dining
Olivers Market	Grocery Stores
Outdoor Pro Shop	Sporting Goods/Bike Stores
Park Avenue Catering Co	Leisure/Entertainment
Redwood Cafe	Casual Dining
San FranStitchco	Textiles/Furnishings
Shamrock Materials	Contractors
Spa World	Specialty Stores
Speedway Express	Service Stations
Ts Truck Sales	Auto Repair Shops
Walgreens	Drug Stores

Percent of Calendar Year Total Paid By Top 25 Accounts = 78.14%

* Firms Listed Alphabetically

Printed 06/06/2025

Period: January 2015 Thru December 2015

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

Taxable Sales by Category

Last Ten Calendar Years

(in thousands of dollars)

Adjusted for Economic Data

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Eating and Drinking Places	\$ 12,949	\$ 16,794	\$ 20,419	\$ 20,176	\$ 20,925	\$ 17,651	\$ 22,367	\$ 25,254	\$ 26,770	\$ 28,273
Auto Dealers and Supplies	3,930	3,182	2,227	5,339	6,181	5,811	6,218	6,442	5,886	7,307
Service Stations	29,572	28,636	31,764	38,289	37,565	29,497	39,250	47,095	41,743	40,727
Other Retail Stores	98,571	105,649	117,305	122,347	126,798	144,949	150,996	147,704	139,438	129,755
All Other Outlets	48,804	47,417	51,012	54,361	61,661	70,945	76,890	74,747	80,828	74,717
Total	\$ 193,825	\$ 201,678	\$ 222,727	\$ 240,513	\$ 253,129	\$ 268,852	\$ 295,721	\$ 301,242	\$ 294,664	\$ 280,779

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.

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THE CITY OF COTATI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR FISCAL YEAR 2024/25

2024/25 Assessed Valuation: \$1,492,831,920

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> <u>6/30/25</u>	<u>Total Debt</u> <u>6/30/25</u>	<u>Percent</u> <u>Applicable</u> ⁽¹⁾	<u>City's Share</u> <u>of Debt</u>
Sonoma County Joint Community College District	\$ 336,025,000	1.225%	\$ 4,116,306
Cotati-Rohnert Park Unified School District	174,654,687	15.894	27,759,616
Statewide Community Development Authority Assessment District No. 19-01, Series 2019	1,162,000	100.000	1,162,000
City of Cotati 1915 Act Bonds	2,738,409	100.000	<u>2,738,409</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$35,776,331
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Sonoma County General Fund Obligations	\$ 29,630,000	1.234%	\$ 365,634
Sonoma County Pension Obligation Bonds	159,945,000	1.234	1,973,721
Sonoma County Office of Education General Fund Obligations	2,332,932	1.234	28,788
Cotati-Rohnert Park Unified School District General Fund Obligations	1,290,783	15.894	205,157
City of Cotati General Fund Obligations	10,343,390	100.000	<u>10,343,390</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$12,916,690
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	 \$6,318,676	 99.814%	 \$6,306,923
 TOTAL DIRECT DEBT			 \$ 10,343,390
TOTAL OVERLAPPING DEBT			\$ 44,656,554
 COMBINED TOTAL DEBT			 \$ 54,999,944⁽²⁾

NOTES:

- (1) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the overlapping district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2024/25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....2.40%
Total Direct Debt0.69%
 Combined Total Debt.....3.68%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$688,879,093):

Total Overlapping Tax Increment Debt.....0.92%

AB:(\$600)

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Total Assessed Value (A)	\$ 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	\$ 1,431,235,810	\$ 1,492,831,920
Debt Limit (15% of Assessed Value)	140,297,259	149,226,868	158,944,748	170,740,817	179,760,712	186,592,825	192,130,952	205,708,683	214,685,372	223,924,788
Debt applicable to Limit:	-	-	-	-	-	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin:	\$ 140,297,259	\$ 149,226,868	\$ 158,944,748	\$ 170,740,817	\$ 179,760,712	\$ 186,592,825	\$ 192,130,952	\$ 205,708,683	\$ 214,685,372	\$ 223,924,788
Total net debt applicable to the limit as a percentage of debt limit.	0.00%	0.00%	0.02%	0.01%	0.01%	0.01%	3.22%	5.52%	5.06%	4.62%
Primary Government Long Term Debt										
Lease Obligation	\$ -	\$ -	\$ 34,874	\$ 25,521	\$ 18,785	\$ 11,618	\$ 3,993	\$ -	\$ -	\$ -
City of Cotati Series 2022A	-	-	-	-	-	-	2,102,254	7,484,710	7,204,790	6,917,970
City of Cotati Series 2022B	-	-	-	-	-	-	4,087,760	3,875,230	3,654,040	3,425,420
Total	\$ -	\$ -	\$ 34,874	\$ 25,521	\$ 18,785	\$ 11,618	\$ 6,194,007	\$ 11,359,940	\$ 10,858,830	\$ 10,343,390
Ratios of Outstanding Debt										
Personal Income	0.00%	0.00%	0.01%	0.01%	0.01%	0.00%	2.11%	3.57%	2.88%	2.42%
Per Capita	\$ -	\$ -	\$ 5	\$ 3	\$ 2	\$ 2	\$ 837	\$ 1,543	\$ 1,487	\$ 1,419

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Supporting Demographic Information (B)										
Population (Calendar Year)	7,153	7,272	7,716	7,919	7,533	7,429	7,397	7,360	7,303	7,290
Personal Income	\$ 241,231,000	\$ 237,228,000	\$ 253,562,000	\$ 266,954,000	\$ 270,187,000	\$ 279,386,000	\$ 293,587,000	\$ 318,159,000	\$ 377,098,000	\$ 426,860,000
Per Capita Personal Income	33,724	32,622	32,862	33,711	35,867	37,607	39,690	43,228	51,636	58,554

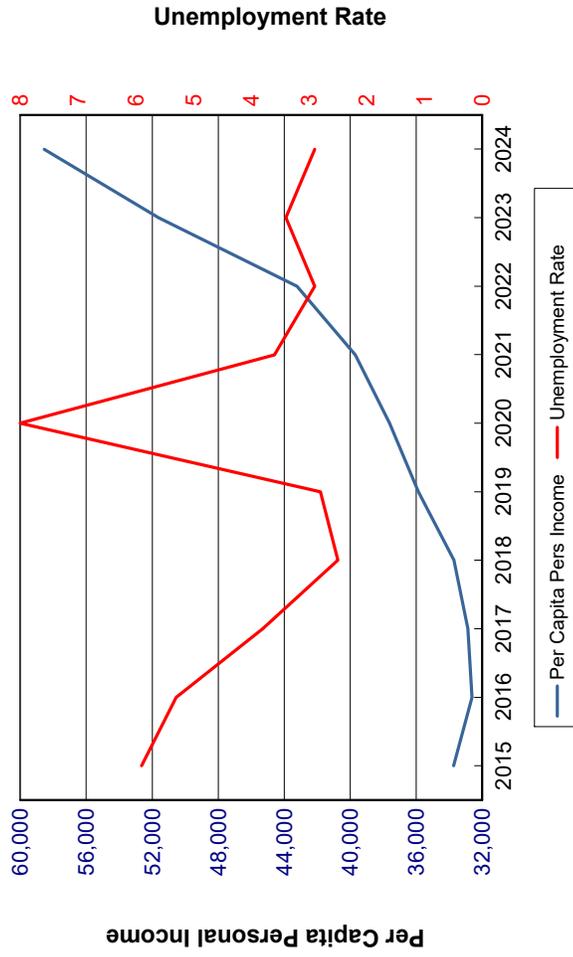
(A) Source of information: Sonoma County Auditor-Controller-Treasurer-Tax Collector
 (B) See Demographic Statistics for personal income and population data.

THE CITY OF COTATI

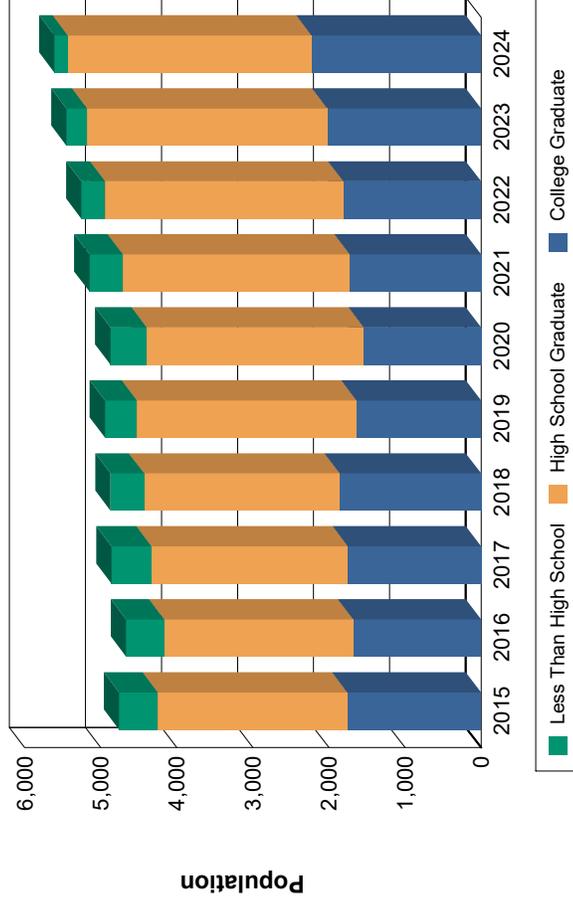
DEMOGRAPHIC AND ECONOMIC STATISTICS

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
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%
2023	7,303	\$377,098	\$51,636	3.4%	38.0	95.0%	37.1%
2024	7,290	\$426,860	\$58,554	2.9%	38.3	96.9%	39.8%

Personal Income and Unemployment



Education Level Attained for Population 25 and Over



Notes and Data Sources:

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

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

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Elected Officials	5.00	5.00	5.00	5.00	2.50	2.50	2.50	2.50	2.50	2.50
Staff Positions										
City Manager	3.50	3.50	3.50	3.50	4.50	4.50	3.00	4.50	4.50	4.00
Recreation	1.50	2.50	2.30	3.20	2.70	2.80	2.80	2.70	2.70	2.70
Administrative Services	4.50	4.50	4.50	3.00	4.50	4.00	4.00	5.50	5.50	5.50
Planning & Building	4.00	4.00	3.00	3.00	3.00	3.70	3.50	4.50	4.50	4.20
Public Works	8.00	8.00	8.00	8.00	9.50	7.60	7.00	9.00	8.50	8.50
Police Services	20.50	19.50	19.50	20.50	20.50	18.60	16.40	22.20	22.90	19.10
Total	47.00	47.00	45.80	46.20	47.20	43.70	39.20	50.90	51.10	46.50

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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
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%
2023/24	2,184,506	2,249,182	97.1%
2024/25	2,459,437	2,637,865	93.2%



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THE CITY OF COTATI

CAPITAL ASSETS STATISTICS BY FUNCTION

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	5	5	5	5	6	6	6	6	6	6
Public Works:										
Street Miles	22	22	22	22	22	22	23	23	23	23
Streetlights & vintage street lights	277	312	312	312	312	331	331	331	331	331
Traffic Signals	7	8	8	8	8	8	8	8	8	8
Parks:										
Parks	4	4	4	4	4	4	4	4	4	4
Community Center	1	1	1	1	1	1	1	1	1	1
Community Garden	1	1	1	1	1	1	1	1	1	1
Park Acreage	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4	30.4
Tennis Court	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Water:										
Water main (miles)	30	30	30	30	30	30	30	30	30	30
Fire hydrants	431	432	432	432	432	438	438	438	438	438

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OTHER INDEPENDENT AUDITOR'S REPORTS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Cotati (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 15, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not



express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

Chavan & Associates, LLP
Certified Public Accountants
October 15, 2025
Morgan Hill, California

CITY OF COTATI

SONOMA COUNTY, CALIFORNIA

www.cotaticity.gov

