COLFAX CITY COUNCIL MEETING
REGULAR SESSION AGENDA

City Council Chambers
33 S. Main Street, Colfax, CA.

January 9, 2013
6:00 PM (Closed Session)
7:00 PM (Regular Session)

Last Ordinance #519 | Last Resolution 0-2013

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the building & safety director, (530) 346-2313. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibilities to this meeting.

1. **OPENING**
   A. Call to Order
   B. Roll Call

2. **PUBLIC COMMENT**

3. **CLOSED SESSION**

Conference with Legal Counsel - Anticipated Litigation. Initiation of Litigation pursuant to Government Code Section 54956.9(c). Number of Potential Cases: 1

Conference with Labor Negotiators pursuant To Government Code Section 54957.6
Employee Organization: General Employees and Bargaining Unit Represented by Operating Engineers, Local 39
City's Designated Representative: Bruce Kranz

Public employee discipline/dismissal/release pursuant to Government Code Section 54957

4. **OPENING**
   A. Pledge Of Allegiance
   B. Announcement of Action Taken at Closed Session
   C. Approval of Agenda Order
   This is the time for changes to the agenda to be considered including removal, postponement or change to agenda sequence.
   Recommended Action: By motion accept the agenda as presented or amended.

Members of the public who addresses the Council shall do so in an orderly manner. No person shall yell or make profane or threatening remarks to any member of the Council, staff or general public. No person shall engage in disorderly or boisterous conduct, including the utterance of loud, threatening or abusive language, whistling, stamping of feet, clapping, or other acts that unreasonably disturb, disrupt, delay or otherwise impede the orderly conduct of any Council meeting. Except as allowed by rules of order, a councilmember or staff person shall not by conversation or other means delay the Council proceedings or disturb any other councilmember or staff person while speaking.

5. CITY COUNCIL COMMITTEE REPORTS

The purpose of these reports is to provide information to the City Council and public on projects and programs that are discussed at committee meetings. No decisions are to be made on these issues. If a Council member would like formal action on any of these discussed items, it will be placed on a future Council Agenda

6. INFORMATION REPORTS FROM STAFF AND OTHERS

7. CONSENT AGENDA

All matters listed under the Consent Agenda are considered to be routine in nature and will be approved by one blanket motion with a roll call vote. There will be no separate discussion of these items unless persons request specific items to be removed from the Consent Agenda for discussion and separate action. Any items removed will be considered after the motion to approve the Consent Agenda. If you wish to have an item pulled from the Consent Agenda for discussion, please notify the City Clerk.

	RECOMMENDED ACTION
A. Minutes: December 12, 2012 December 19, 2012	*Receive and File*
B. Cash Summary: November 30, 2012	*Receive and File*
C. Receipt of City of Colfax Audit Reports as of June 30, 2012: • Audited Financial Statements • Compliance Reports • Management Letter • Appropriation Limits • SAS 114 Letter	*Receive and File*

CONSENT ITEMS PULLED FOR DISCUSSION

8. PUBLIC COMMENT

At this time, members of the audience are permitted to address the City Council on matters of concern to the public not listed on this agenda. Please make your comments as brief as possible, comments should not exceed three (3) minutes in length. The Council cannot act on items not included on this agenda; however, if action is required it will be referred to staff.

9. PUBLIC HEARING

Notice to Public

City Council, when considering a matter scheduled for hearing, will take the following actions:

1. Open the Public Hearing
2. Presentation by Staff
3. Presentation, when applicable, by Applicant or Appellant
4. Accept Public Testimony
5. When applicable, Applicant or Appellant rebuttal period
6. Close public hearing (No public comment is taken after hearing is closed)
7. Council comments and questions

8. City Council action
Public hearings that are continued will be so noted. The continued public hearing will be listed on a subsequent council agenda and posting of that agenda will serve as notice

A. Public Hearing and Consideration of Adoption of Resolution No. 1-2013: A Resolution of the City Council of the City of Colfax Adopting a Revised City of Colfax Regulatory Fee Schedule
Recommended Action: Consider Public and Staff Comments and Adopt Resolution No. 1-2013

10. COUNCIL BUSINESS

A. Consideration of Adoption of Resolution No. 02-2012: A Resolution of the City Council of the City of Colfax Authorizing City Manager to Execute a Consultant Services Agreement with Miracle Play Systems for the Water Splash Play Area, Project No 12-02
Recommended Action: Staff recommends the City Council adopt Resolution No. 02-2012

B. Consideration of Adoption of Resolution No. 03-2012: A Resolution of the City Council of the City of Colfax Authorizing City Manager to Execute a Consultant Services Agreement with Ferguson Family Enterprises, Inc.,dba Gray Electric Company for the New Ballfield Lighting, Project No. 12-03
Recommended Action: Staff recommends the City Council adopt Resolution No. 03-2013

C. Discussion with City Engineer of Capital Improvement Projects within the City of Colfax
Recommended Action: Discussion item only

D. Discussion and Consideration of Placer County Sheriff's Department moving into the Old Court House at 10 Culver St.
Recommended Action: Approve Sergeant Conners to move forward with renovations to Court House, with no expense to the City for renovations and possibly amend the contract with PCSO to include the new location.

E. Consideration of Adoption of Resolution No. 04-2013: A Resolution of the City Council of the City of Colfax Amending Its Conflict Of Interest Code
Recommended Action: Adopt Resolution No. 04-2013

11. PRESENTATIONS

12. ADJOURNMENT

Administrative Remedies must be exhausted prior to action being initiated in a court of law. If you challenge City Council action in court, you may be limited to raising only those issues you or someone else raised at a public hearing described in this notice/agenda, or in written correspondence delivered to the City Clerk of the City of Colfax at, or prior to said public hearing.

AGENDA POSTED, January 4, 2013
at City Hall and Post Office locations

Karen Pierce

Karen Pierce, City Clerk

7A

Minutes
City Council Meeting
December 12, 2012

1. OPENING AND AGENDA APPROVAL

Mayor Harvey called the regular meeting to order at 7:01pm.

Present and answering roll call were Council members Hesch, Delfino, Barkle and Mayor Harvey.

Suzanne Roberts led the Pledge of Allegiance

A motion was made by councilman Delfino and seconded by councilwoman Barkle to approve the agenda as presented. The motion was passed by the following vote:

AYES: Hesch, Delfino, Barkle and Mayor Harvey
NOES:
ABSENT:
ABSTAIN:

2. CITY COUNCIL COMMITTEE REPORTS

Councilman Hesch reported on meeting with Sergeant Ty Conners and attended Winterfest.
Mayor Harvey reported on attending the Mosquito and Vector Control, PCTPA and Community Services meetings
Councilman Delfino spoke about his term on the council and commended consultants and staff.
Mayor Harvey spoke about his term on the council and commended council and staff.

3. INFORMATION REPORTS FROM STAFF AND OTHERS

City Manager, Bruce Kranz reported on the following:

- Met with Councilman Hesch and PCTPA and SACOG
- Attended the High School Safety meeting.
- Commended outgoing Council

Sergeant Conners spoke to outgoing council and stated that he was looking forward to working with the new council.

Chief Chris Paulus spoke to council and commended council support of the community.

4. CONSENT AGENDA

	ACTION TAKEN
A. Minutes: November 14, 2012	*Received and Filed*

B. 2013 Holiday Schedule *Received and Filed*

C. Cash Balance Summary: October 31, 2012 *Received and Filed*

D. Consideration of change in time base of Technical Services Administrator *Approved*

A motion was made by councilman Delfino and seconded by councilwoman Barkle to approve the consent agenda as presented. The motion was passed by the following vote:

AYES: Hesch, Delfino, Barkle and Mayor Harvey
NOES:
ABSENT:
ABSTAIN:

5. PRESENTATIONS

Presentations by Mayor Harvey to Council members Roberts, Alpine, Delfino and Treasurer Melba Delfino

Councilman Alpine spoke about his tenure on the council.

6. PUBLIC COMMENT

Nancy Hagman, resident spoke about a sign for the museum and visitors center.
Foxey Fisher, resident commended Councilwoman Barkle for help during Winterfest.

7. PUBLIC HEARING

8. COUNCIL BUSINESS

A. Consideration of Adoption of Resolution No. 47-2012: A Resolution Of The City Council Of The City Of Colfax Declaring Results Of The General Municipal Election Held On November 6, 2012

There was no public comment. A motion was made by council and seconded by council to adopt Resolution No. 47-2012. The motion was passed by the following vote:

AYES: Hesch, Delfino, Barkle and Mayor Harvey
NOES:
ABSENT:
ABSTAIN:

City Clerk, Karen Pierce gave the oath of office to new councilmembers Douglass and Parnham and Treasurer, Robin Faires

A 5 minute break was called.

B. Rotation of Officers: Mayor and Mayor Pro Tem

City Attorney, Mick Cabral went over the process. There was no public comment. A motion was made by councilman Parnham and seconded by councilman Douglass to appoint Donna Barkle as Mayor. The motion was passed by the following vote:

AYES: Barkle, Hesch, Parnham and Douglass
NOES:
ABSENT:
ABSTAIN:

A motion was made by Mayor Barkle and seconded by councilman Douglass to appoint Tony Hesch as Mayor Pro-Tem. The motion was passed by the following vote:

AYES: Hesch, Delfino, Barkle and Mayor Harvey
NOES:
ABSENT:
ABSTAIN:

PRESENTATION

C. Discuss City Council Vacancy Created By The Resignation Of Joshua Alpine And Appoint A Successor Or Call A Special Election To Fill The Council Vacancy.

Applicants are:

- **Chuck Burke**
- **Harold Dains**
- **Sharon Gieras**
- **Stephen Harvey**
- **Jason McKinney**
- **Alexander Turner Jr.**

Each applicant was given the opportunity to speak to council. Applicants speaking were:
Chuck Burke
Sharon Gieras
Steve Harvey
Jason McKinney
Al Turner

Speaking from the public was:
Suzanne Roberts, prior councilmember spoke in support of Steve Harvey
Jennifer Hamlin, resident spoke in support of Steve Harvey
Heidi Suter, resident spoke in support of Jason McKinney
Larry Hilbert, resident spoke in favor of change
Ken Delfino, prior councilmember and resident spoke in support of Steve Harvey
Foxy McCleary, resident spoke in favor of trying someone new to the council
Will Stockwin, resident spoke in favor of trying someone new to the council

Mayor Barkle presented Steve Harvey with a certificate of appreciation for time serving on council.

City Attorney, Mick Cabral informed council of the process of appointing a successor and noted that they had to either appoint by majority of the council or have a special election to take place in June.

A motion was made by Mayor Barkle to appoint Steve Harvey. The motion failed due to lack of a second.

A motion was made by Councilman Hesch to appoint Al Turner. The motion failed due to lack of a second.

Councilman Douglass stated that he needed more information in order to make a decision. City Attorney, Mick Cabral stated that an Ad-Hoc committee could be established and they could meet with each applicant and get more information and come back at a special meeting of the council and give a recommendation. Mayor Barkle appointed Councilmembers Hesch and Douglass to be the Ad-Hoc committee.

Speaking from the public was:
Joshua Alpine, prior councilmember wanted this process to not diminish the citizens who have volunteered and to keep this process positive.
Suzanne Roberts, prior councilmember wanted to make sure that the Ad-Hoc committee would be presenting the information they get at a public meeting.
Linda Lou Haines, county resident wanted to have more information about options.

10. ADJOURNMENT

At 8:15 being no further business to come before council by voice vote the meeting was adjourned until Wednesday December 19 at 6:00pm.

Minutes
City Council Meeting
December 19, 2012

1. OPENING

Mayor Barkle called the regular meeting to order at 6:00pm.

Linda LouHaines led the Pledge of Allegiance

A motion was made by councilman Parham and seconded by councilman Douglass to approve the agenda as presented. The motion was passed by the following vote:

AYES: Hesch, Douglass, Parnham and Mayor Barkle
NOES:
ABSENT:
ABSTAIN:

8. PUBLIC COMMENT

Jeannie Claxton, county resident spoke in support of Sharon Gieras being appointed to the vacant seat.
Frank Klein, Chamber President spoke about Winterfest

10. COUNCIL BUSINESS

A. Discuss City Council Vacancy Created By The Resignation Of Joshua Alpine And Appoint A Successor Or Call A Special Election To Fill The Council Vacancy.
Applicants are:

- **Chuck Burke**
- **Harold Dains**
- **Sharon Gieras**
- **Stephen Harvey**
- **Jason McKinney**
- **Alexander Turner Jr.**

Councilmember Hesch went over the process he and Councilmember Douglass used to speak to the applicants and give scores to each. They stated that all are qualified and capable of serving in this capacity. Together they are in support of appointing Jason McKinney to the vacant seat. Mayor Barkle spoke about conversations she had with the community. A motion was made by councilman Parnham and seconded by councilman Hesch to appoint Jason McKinney to fill the council vacancy. The motion was passed by the following vote:

AYES: Hesch, Douglass, Parnham and Mayor Barkle
NOES:
ABSENT:
ABSTAIN:

12. ADJOURNMENT

Being no further business to come before council by voice vote the meeting was adjourned at 6:15pm.

7B

City of Colfax
Cash Summary
November 30, 2012

	Balance 10/31/2012	Debits	Credits	Transfers	Balance 11/30/2012
US Bank	$ 237,103.29	$ 1,510,568.70	$ (1,465,948.77)		$ 281,723.22
LAIF	$ 62,686.53			$ -	$ 62,686.53
LAIF - County Loan	$ 3,000,000.00				$ 3,000,000.00
Total Cash - General Ledger	$ 3,299,789.82	$ 1,510,568.70	$ (1,465,948.77)	$ -	$ 3,344,409.75
Petty Cash (In Safe)	$ 300.00				$ 300.00
Total Cash	$ 3,300,089.82	$ 1,510,568.70	$ (1,465,948.77)	$ -	$ 3,344,709.75

Change in Cash Account Balance - Total **$ 44,619.93**

Attached Reports:

1. Cash Transactions Report (By Individual Fund)
2. Check Register Report (Accounts Payable) $ (1,355,793.32) AP
3. Cash Receipts - Daily Cash Summary Report $ 1,362,191.32 CR

	$ -		
Payroll Checks and Tax Deposits	$ (40,197.96)		PR, GJ
Utility Billings - Receipts	$ 78,484.31		UB
Bank Service Charges	$ (64.42)		
	$ 44,619.93	$ 0.00	

Prepared by: Laurie Van Groningen 12/13/12
Laurie Van Groningen, Finance Consultant

Reviewed by: Bruce Kranz 12/18/12
Bruce Kranz, City Manager

CASH TRANSACTIONS REPORT

MONTH: NOVEMBER
City of Colfax

12/13/2012
4:05 pm

	Beginning Balance	Debit	Credit	Ending Balance
Fund: 100 - GENERAL FUND	2,999,258.72	52,597.91	61,437.21	2,990,419.42
Fund: 120 - LAND DEVELOPMENT FEES	6,164.92	7,536.00	6,253.45	7,447.47
Fund: 210 - MITIGATION FEE - TRAFFIC	75,765.08	0.00	0.00	75,765.08
Fund: 211 - MITIGATION FEE - DRAINAGE	2,969.98	0.00	0.00	2,969.98
Fund: 212 - MITIGATION FEE - TRAILS	45,533.83	0.00	0.00	45,533.83
Fund: 213 - MITIGATION FEE - PARK & REC	119,125.04	0.00	0.00	119,125.04
Fund: 214 - MITIGATION FEE -CITY BUILDINGS	666.04	0.00	0.00	666.04
Fund: 215 - MITIGATION FEE - VEHICLES	229.76	0.00	0.00	229.76
Fund: 217 - MITIGATION FEE - D.T. PARKING	25,935.18	0.00	0.00	25,935.18
Fund: 218 - SUPPORT LAW ENFORCEMENT	-26,423.24	0.00	0.00	-26,423.24
Fund: 236 - CDBG - Economic Revitalization	-10,160.20	0.00	1,434.80	-11,595.00
Fund: 241 - HOUSING REHABILITATION	124,632.63	0.00	0.00	124,632.63
Fund: 244 - MICROENTERPRISE LENDING-CDBG	79,835.41	300.00	0.00	80,135.41
Fund: 250 - TRANSPORTATION	-40,268.42	0.00	7,615.17	-47,883.59
Fund: 253 - GAS TAXES	52,923.85	2,885.67	2,984.15	52,825.37
Fund: 270 - BEVERAGE RECYCLING	23,901.44	0.00	0.00	23,901.44
Fund: 280 - Used Oil Grant UOG3-95-1432-31	766.80	0.00	1,099.24	-332.44
Fund: 286 - BRICKS	5,211.62	0.00	0.00	5,211.62
Fund: 292 - FIRE CAPITAL FUND	27,061.06	0.00	0.00	27,061.06
Fund: 344 - PROP 40 - POOL IMPROVEMENT	-2,440.19	0.00	3,458.30	-5,898.49
Fund: 350 - STREETS IMPROVEMENT PROJECTS	241,210.76	0.00	892.50	240,318.26
Fund: 560 - SEWER	-656,848.16	47,757.37	88,387.53	-697,478.32
Fund: 561 - SCSWAD LIFT	305,953.43	9,720.83	12,230.44	303,443.82
Fund: 563 - WASTEWATER TREATMENT PLANT	142,049.41	21,636.17	0.00	163,685.58
Fund: 565 - GENERAL OBLIGATION BOND	23,014.51	0.16	900.00	22,114.67
Fund: 567 - I & I	421,963.06	1,296.79	0.00	423,259.85
Fund: 569 - Pond 3 Lining- I&I Repair	-1,034,584.66	1,326,557.85	1,228,452.29	-936,479.10
Fund: 570 - GARBAGE	-388,541.46	1.50	0.00	-388,539.96
Fund: 571 - 2% AB939	30,563.70	0.02	0.00	30,563.72
Fund: 572 - 27% LANDFILL	704,280.28	26.32	10,605.73	693,700.87
Fund: 998 - PAYROLL CLEARING FUND	39.64	40,252.11	40,197.96	93.79
Grand Totals:	3,299,789.82	1,510,568.70	1,465,948.77	3,344,409.75

Check Register Report

Date: 12/13/2012
Time: 4:13 pm
Page: 1

CITY OF COLFAX

BANK: US BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
US BANK Checks							
48726	11/09/2012	Reconciled		01500	ANDERSON'S SIERRA	ROY TOMS SPRINKLERS	99.78
48727	11/09/2012	Void	11/30/2012	01650	AQUA SIERRA CONTROLS INC.	SCADA	0.00
48728	11/09/2012	Reconciled		01673	GABE ARMSTRONG	HEALTH INSURANCE REIMBURSEMENT	764.00
48729	11/09/2012	Reconciled		01790	AUBURN OFFICE PRODUCTS	SUPPLIES	223.61
48730	11/09/2012	Reconciled		02084	BRIGIT BARNES	LAND USE PLANNER	9,038.75
48731	11/09/2012	Reconciled		02846	BOYLE FUTURE TECHNOLOGY	LAWN MOWER STARTER	135.08
48732	11/09/2012	Reconciled		04255	DEPARTMENT OF HOUSING &	MOBILE HOME PARK FEES	40.00
48733	11/09/2012	Reconciled		07220	GENERAL WHOLESALE ELECTRIC	PROTECTIVE BOOT	75.68
48734	11/09/2012	Reconciled		08050	HACH COMPANY	TURBIDIMETER	774.03
48735	11/09/2012	Reconciled		08086	HBE RENTALS	CORP YARD ROOF FIX	102.00
48736	11/09/2012	Reconciled		08501	HOME DEPOT CREDIT SERVICES	WWTP SUPPLIES	135.87
48737	11/09/2012	Reconciled		08660	HUNT AND SONS, INC.	GASOLINE PUBLIC WORKS	416.40
48738	11/09/2012	Reconciled		11116	BRUCE KRANZ	MILEAGE REIMBURSEMENT	300.25
48739	11/09/2012	Reconciled		14355	NORRIS ELECTRIC CORP	BILLBOARD	3,125.00
48740	11/09/2012	Reconciled		06011	PELLETREAU, ALDERSON & CABRAL	LEGAL SERVICES SEPTEMBER	10,879.78
48741	11/09/2012	Reconciled		16035	PG&E	UTILITIES	19,785.39
48742	11/09/2012	Reconciled		16300	PLACER COUNTY WATER AGENCY	WATER	3,225.18
48743	11/09/2012	Printed		16165	PLACER COUNTY ENVIRONMENTAL	LANDFILL	480.00
48744	11/09/2012	Reconciled		16727	PONTICELLO ENTERPRISES	ENGINEERING SEPTEMBER	22,077.75
48745	11/09/2012	Reconciled		16821	PSOMAS	WWTP POND 3 LINER	76,489.23
48746	11/09/2012	Reconciled		18110	RAY MORGAN COMPANY	COPY MACHINE CONTRACT FINAL	255.97
48747	11/09/2012	Reconciled		18400	RIEBES AUTO PARTS	SUPPLIES	89.63
48748	11/09/2012	Reconciled		14295	SPRINT NEXTEL COMMUNICATIONS	CELL PHONES	344.88
48749	11/09/2012	Reconciled		16600	STATIONARY ENGINEERS, LOCAL 39	HEALTH INSURANCE DECEMBER	9,210.00
48750	11/09/2012	Reconciled		21695	USDA, RURAL DEVELOPMENT	INTEREST	900.00
48751	11/09/2012	Reconciled		22106	VAN GRONINGEN & ASSOCIATES	MILEAGE REIMBURSEMENT	6,408.34
48752	11/09/2012	Reconciled		22115	VERIZON CALIFORNIA	TELEPHONE	900.62
48753	11/09/2012	Reconciled		23056	RAY WAGNER	BOOT ALLOWANCE	66.94
48754	11/09/2012	Reconciled		23169	WAVE BUSINESS SOLUTIONS	CITY HALL INTERNET NOVEMBER	182.95
48755	11/15/2012	Reconciled		01414	ALHAMBRA & SIERRA SPRINGS	WATER CITY HALL/CORP YARD	126.79
48756	11/15/2012	Reconciled		01416	ALL ELECTRIC MOTORS, INC	LIFT STATION REBUILD PUMP	3,613.99
48757	11/15/2012	Reconciled		01448	AMERIGAS - COLFAX	PROPANE FIRE DEPT	13.07
48758	11/15/2012	Reconciled		01460	AMERIPRIDE UNIFORM SERVICE	UNIFORMS	241.31
48759	11/15/2012	Reconciled		01650	AQUA SIERRA CONTROLS INC.	SCADA	28,965.05
48760	11/15/2012	Reconciled		02084	BRIGIT BARNES	PLANNING OCTOBER	20.00
48761	11/15/2012	Reconciled		03151	CAMPBELL CONSTRUCTION, INC	WWTP POND 3 LINER	739,250.10
48762	11/15/2012	Reconciled		04400	DIAMOND WELL DRILLING CO.	WWTP TESTING SEPTEMBER	5,400.00
48763	11/15/2012	Reconciled		08084	HDR ENGINEERING, INC.	POND 3 CONSTRUCTION	14,685.03
48764	11/15/2012	Reconciled		12180	LAWRENCE & ASSOCIATES INC	LANDFILL MONITORING SEPT.	1,143.00
48765	11/15/2012	Reconciled		12564	LORANG BROTHERS CONSTRUCTION	I & I MITIGATION PROJECT	325,159.36
48766	11/15/2012	Reconciled		16009	SEAN PATRICK	WWTP CONSULTANT	740.00
48767	11/15/2012	Printed		16165	PLACER COUNTY ENVIRONMENTAL	CORP YARD CLEAN UP	720.00
48768	11/15/2012	Printed		16200W	PLACER COUNTY SHERIFFS DEPT.	TELEPHONE OCTOBER	136.11
48769	11/15/2012	Reconciled		18110	RAY MORGAN COMPANY	FINAL BAL CONTRACT	12.86
48770	11/15/2012	Reconciled		19279	SERVICE ENGINEERING	LIFT STATION REPAIR	1,157.50
48771	11/15/2012	Reconciled		19795	SWARTZ DIESEL POWER	ENGINE 36 REPAIR	2,416.13
48772	11/15/2012	Reconciled		19800	SWRCB ACCOUNTING OFFICE	PERMIT FEES WWTP	10,373.00
48773	11/15/2012	Reconciled		20519	TRI-AMERICAN, INC	ASPHALT SEALANT	1,517.58

Check Register Report

CITY OF COLFAX

BANK: US BANK

Check Number	Check Date	Status	Void/Stop Date	Vendor Number	Vendor Name	Check Description	Amount
US BANK Checks							
48774	11/15/2012	Printed		06740	TYLER TECHNOLOGIES	FUND BALANCE CONTRACT	3,466.65
48775	11/15/2012	Reconciled		21560	US BANK CORPORATE PMT SYSTEM	CREDIT CARD PURCHASES	1,226.20
48776	11/15/2012	Reconciled		23110	WALKER'S OFFICE SUPPLIES	SUPPLIES	154.29
48777	11/15/2012	Reconciled		23101	LARRY WALKER	NPDES PERMIT/POND 3 LINER	11,766.81
48778	11/15/2012	Reconciled		23169	WAVE BUSINESS SOLUTIONS	INTERNET HESCH	100.73
48779	11/15/2012	Reconciled		23301	WESTERN PLACER WASTE	SLUDGE REMOVAL	1,430.43
48780	11/29/2012	Printed		01414	ALHAMBRA & SIERRA SPRINGS	WWTP WATER	12.45
48781	11/29/2012	Printed		01448	AMERIGAS - COLFAX	PROPANE TANK CRACK SEALER	311.70
48782	11/29/2012	Printed		01500	ANDERSON'S SIERRA	WWTP DAM DISCHARGE	147.89
48783	11/29/2012	Printed		01673	GABE ARMSTRONG	HEALTH INS. REMIBURSEMENT DEC	764.00
48784	11/29/2012	Reconciled		01792	AUBURN PRINTERS	HESCH BUSINESS CARDS	104.93
48785	11/29/2012	Printed		03118	CALCON SYSTEMS, INC	WWTP MAINTENANCE	1,224.89
48786	11/29/2012	Printed		06730	COLFAX FARM AND COUNTRY STORE	PROPANE CORP YARD	93.74
48787	11/29/2012	Printed		03820	CWEA-TCP	FAUDOA CERTIFICATION	75.00
48788	11/29/2012	Printed		04400	DIAMOND WELL DRILLING CO.	WWTP TESTING OCTOBER	6,662.00
48789	11/29/2012	Reconciled		04575	DOWNEY BRAND	WWTP LEGAL SERVICES	1,117.69
48790	11/29/2012	Printed		07460	GOLD COUNTRY MEDIA	PUBLIC NOTICE BALL FIELD LIGHT	105.80
48791	11/29/2012	Printed		08159	HILL BROTHERS CHEMICAL CO.	WWTP CHEMICALS	5,304.36
48792	11/29/2012	Reconciled		08170	HILLS FLAT LUMBER CO	SUPPLIES	325.27
48793	11/29/2012	Printed		08660	HUNT AND SONS, INC.	GASOLINE PUBLIC WORKS	694.11
48794	11/29/2012	Printed		10550	JOSEPH HALTON	LETTERHEAD	45.05
48795	11/29/2012	Printed		06011	PELLETREAU, ALDERSON & CABRAL	LEGAL SERVICES SEPTEMBER	10,632.07
48796	11/29/2012	Reconciled		16035	PG&E	UTILITIES	4,146.91
48797	11/29/2012	Printed		18193	RECOLOGY AUBURN PLACER	WWTP DEBRIS BOX	1,150.00
48798	11/29/2012	Printed		19070	SCORE - SMALL CITIES ORGANIZED	FINE FOR MISSING MEETINGS	500.00
48799	11/29/2012	Printed		19379	SIERRA CHEMICAL CO. SPARKS	WWTP CHEMICALS	1,655.21
48800	11/29/2012	Printed		19695	STATE WATER RESOURCES CONTROL	WWTP OPERATOR GRADE IV CERT	190.00
48801	11/29/2012	Printed		23169	WAVE BUSINESS SOLUTIONS	FIRE DEPT INTERNET	167.15

Total Checks: 76 **Checks Total (excluding void checks): 1,355,793.32**

Total Payments: 76 **Bank Total (excluding void checks): 1,355,793.32**

Total Payments: 76 **Grand Total (excluding void checks): 1,355,793.32**

DAILY CASH SUMMARY REPORT

11/01/2012 - 11/30/2012

City of Colfax

			Debit	Credit	Net Chng
Fund: 100 - GENERAL FUND					
11/01/2012	Daily Totals		434.75	0.00	434.75
11/02/2012	Daily Totals		2,864.10	0.00	2,864.10
11/07/2012	Daily Totals		1,859.15	0.00	1,859.15
11/14/2012	Daily Totals		1,111.40	0.00	1,111.40
11/15/2012	Daily Totals		1,522.61	0.00	1,522.61
11/21/2012	Daily Totals		44,741.48	0.00	44,741.48
Fund: 100 - GENERAL FUND		**TOTALS:**	**52,533.49**	**0.00**	**52,533.49**
Fund: 120 - LAND DEVELOPMENT FEES					
11/07/2012	Daily Totals		36.00	0.00	36.00
11/21/2012	Daily Totals		7,500.00	0.00	7,500.00
Fund: 120 - LAND DEVELOPMENT FEES		**TOTALS:**	**7,536.00**	**0.00**	**7,536.00**
Fund: 244 - MICROENTERPRISE LENDING-CDBG					
11/21/2012	Daily Totals		300.00	0.00	300.00
Fund: 244 - MICROENTERPRISE LENDING-CDBG		**TOTALS:**	**300.00**	**0.00**	**300.00**
Fund: 253 - GAS TAXES					
11/30/2012	Daily Totals		2,885.67	0.00	2,885.67
Fund: 253 - GAS TAXES		**TOTALS:**	**2,885.67**	**0.00**	**2,885.67**
Fund: 560 - SEWER					
11/07/2012	Daily Totals		200.00	0.00	200.00
Fund: 560 - SEWER		**TOTALS:**	**200.00**	**0.00**	**200.00**
Fund: 561 - SCSWAD LIFT					
11/02/2012	Daily Totals		61.00	0.00	61.00
11/14/2012	Daily Totals		407.00	0.00	407.00
11/21/2012	Daily Totals		407.00	0.00	407.00
Fund: 561 - SCSWAD LIFT		**TOTALS:**	**875.00**	**0.00**	**875.00**
Fund: 565 - GENERAL OBLIGATION BOND					

DAILY CASH SUMMARY REPORT

11/01/2012 - 11/30/2012

City of Colfax

			Debit	Credit	Net Chng
11/15/2012	Daily Totals		0.16	0.00	0.16
Fund: 565 - GENERAL OBLIGATION BOND		**TOTALS:**	**0.16**	**0.00**	**0.16**
Fund: 569 - Pond 3 Lining- I&I Repair					
11/21/2012	Daily Totals		1,209,479.00	0.00	1,209,479.00
11/23/2012	Daily Totals		88,382.00	0.00	88,382.00
Fund: 569 - Pond 3 Lining- I&I Repair		**TOTALS:**	**1,297,861.00**	**0.00**	**1,297,861.00**
		GRAND TOTALS:	**1,362,191.32**	**0.00**	**1,362,191.32**

7C

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December 18, 2012

To the City Council
City of Colfax
Colfax, California

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Colfax, California (the City), for the year ended June 30, 2012, and have issued our report thereon dated December 18, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 1, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated May 1, 2012, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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 grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provides a reasonable

basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We noted no material weaknesses in internal controls as a result of our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended June 30, 2012.

We noted no transaction entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statement prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were determining the depreciable lives and methods used for capital assets.

The audit opinion contains an emphasis of a matter, referring to the financial condition of the City. As described in Note K to the financial statements, the City's financial condition has been impacted by the operation of the wastewater treatment plant, including a legal settlement and related legal costs, losses in the solid waste operations and reduced General Fund revenue. However, the City has been putting into place a plan to mitigate the negative impact of these issues.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Adjustments included three entries needed to reclassify fund balance amounts in accordance with GASB 54 and three other reclassification entries for financial statement presentation only.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 18, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company

December 18, 2012

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City Council
City of Colfax
Colfax, California

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Colfax (the City) for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of the following matters that warrant your attention.

Internal Control and Policies

We noted that the City does not have a formal ethics or whistleblower policy. We recommend that the City develop and implement a formal ethics and whistleblower policy and include it as part of the City's personnel policy.

Risk Assessment Plan

We noted that the City does not have a formal risk assessment plan to identify those risks within the City that could result in fraud or material misstatement of the financial statements, and then to implement internal controls to mitigate those identified risks. We recommend the City develop a risk assessment plan to identify potential risk areas and then ensure controls or processes are in place to mitigate those risks. This risk assessment should be performed on a periodic basis. In addition, a Committee of the City Council, serving as the Audit Committee, should be involved in this risk assessment process as well.

Donated Land

Government Accounting Standards Board (GASB) No. 34 requires that contributed land and other capital assets be recorded at their estimated fair market value as of the date the asset was donated. We noted the City has several properties it owns that were donated but no value has been assigned to these assets. We recommend that the City estimate the fair value as of the date of donation and reflect this amount on the government-wide statement of net assets. The courthouse building donated to the City during fiscal year 2011/12 has been valued and reflected as an asset.

Grant Reporting

In relation to the EPA grant for the Waste Water Treatment Plant Improvement Project, the City was required to complete and submit a MBE/WBE Utilization Report, within 30 days after the end of each federal fiscal year during the time period the grant agreement was in place. The City has not been preparing these reports within the required timeframe. The EPA has indicated a final MBE/WBE report must be submitted within 90 days after the end of the project period for the grant to officially close. We recommend that the City ensure grant reporting requirements are met in the future.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the audit. This report is intended solely for the information and use of the City Council, management, and others within the organization and does not affect our report dated December 18, 2012 on the financial statements of the City.

Richardson & Company

December 18, 2012

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INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATIONS LIMIT TESTING

City Council
City of Colfax
Colfax, California

We have applied the procedures enumerated below to the accompanying calculation of the Appropriation Limit of the City of Colfax for the year ended June 30, 2012. These procedures, which were agreed to by the City of Colfax and the League of California Cities (as presented in the League publication entitled Article XIIIB Appropriations Limitation Uniform Guidelines) were performed solely to assist the City of Colfax in meeting the requirements of Section 1.5 of Article XIIIB of the California Constitution.

This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the City's calculation of the 2011/2012 appropriations limit and compared the limit and annual adjustment factors included in the calculation to the limit and annual adjustment factors that were adopted by resolution of the City Council.

   Finding: No exceptions were noted as a result of our procedures.

2. We compared the methodology used to determine the cost of living adjustment component to Article XIIIB which states that the City may annually adjust the component for either the change in California per capita personal income or, the percentage change in the City's assessed valuation which is attributable to non-residential new construction. We recalculated the factor based on the above information.

   Finding: No exceptions were noted as a result of our procedures.

3. We compared the methodology used to determine the population adjustment component to Article XIIIB which states that the City may annually choose to adjust the component for either the change in population in the County in which the City is located, or the change in population within the unincorporated area of the County in which the City is located. We recalculated the factor based on the above information.

   Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Calculation to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of our procedures.

5. We recalculated the 2011/2012 Appropriation Limit by multiplying the product of the two above factors by the 2010/2011 appropriation limit.

   Finding: No exceptions were noted as a result of our procedures.

6. We compared the City's actual revenues to the computed appropriation limit for fiscal year 2011/2012.

   Finding: For the 2011/2012 fiscal year, the City's actual revenues subject to the appropriations limit did not exceed the appropriation limit adopted by resolution of the City Council.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit calculation. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled Article XIIIB Appropriations Limitation Uniform Guidelines.

This report is intended solely for the use of the City of Colfax and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Richardson & Company

December 18, 2012

APPENDIX A

CITY OF COLFAX
APPROPRIATION LIMIT CALCULATION
Year Ended June 30, 2012

APPROPRIATION LIMIT ADOPTED BY CITY:

Recorded in Final 2010/2011 Budget		$ 1,770,954

APPROPRIATION LIMIT COMPUTATION PER REVIEW:

2010/2011 Appropriation Limit	$ 1,716,041	
Cost of living factor:		
Change in California per capita income	1.0251	
Population Adjustment Factor:		
Population change in City of Colfax	1.0072	
Auditor computed limitation		1,771,779
Variance		$ (825)

CITY OF COLFAX CALIFORNIA

COMPLIANCE REPORTS

June 30, 2012

CITY OF COLFAX, CALIFORNIA

COMPLIANCE REPORTS

June 30, 2012

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

City Council
City of Colfax, California
Colfax, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Colfax, California (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

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*.

We noted certain other matters that we reported to management of the City in a separate letter dated December 18, 2012.

This report is intended solely for the information and use of the City Council, management, and the federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company

December 18, 2012

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFECT ON EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

City Council
City of Colfax, California
Colfax, California

Compliance

We have audited the City of Colfax, California's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

To the City Council
City of Colfax, California

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 18, 2012 which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the City Council, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company

December 18, 2012

CITY OF COLFAX, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued:	Unqualified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
3. Noncompliance material to financial statements	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)?	No
4. Identification of major programs:	

CFDA Number	Name of Federal Program
66.202	Water Infrastructure - Waste Water Treatment Plant Improvement Project

5. Dollar Threshold used to distinguish between Type A and Type B programs?	$300,000
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	Yes

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

D. PRIOR YEAR AUDIT FINDINGS

None

CITY OF COLFAX, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantors' Number	Expenditures
MAJOR FEDERAL AWARDS:			
U.S. Environmental Protection Agency			
Waste Water Treatment Plant Improvement Project	66.202	XP-96966701	$ 287,609
TOTAL MAJOR FEDERAL AWARDS			287,609
NON-MAJOR FEDERAL AWARDS:			
U.S. Environmental Protection Agency			
Passed-through the State of California Water Resources Control Board			
Capitalization Grant for State Revolving Funds			
Sewer Lift Station Upgrades - ARRA	66.458	09-317-550	15,177
Pond 3 Liner	66.458	11-829-550	607,999
TOTAL NON-MAJOR FEDERAL AWARDS			623,176
			$ 910,785

CITY OF COLFAX, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Colfax, California and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

CITY OF COLFAX, CALIFORNIA

Audited Financial Statements and Supplemental Information

June 30, 2012

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CITY OF COLFAX, CALIFORNIA

Audited Financial Statements and Supplemental Information

June 30, 2012

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 45

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Colfax, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Colfax, California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Colfax, California's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Colfax, California, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note K to the financial statements, the City has a negative fund balance in the General Fund and other financial difficulties as a result of certain factors over the past several years. However, the City has been putting into place a plan to resolve these issues.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012 on our consideration of the City of Colfax, California'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 11 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Colfax's financial statements as a whole. The combining and individual nonmajor fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Richardson & Company

December 18, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Colfax (City). we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30. 2012. We encourage the readers to consider the information presented here in conjunction with the accompanying basic financial statements and the additional information presented.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities by $12.090.236 (net assets). These net assets are allocated as follows:
    - Invested in Capital assets. net of related debt - $11.405.259
    - Restricted net assets of $913.318. This amount is for Special revenue funds. Capital project funds and Debt service fund.
    - Negative unrestricted net assets at the end of the year was ($228.341) as compared to ($1.221.453) for the previous year. This increase is primarily due to Grant Income in the Sewer Fund ($901.932).
- Total revenues from all sources were $4.505.151 and total expenditures from all sources were $3.395.611.
- The General Fund reported revenue in excess of expenditures and other financing uses by $51.489. but the General Fund unreserved net assets decreased $350.098 primarily due to the restatement of Garbage funds noted below.
    - The City entered into a franchise agreement for garbage services effective July 2011. Prior to the agreement. the City was expending approximately $100.000 annually in excess of service charges being collected. Due to the nature of the agreement. the activity is no longer a business activity – and the negative fund balance of ($344,721) as of June 30. 2011 has been combined into the General Fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets on page 13 and the Statement of Activities on page 14 provide information about the activities as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 15. For governmental activities. these statements explain how programs and services were financed in the short term (the most recently

completed fiscal year), as well as the amounts remaining available for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Fund financial statements also provide financial information about activities for which the City acts solely as a trustee or agent (fiduciary) for the benefit of individuals and entities external to this governmental unit.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 13. One of the most important questions asked about the City's finances is. *"Is the City as a whole better off or worse off as a result of the year's activities?"* The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities, using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector business entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. To reach a conclusion on this issue, you may need to consider other matters of a non-financial nature, such as:

- the condition of the City's infrastructure (streets and roadways, storm drainage improvements, sewer system, city hall), or
- the economic vitality of the core business districts, or
- the adequacy of emergency response times of police and fire personnel.

in order to properly assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two (2) kinds of activities:

1. Governmental activities: most of the City's basic services are reported here, including the operations of the police, fire, building inspection, public works and general administration. Taxes (primarily property and sales), licenses, permits, state and federal grants, and franchise payments finance most of these activities.
2. Business-type activities: the City charges fees to customers to cover most of the cost of certain services and programs it provides. The City's wastewater treatment operations are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on 15. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law (Gas Tax and Law Enforcement Grants funds). However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two (2) kinds of funds – *governmental* and *proprietary* (business-type) – use different accounting approaches:

- ***Governmental funds***: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year-end that may be available for future spending. These funds are reported using an accounting method described as *modified accrual* accounting. This accounting method (basis) measures the availability of cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations, and the basic services it provides to residents and visitors of the City. Governmental fund information helps you to determine what financial resources are available to be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and the governmental *funds*, in a reconciliation (see pages 16 and 18).
- ***Proprietary funds***: When the City charges customers for the full cost for the services it provides, those services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The City's enterprise funds (Sewer Operations) are the business-type activities that we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Colfax, net assets exceeded liabilities by $12,090,236 at the close of the current fiscal year.

By far the largest portion of the City's net assets reflects its investment in capital assets (e.g., land, street, sewer and storm drain systems, buildings and park assets, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debts, it should be noted that the resources needed to

repay this debt must be provided from other sources. since the capital assets themselves cannot be used to liquidate these liabilities.

The City's combined net assets for the year ending June 30. 2012 and 2011 are summarized (Table 1). as follows:

Table 1
City of Colfax, Net Assets
(in Thousands)

	Governmental Activities		Business Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and other assets	$ 1.507	$ 1.351	$ 572	$ 1.051	$ 2.079	$ 2.402
Capital assets	3.950	3.756	15.783	15.479	19,733	19.235
Total Assets	5.457	5.107	16.355	16.530	21.812	21.637
Liabilities:						
Long-term liabilities	1.255	734	8.152	8.619	9.407	9.353
Other liabilities	109	295	206	1.008	315	1.303
Total Liabilities	1.364	1.029	8.358	9.627	9.722	10.656
Net Assets:						
Invested in capital assets, net of debt	3.420	3.206	7.985	8.047	11.405	11.253
Restricted	913	894	-	55	913	949
Unrestricted	(240)	(22)	12	(1.199)	(228)	(1.221)
Total Net Assets	$ 4.093	$ 4.078	$ 7.997	$ 6.903	$ 12.090	$ 10.981

The amount reported for net assets of Governmental activities does not include the value of the City's infrastructure (roadways. bridges and storm drainage improvements) constructed prior to July 1. 2003.

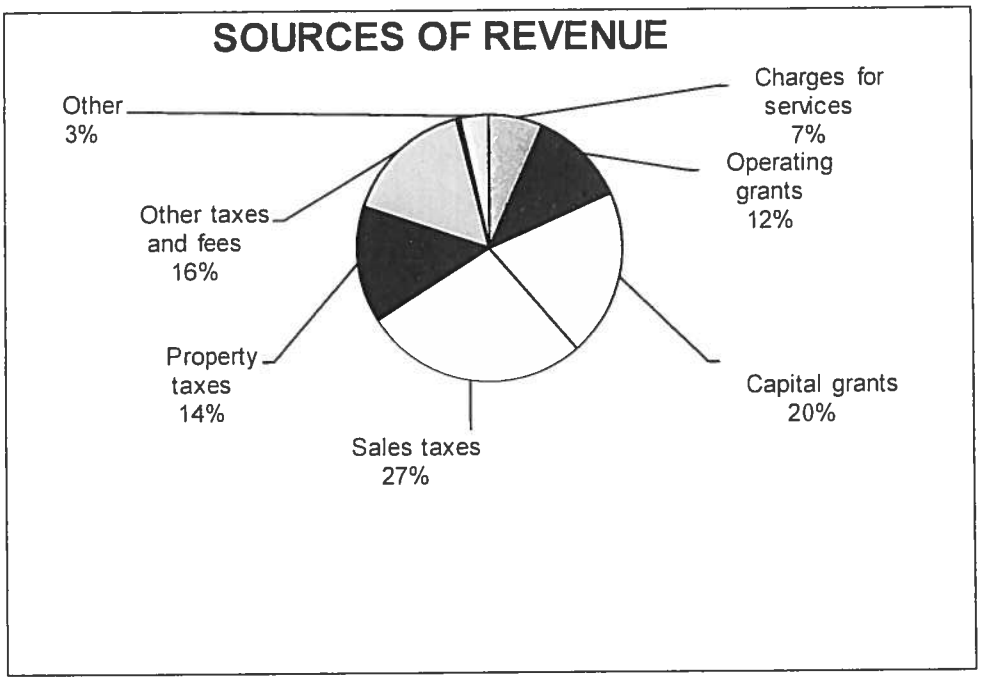
Governmental Activities

The City's governmental activities net assets increased by $361.000 (before transfers). As noted in Table 2. on page 8. the primary contributor is an increase in grant income which was funding for Streets and Roads projects completed in previous fiscal year and for projects to be completed in the next fiscal year.

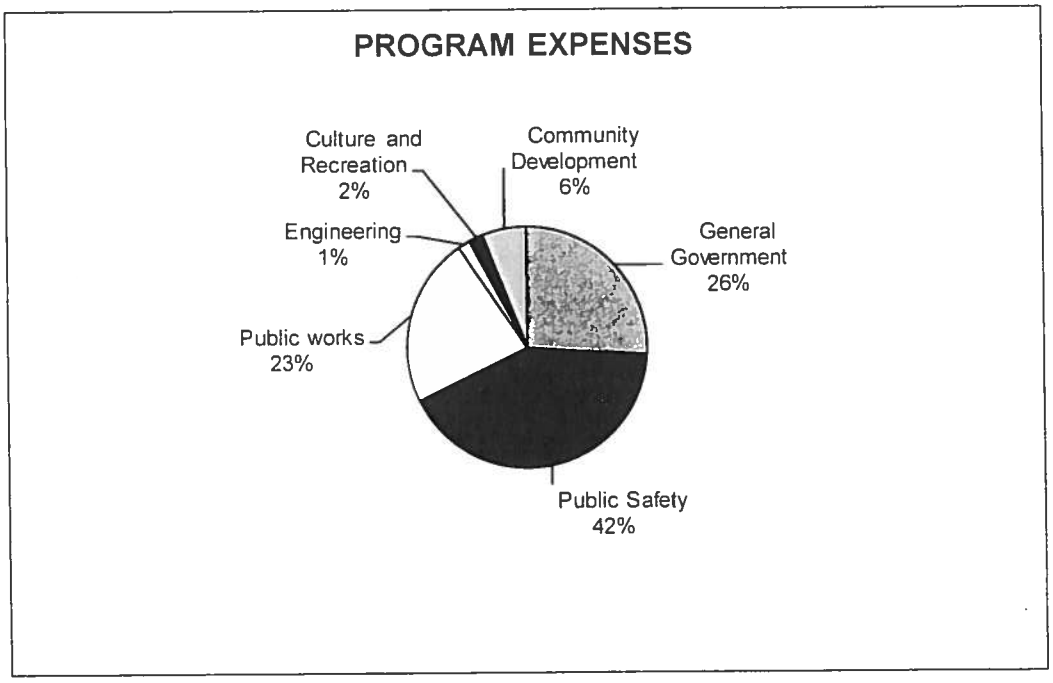
Table 2
City of Colfax, Change in Net Assets
(in Thousands)

	Governmental Activities		Business Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	$ 132	$ 138	$ 1,606	$ 1,981	$ 1,738	$ 2,119
Operating grants and contributions	232	224	-	-	232	224
Capital grants and contributions	402	161	902	2,126	1,304	2,287
General revenues:						
Sales taxes	544	538			544	538
Property taxes	280	291	7	7	287	298
Other taxes and fees	317	211			317	211
Earnings on investments	9	6	6	(2)	15	4
Other	68	57			68	57
Total revenues	1,984	1,626	2,521	4,112	4,505	5,738
Expenses:						
General government	422	570			422	570
Public Safety	679	724			679	724
Public works	369	271			369	271
Engineering	27	33			27	33
Culture and recreation	30	58			30	58
Community development	96	164			96	164
Sewer	-	-	1,772	1,669	1,772	1,669
Garbage	-	-	-	876	-	876
Total expenses	1,623	1,820	1,772	2,545	3,395	4,365
Change in net assets before transfers	361	(194)	749	1,567	1,110	1,373
Transfers	(1)	-	1	-	-	-
Change in net assets	360	(194)	750	1,567	1,110	1,373
Net assets, July 1	4,078	4,272	6,902	5,335	10,980	9,607
Transfer of solid waste net assets	(345)	-	345	-	-	-
Net assets, June 30	$ 4,093	$ 4,078	$ 7,997	$ 6,902	$ 12,090	$ 10,980

Fiscal Year 2011-2012
Governmental Activities – Sources of Revenue
(Graphic representation of Table 2 in percentages)



Fiscal Year 2011-2012
Governmental Activities – Program Expenses
(Graphic representation of Table 2 in percentages)



Business-Type Activities

Business-type activities increased the City of Colfax's net assets by $749.954. Detailed revenues and expenditures are reported in Table 2 on page 8. Some of the major contributors to this change are:

- The City was entitled to capital grants reimbursements for the Sewer Collection System/Lift stations repairs and improvements project (ARRA) and the Pond 3 Liner/I&I Mitigation/SCADA project. The total grants collected and accrued were $901.932.
- The liability for interest on long term debt was increased in the amount of $136.210 which reduced net assets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital assets include police, fire and public works equipment, vehicles, buildings, roads, wastewater treatment facilities and sewer lines. At June 30, 2012, net capital assets of the governmental activities totaled $3.950.125 and the net capital assets of the business-type activities totaled $15.782.532. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See table 3 and Note D to the financial statements.)

Table 3
City of Colfax, Capital Assets
(in Thousands)

	Governmental Activities		Business Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 560	$ 560	$ 135	$ 135	$ 695	$ 695
Construction in progress	20	244	758	3.776	778	4.020
Building and Improvements	3.939	3.367	17.879	14.114	21.818	17.481
Vehicles	444	444	3	3	447	447
Furnitures and Fixtures	7	7	-	-	7	7
Machinery and equipment	471	471	432	411	903	882
Accumulated depreciation	(1.491)	(1.337)	(3.424)	(2.960)	(4.915)	(4.297)
Total Assets	$ 3.950	$ 3.756	$ 15.783	$ 15.479	$ 19.733	$ 19.235

Major capital asset improvements and additions during the current fiscal year included the following:

- Completion of road and pool projects in Governmental activities – transfer from Construction in Progress to Buildings and Improvements.

- Addition of a building - $199.300 in Governmental activities.
- Repairs and improvements to the Sewer Collection Systems/ Lift Stations (ARRA) and new project for Pond 3 Liner/I&I Mitigation/SCADA in the amount of $745.996.
- The ARRA project was completed and transferred from Construction in Progress to Buildings and Improvements. There was an increase in depreciation expense accordingly.

Long-Term Debt

At year-end. the City of Colfax had total long-term debts outstanding of $9.407.048. as compared to a total of $9.353.295 last year (See Table 4 and Note E to the financial statements).

Table 4
City of Colfax, Outstanding Debt
(in Thousands)

	Governmental Activities		Business Activities		Total	
	2012	2011	2012	2011	2012	2011
Note Payable	$ 530	$ 550	$ -	$ -	$ 530	$ 550
Compensated absences	22	31	13	12	35	43
Landfill Closure	578	623	-	-	578	623
General obligation bond	-	-	36	40	36	40
Sewer revenue bond	-	-	-	35	-	35
State Loans	-	-	7.761	7.357	7.761	7.357
Legal Settlements	125	153	342	552	467	705
Total Long-term Debt	$ 1.255	$ 1.357	$ 8.152	$ 7.996	$ 9.407	$ 9.353

The City's long-term debt includes: compensated absences due employees for accrued vacation and sick leave pay. Post Closure expenses related to the City's closed landfill site. notes payable for the construction of the sewer plant. and notes payable for the purchase of property and legal settlements. Additionally. the City issued general obligation bonds to finance the sewer facility back in 1978. Additional information on City debt is included in Note E of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In considering the City Budget for fiscal year 2012-2013. the City Council and management were cautious as to the growth of revenues and expenditures due to the continued negative state of the economy. The general fund operating budget for 2012-2013 indicates revenues exceeding expenditures by approximately $74.000. yet the fund will continue to maintain a negative balance due to the negative restatement of garbage funds to the general fund in 2011-2012. It is anticipated that the negative balance can be eliminated by the end of fiscal year 2014-2015.

Some of the ongoing actions to improve fund balance are:

- Maintain reduced staff levels
- The City negotiated a franchise agreement for Garbage collections (effective July 01. 2011) that will. over time. eliminate the deficit in Garbage fund operations.
- In accordance with Resolution 33-2008. City will continue to increase sewer rates with a 3.5% inflator for each fiscal year.
- The City has obtained funding from USDA. EPA and the State of California Water Resources Control Board to complete the lining of reservoir pond number three. perform I&I mitigation and implement a new SCADA system. This funding arrangement included restructuring the existing loan with the State for the wastewater treatment plant. The new loan totals $12.825.600 with an interest rate of 1% and no administrative charge. The State will forgive $3.319.000 of the loan if the City complies with the Project Finance agreement. Repayment of the new loan will be interest only until completion of the project which is expected to be in 2014.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens. taxpayers. customers. and investors and creditors with a general overview of the City's finances. and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information. contact the Director of Finance. City of Colfax. 33 S. Main Street. Colfax. California 95713.

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BASIC FINANCIAL STATEMENTS

CITY OF COLFAX

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,194,478	$ 20,045	$ 1,214,523
Accounts receivable, net of allowance for doubtful accounts	38,472	184,416	222,888
Due from other government agencies	217,221	366,846	584,067
Interest receivable	853	(39)	814
Notes receivable	55,296		55,296
Prepaid expenses	1,095	864	1,959
Total current assets	1,507,415	572,132	2,079,547
Noncurrent assets:			
Capital assets, net of accumulated depreciation			
Non-depreciable	580,027	891,962	1,471,989
Depreciable	3,370,098	14,890,570	18,260,668
	3,950,125	15,782,532	19,732,657
Total assets	5,457,540	16,354,664	21,812,204
LIABILITIES			
Current liabilities:			
Accounts payable	98,070	138,416	236,486
Accrued expenses	10,547	67,387	77,934
Unearned revenue	500		500
Current portion of long-term liabilities	60,933	244,779	305,712
Total current liabilities	170,050	450,582	620,632
Long-term liabilities:			
Postclosure landfill costs	578,348		578,348
Bonds payable		31,000	31,000
Notes payable	530,398	7,761,000	8,291,398
Legal settlements	75,000	108,256	183,256
Compensated absences	10,932	6,402	17,334
Total long-term liabilities	1,194,678	7,906,658	9,101,336
Total liabilities	1,364,728	8,357,240	9,721,968
Invested in capital assets, net of related debt	3,419,727	7,985,532	11,405,259
Restricted net assets	913,318		913,318
Unrestricted net assets	(240,233)	11,892	(228,341)
Total net assets	$ 4,092,812	$ 7,997,424	$ 12,090,236

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

CITY OF COLFAX

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

		Program Revenues					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	$ 421,558	$ 99,775		$ 199,300	$ (122,483)		$ (122,483)
Public safety	679,423	29,635	$ 129,459		(520,329)		(520,329)
Public works	368,658		26,987	202,796	(138,875)		(138,875)
Community development	96,502		75,083		(21,419)		(21,419)
Engineering services	27,027				(27,027)		(27,027)
Culture and recreation	30,357	2,215			(28,142)		(28,142)
Total governmental activities	1,623,525	131,625	231,529	402,096	(858,275)		(858,275)
Business-type activities							
Sewer	1,635,876	1,606,119		901,932		$ 872,175	872,175
Interest on long-term debt	136,210					(136,210)	(136,210)
Total business-type activities	1,772,086	1,606,119		901,932		735,965	735,965
Total government	$ 3,395,611	$1,737,744	$ 231,529	$ 1,304,028	(858,275)	735,965	(122,310)
		General revenues					
		Taxes					
		Sales and use taxes			543,773		543,773
		Property taxes			279,776	7,413	287,189
		Transient occupancy tax			19,092		19,092
		Franchises			111,101		111,101
		Gas taxes			68,893		68,893
		Motor vehicle in-lieu			117,420		117,420
		Investment income			9,346	5,707	15,053
		Rental income			47,008		47,008
		Transfers			(869)	869	
		Miscellaneous			22,321		22,321
		Total general revenues and transfers			1,217,861	13,989	1,231,850
		Changes in net assets			359,586	749,954	1,109,540
		Net asset, beginning of year, as previously reported			4,077,947	6,902,749	10,980,696
		Restatement			(344,721)	344,721	
		Net assets, beginning of year, as restated			3,733,226	7,247,470	10,980,696
		Net assets, end of year			$ 4,092,812	$ 7,997,424	$12,090,236

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

BALANCE SHEET
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

	Major Funds			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 439,327	$ 180,754	$ 574,397	$ 1,194,478
Accounts receivable, net of allowance for doubtful accounts	31,642		6,830	38,472
Due from other governmental agencies	152,138	65,083		217,221
Interest receivable	159	135	559	853
Notes receivable			55,296	55,296
Prepaid expenses			1,095	1,095
Total assets	$ 623,266	$ 245,972	$ 638,177	$ 1,507,415
LIABILITIES				
Accounts payable	$ 91,142	$ 1,229	$ 5,699	$ 98,070
Accrued expenses	6,881		3,666	10,547
Deferred revenue	84,993			84,993
Total liabilities	183,016	1,229	9,365	193,610
FUND BALANCES				
Nonspendable			56,391	56,391
Restricted	724,950	244,856	572,421	1,542,227
Unassigned	(284,700)	(113)		(284,813)
Total fund balances	440,250	244,743	628,812	1,313,805
Total liabilities and fund balances	$ 623,266	$ 245,972	$ 638,177	$ 1,507,415

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

CITY OF COLFAX

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET ASSETS

June 30, 2012

Total Governmental Fund Balances	$ 1,313,805
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	3,950,125
Certain receivables are not available to pay current period expenditures and therefore are deferred in the governmental funds	84,493
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	(1,255,611)
Net Assets of Governmental Activities	$ 4,092,812

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

CITY OF COLFAX

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2012

	Major Funds			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	$ 901,652		$ 68,893	$ 970,545
Licenses, fees and permits	45,793		1,177	46,970
Intergovernmental revenues	135,563	$ 254,487	241,660	631,710
Charges for services	114,826			114,826
Fines, forfeitures and penalties	10,344			10,344
Use of money and property	48,818	558	3,478	52,854
Other revenue	24,625		19	24,644
Total revenues	1,281,621	255,045	315,227	1,851,893
EXPENDITURES:				
General government	495,680			495,680
Public safety	536,256		102,887	639,143
Public works	174,441		163,830	338,271
Community development			26,187	26,187
Engineering services	27,027			27,027
Cultural and recreation	25,130			25,130
Debt Service:				
Principal	19,602			19,602
Capital outlay		148,541		148,541
Total expenditures	1,278,136	148,541	292,904	1,719,581
Excess (deficiency) of revenues over (under) expenditures	3,485	106,504	22,323	132,312
OTHER FINANCING SOURCES (USES):				
Transfers in	50,513	134,530	75,589	260,632
Transfers out	(2,149)	(11,552)	(247,800)	(261,501)
Total other financing sources (uses)	48,364	122,978	(172,211)	(869)
Excess (deficiency) of revenues and other sources over expenditures and other uses	51,849	229,482	(149,888)	131,443
Fund balances, beginning of year, as previously reported	110,152	15,261	778,700	904,113
Restatement	278,249			278,249
Fund balances, beginning of year, as restated	388,401	15,261	778,700	1,182,362
Fund balances - end of year	$ 440,250	$ 244,743	$ 628,812	$ 1,313,805

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

CITY OF COLFAX

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, 2012

Net Change in Fund Balances - Total Governmental Funds	$ 131,443
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	
Capital outlay	148,541
Contributed capital	199,300
Depreciation expense	(153,884)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-wide Statement of Net Assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. These are the amount by which repayments exceed proceeds.	
Gard Family Living Trust note payments	19,602
Postclosure landfill costs	44,622
Settlement costs incurred	(22,317)
Settlement payments	50,000
Some receivables are deferred in the governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the statement of activities.	
Deferred revenue recognized	84,493
Deferred revenue recognized last year	(151,706)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not expenditures in the governmental funds.	
Change in compensated absences	9,492
Change in Net Assets of Governmental Activities	$ 359,586

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

CITY OF COLFAX

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive/
	Original	Final	(See Note A)	(Negative)
Revenues:				
Taxes	$ 829,000	$ 829,000	$ 901,652	$ 72,652
Licenses, fees and permits	37,000	37,000	45,793	8,793
Intergovernmental	141,500	141,500	135,563	(5,937)
Charges for services	111,600	111,600	114,826	3,226
Fines and forfeitures	15,000	15,000	10,344	(4,656)
Use of money and property	41,806	41,806	48,818	7,012
Other revenue	45,096	45,096	24,625	(20,471)
Total revenues	1,221,002	1,221,002	1,281,621	60,619
Expenditures:				
Current:				
General government and administration	410,056	410,056	495,680	(85,624)
Public safety	554,719	554,719	536,256	18,463
Public works	111,859	111,859	174,441	(62,582)
Engineering services	35,100	35,100	27,027	8,073
Culture and recreation	49,558	49,558	25,130	24,428
Debt Service:				
Principal			19,602	(19,602)
Capital outlay	6,900	6,900		6,900
Total expenditures	1,168,192	1,168,192	1,278,136	(109,944)
Excess (deficiency) of revenues over expenditures	52,810	52,810	3,485	(49,325)
Other financing sources (uses):				
Transfers in	8,000	8,000	50,513	42,513
Transfers out			(2,149)	(2,149)
Total other financing uses	8,000	8,000	48,364	40,364
Excess (deficiency) of revenues and other sources over expenditures and other uses	60,810	60,810	51,849	(8,961)
Fund balances, beginning of year, as previously reported	110,152	110,152	110,152	
Restatement	278,249	278,249	278,249	
Fund balances, beginning of year, as restated	388,401	388,401	388,401	-
Fund balances - end of year	$ 449,211	$ 449,211	$ 440,250	$ (8,961)

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

CITY OF COLFAX

STATEMENT OF NET ASSETS
PROPRIETARY FUND - SEWER FUND

For the Year Ended June 30, 2012

ASSETS:	
Current Assets:	
Cash and cash equivalents	$ 20,045
Accounts receivable net of allowance for doubtful accounts of $2,103	184,416
Due from other governmental agencies	366,846
Interest receivable	(39)
Prepaid expenses	864
Total current assets	572,132
Noncurrent Assets:	
Capital assets:	
Nondepreciable	891,962
Depreciable	14,890,570
Total capital assets, net of accumulated depreciation	15,782,532
Total assets	16,354,664
LIABILITIES:	
Current Liabilities:	
Accounts payable	138,416
Accrued expenses	67,387
Current portion of long-term liabilities	244,779
Total current liabilities	450,582
Long-term Liabilities:	
Bonds payable, long-term portion	31,000
Notes payable, long-term portion	7,761,000
Legal settlements	108,256
Compensated absences	6,402
Total long-term liabilities	7,906,658
Total liabilities	8,357,240
NET ASSETS:	
Invested in capital assets, net of related debt	7,985,532
Unrestricted	11,892
Total net assets	$ 7,997,424

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

CITY OF COLFAX

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND - SEWER FUND

For the Year Ended June 30, 2012

Operating revenues:	
Service charges	$ 1,558,775
Miscellaneous	47,344
Total operating revenues	1,606,119
Operating expenses:	
Personnel services	236,130
Operation and maintenance	936,342
Depreciation	463,404
Total operating expenses	1,635,876
Loss from operations	(29,757)
Non-operating revenues (expenses):	
Interest income	5,707
Tax assessment	7,413
Interest expense	(136,210)
Total nonoperating revenues	(123,090)
Capital contributions:	
State grant revenue	901,932
Income before transfers	749,085
Transfers in	869
Change in net assets	749,954
Net assets, beginning of year	7,247,470
Net assets, end of year	$ 7,997,424

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

CITY OF COLFAX

STATEMENT OF CASH FLOWS
PROPRIETARY FUND - SEWER FUND

For the Year Ended June 30, 2012

Cash Flows from Operating Activities:	
Cash received from customers	$ 1,622,460
Cash paid to suppliers	(1,188,757)
Cash paid to employees and related benefits	(225,730)
Cash provided by operating activities	207,973
Cash Flows from Noncapital Financing Activities:	
Tax assessments received	7,413
Advances to other funds	(622,791)
Cash provided by noncapital financing activities	(615,378)
Cash Flows from Capital and Related Financing Activities	
Capital expenditures	(766,580)
Debt proceeds received	7,761,000
Debt principal paid	(7,396,496)
Intergovernmental revenues received	1,424,983
Settlements paid	(209,737)
Interest paid	(390,957)
Cash used for capital and related financing activities	422,213
Cash Flows from Investing Activities	
Interest received	5,237
Decrease in cash and cash equivalents	20,045
Cash and cash equivalents, beginning of year	
Cash and cash equivalents, end of year	$ 20,045
Reconciliation of operating income from operations to cash provided by operating activities:	
Operating loss	$ (29,757)
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation	463,404
(Increase) decrease in assets:	
Accounts receivable	16,341
(Decrease) increase in liabilities:	
Accounts payable	(252,415)
Accrued expenses	7,115
Accrued compensated absences	3,285
Cash provided by operating activities	$ 207,973

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Colfax was incorporated in 1910, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, sewer, culture-recreation, public improvements, planning and zoning, and general administrative services. The voters of the City of Colfax, California, give authority and responsibility for operations to the City Council. The City Council has the authority to employ administrative and support personnel to carry out its directives. The primary method used to monitor the performance of the City's management is the financial budget, which is adopted annually by the City Council.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City applies all GASB pronouncements. In addition the City applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity: The City operates as a self-governing local government unit within the state of California. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. Voters elect a city council that passes laws and determines broad policies. The council also oversees the operations of the City and approves all budgets, fund transfers and fund balance reserves. The City's main funding sources include property taxes, sales taxes, other inter-governmental revenue from state and federal sources, user fees, and federal and state financial assistance.

Government-wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net assets and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses of most business-type activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services and privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounts of the City are organized on the basis of funds. A fund is a separate self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the last is 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.

Measurement Focus, Basis of Accounting and Basis of Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements and fiduciary fund statements, with the exception of agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Major revenues that are determined to be susceptible to accrual include property taxes and assessments, sales taxes, franchise taxes, charges for services, intergovernmental revenues, and earnings on investments. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues (government mandated nonexchange transactions) are recognized when the City has satisfied all applicable eligibility requirements and if the amounts are measurable. If the grant funds are received before the revenue recognition criteria are satisfied, the unearned amounts are reported as unearned revenue.

The City reports the following major governmental funds:

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

Capital Projects Funds – Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the City reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (not including private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

PROPRIETARY FUNDS

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

Cash and Cash Equivalents: The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including the City's investment in California Local Agency Investment Fund (LAIF). Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost.

Receivables and Payables: Property, sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and collectible. Unbilled utility revenue earned is recognized as revenue and accounts receivable in the enterprise funds.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transactions between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Eliminations have not been made between or within the fund types.

An allowance for doubtful accounts of $5,649 and $2,103 has been provided for General and Sewer Funds, respectively, accounts that are deemed uncollectible.

Property Taxes: The County of Placer (the County) is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year end. Secured property taxes are levied on or before January 1 of each year. They become a lien on real property on January 1. These taxes are paid in two equal installments: the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, costs and interest when paid. These taxes are secured by liens on the property being taxed.

The term "unsecured" refers to taxes on personal property other than land and buildings. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the "Teeter Plan," as prescribed by Section 4717 of the California Revenue and Taxation code. Therefore, the City receives 100% of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

These taxes are accrued as intergovernmental receivables only if they are received from the County within 60 days after year end for the governmental funds and are accrued when earned for government-wide presentation regardless of the timing of the related cash flows.

Capital Assets: Capital assets for governmental fund types of the City are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditure in the governmental fund, and the related assets are reported in the government-wide financial statements at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at their estimated fair market value on the date donated.

Public domain (infrastructure) capital assets consisting of certain improvements other than buildings, but including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems have been capitalized prospectively beginning July 1, 2003.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the current year's additions to governmental or business-type capital assets. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 to 50 years
Sewer facility improvements and design costs	20 to 40 years
Safety equipment	5 to 10 years
Vehicles and heavy equipment	5 to 15 years
Furniture and other equipment	5 to 7 years

It is the policy of the City to capitalize all land, building, improvements, equipment, and eventually infrastructure assets, except assets costing less than $5,000. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Costs of assets sold or retired and the resulting gain or loss is included in the operating statement of the related proprietary fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale. The proceeds reported in the governmental fund are eliminated and the gain or loss on sale is reported in the government-wide presentation.

Compensated Absences: It is the City's policy to permit employees to accumulate earned but unused vacation. Vacation is accrued when incurred in the government-wide presentation and in the proprietary funds and reported as a fund liability. Amounts that are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations or retirements that are currently payable, are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources represent a reconciling item between the fund and government-wide presentation. No expenditure is reported in the governmental fund financial statements for these amounts.

Unused vacation is paid to employees upon termination with one year of service. The maximum accrual for all employees for vacation is one and a half times the employees' annual vacation leave credits. Annually, all employees may "sell back" a portion of their unused vacation. There is no limit as to the accrual of sick leave. Sick leave is not payable upon termination, but may be converted to service credits under the City's defined benefit pension plan.

Long-term Obligations: Long-term debt of governmental funds are reported at face value in the government-wide financial statements and represent a reconciling item between the fund and government-wide presentation. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide financial statements and represent a reconciling item between the fund and government-wide presentation. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, proceeds from borrowing are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity: In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned balances.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which comprise pre-paid items and long-term receivables.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the government's City Council modifies, or removes the fund balance commitment.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Funds – Unassigned fund balance is the residual classification of the City's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

Net Assets: The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents net assets of the City not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted, committed, assigned and unassigned resources as they are needed.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information: The City Council annually adopts the budget resolution for all operating funds of the City. Budgetary control is legally maintained at the fund level. Department heads submit budget requests to the City Administrator. The Administrator prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30.

All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year. Amounts shown in the financial statements represent the original budgeted amounts and all supplemental appropriations. The supplemental appropriations were immaterial. The budgetary data is prepared on the modified accrual basis consistent with the related "actual" amounts. The City does not use encumbrance accounting.

Excess Expenditures Over Appropriations: The following funds had excess expenditures over appropriations:

Fund	Appropriations	Total Expenditures	Excess Expenditures
Capital Projects Fund		$ 148,541	$ 148,541
Nonmajor Governmental Funds:			
CDBG Fund	$ 1,000	22,829	21,829

Deficit Fund Equity: The City has no funds with fund deficits at June 30, 2012.

NOTE B – CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds. Cash represents cash on hand, demand deposits in the bank and amounts invested in the State of California Local Agency Investment Fund (LAIF). Cash and investments at June 30, 2012 are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	$ 1,194,478	$ 20,045	$ 1,214,523

NOTE B – CASH AND INVESTMENTS (Continued)

As of June 30, 2012, the City's cash and investments consisted of the following:

Cash on hand	$ 300
Deposits in financial institutions	173,467
Investments	
California Local Agency Investment Fund	1,040,756
Total cash and investments	$ 1,214,523

Investment policy: California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	5 years	None	None
U.S. Agency securities	5 years	None	None
Local agency bonds	None	None	10%
Mortgage-back securities	None	20%	None
Bankers acceptances	180 days	40%	30%
High grade commercial paper	270 days	40%	10%
Negotiable certificates of deposit	None	None	None
LAIF	N/A	None	None
Medium term corporate notes	5 years	30%	5%
Repurchase Agreements	365 days	20%	None
Money market fund	None	None	None

The City complied with the provisions of California Government Code pertaining to the types of investments held, institutions in which deposits were made and security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

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 maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment in LAIF has an average maturity of 270 days.

Credit Risk: Generally, credit risk is the risk that an issue of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's only investment is in LAIF, which is not rated.

NOTE B – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the 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 deposits, other than the following provision for deposits: The California Governmental Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2012, the carrying amount of the City's deposits was $173,467, and the bank balance was $213,878. The City had no bank balances above the federally insured limit of $250,000.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is $60,588,263,603 managed by the State Treasurer. Of that amount, 3.47% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE C – INTERFUND TRANSACTIONS

Transfers during the year ended June 30, 2012 were as follows:

	Transfers in							
				Nonmajor Governmental				
Transfers out	General Fund	Capital Projects Fund	Sewer Fund	Support Law Enforcement Program	CDBG	Transportation and Road Fund	Mitigation Funds	Total
General Fund		$ 163	$ 869	$ 1,117				$ 2,149
Capital Projects Fund							$ 11,552	11,552
Nonmajor Governmental Funds:								
CDBG	$ 14,950							14,950
Transportation Impact	35,563	5,306			$ 20,440			61,309
Gas Tax						$ 42,480		42,480
Mitigation Funds		129,061						129,061
	$ 50,513	$ 134,530	$ 869	$ 1,117	$ 20,440	$ 42,480	$ 11,552	$ 261,501

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

NOTE D – CAPITAL ASSETS

Governmental capital assets activity for the year ended June 30, 2012 was as follows:

	Balance at June 30, 2011	Additions	Retirements	Transfers	Balance at June 30, 2012
Capital assets, not being depreciated:					
Land	$ 559,960				$ 559,960
Construction in progress	243,990	$ 148,541		$ (372,464)	20,067
Total capital assets, not being depreciated	803,950	148,541	-	(372,464)	580,027
Capital assets, being depreciated:					
Buildings and improvements	3,366,764	199,300		372,464	3,938,528
Vehicles	444,259				444,259
Machinery and equipment	471,398				471,398
Furniture and fixtures	6,764				6,764
Total capital assets, being depreciated	4,289,185	199,300	-	372,464	4,860,949
Less accumulated depreciation for:					
Buildings and improvements	(606,938)	(101,582)			(708,520)
Vehicles	(327,093)	(29,274)			(356,367)
Machinery and equipment	(397,216)	(22,456)			(419,672)
Furniture and fixtures	(5,720)	(572)			(6,292)
Total accumulated depreciation	(1,336,967)	(153,884)	-	-	(1,490,851)
Capital assets being depreciated, net	2,952,218	45,416	-	372,464	3,370,098
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 3,756,168	$ 193,957	$ -	$ -	$ 3,950,125

Depreciation expense for governmental capital assets was charged to functions as follows:

General governental	$ 7,675
Public safety	40,280
Public works	30,387
Culture and recreation	5,227
Community development	70,315
Total governmental activities depreciation expense	$ 153,884

NOTE D – CAPITAL ASSETS (Continued)

Business-type capital assets activities for the year ended June 30, 2012 was as follows:

	Balance at June 30, 2011	Additions	Retirements	Transfers	Balance at June 30, 2012
Capital assets, not being depreciated:					
Land	$ 134,700				$ 134,700
Construction in progress	3,776,413	$ 745,998		$ (3,765,149)	757,262
Total capital assets, not being depreciated	3,911,113	745,998	-	(3,765,149)	891,962
Capital assets, being depreciated:					
Buildings and improvements	14,114,270			3,765,149	17,879,419
Vehicles	3,400				3,400
Machinery and equipment	411,146	20,582			431,728
Total capital assets, being depreciated	14,528,816	20,582	-	3,765,149	18,314,547
Less accumulated depreciation for:					
Buildings and improvements	(2,729,972)	(429,091)			(3,159,063)
Vehicles	(2,630)	(440)			(3,070)
Machinery and equipment	(227,971)	(33,873)			(261,844)
Total accumulated depreciation	(2,960,573)	(463,404)	-	-	(3,423,977)
Capital assets being depreciated, net	11,568,243	(442,822)	-	3,765,149	14,890,570
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 15,479,356	$ 303,176	$ -	$ -	$ 15,782,532

Depreciation expense for business-type capital assets was charged to functions as follows:

Sewer	$ 463,404
Total business-type activities depreciation expense	$ 463,404

NOTE E – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Payments	Balance June 30, 2012	Due Within One Year
Governmental Activities:					
Note payable	$ 550,000		$ (19,602)	$ 530,398	
Legal Settlement 2011	152,683	$ 22,317	(50,000)	125,000	$ 50,000
Total notes and settlement payable	702,683	22,317	(69,602)	655,398	50,000
Postclosure landfill costs	622,970		(44,622)	578,348	
Compensated absences	31,357		(9,492)	21,865	10,933
Governmental activities long-term liabilities	$ 1,357,010	$ 22,317	$ (123,716)	$ 1,255,611	$ 60,933
Business-Type Activities:					
General obligation bonds	$ 40,000		$ (4,000)	$ 36,000	$ 5,000
Sewer revenue bonds	35,000		(35,000)	-	
State loan	7,357,496		(7,357,496)	-	
State loan - restructured		$ 7,761,000		7,761,000	
Legal settlement 2010	324,768		(108,256)	216,512	108,256
Legal settlement 2009	226,601		(101,481)	125,120	125,120
Total bonds, loan settlements payable	7,983,865	7,761,000	(7,606,233)	8,138,632	238,376
Compensated absences	12,420	385		12,805	6,403
Business-type activities long-term liabilities	$ 7,996,285	$ 7,761,385	$ (7,606,233)	$ 8,151,437	$ 244,779

NOTE E – LONG-TERM LIABILITIES (Continued)

Long-term debt of the City's governmental activities consists of the following as of June 30, 2012:

On December 8, 2010, the City entered into an agreement with the Gard Family Living Trust to purchase the Winner Chevrolet auto dealership building. The agreement provides that the City lease the property to the seller for one dollar per year for a term of 50 years, and that the seller upgrade the existing property. The City and seller believe that the upgrades to the auto dealership will provide additional sales tax for the City. The City will pay 50% of the increase in sales tax over the base year sales amount in semi-annual payments over a period of 10 years with two 5-year extensions, or until paid in full, whichever is earlier.	$ 530,398
On June 11, 2012, the City agreed to settle on the arbitrator's decision to award the Stationery Engineers, Local 39 Health & Welfare Trust Fund (Trust Fund) $175,000 for unpaid fringe benefit contributions, interest, liquidated damages, fees and costs.	125,000
	$ 655,398

Post closure landfill cost: State and Federal laws and regulations require the City to perform certain maintenance and monitoring functions on its landfill for 30 years after closure. The City has recorded a liability for landfill closure in the General Fund in accordance with GASB 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Costs*. The City hired a private consultant to perform an analysis to determine estimated total cost of the landfill closure, postclosure care costs, total capacity and remaining life. The City's landfill closure liability, based on landfill capacity used to date, is recorded based on the information provided by the consultant's analysis. The consultant's analysis is an estimate only and is subject to change due to inflation or deflation, technology, or applicable laws and regulations. The City is currently estimating that 100% of the landfill is used and there is no remaining life. As of June 30, 2012, the remaining closure and postclosure maintenance costs to be recognized over the next 25 years is $578,348.

NOTE E – LONG-TERM LIABILITIES (Continued)

Long-term debt of the City's business-type activities consists of the following as of June 30, 2012:

On June 1, 1978, the City issued 100 $1,000 USDA Rural Development general obligation bonds. The interest rate applicable on these bonds is 5%. The final maturity of these bonds is June 1, 2018.	$ 36,000
On September 19, 2011, the City entered into a loan agreement with the State for $12,825,600 at an interest rate of 1%, the City received proceeds of $7,761,000, which includes the $35,000 to refund the City's 1978 USDA Sewer Revenue Bond and $7,725,000 to restructure the original loan. The remaining undisbursed amount of $5,064,600 is to pay for the Pond Lining project and is expected to be disbursed in 2013 and 2014, as needed. Terms of the loan call for the repayment period to be deferred until completion of the Pond Lining project, which is expected to be in 2014 or later. Additionally, upon completion of the project the State will forgive $3,319,000 of the loan principal.	7,761,000
On February 15, 2011, the United States District Court ordered the City to pay the Environmental Law Foundation $433,024 in legal fees and interest. The payments are to be made in four equal installments, including interest at a rate of 10%.	216,512
During 2009, the City settled a legal claim for $450,000 related to the operations of its wastewater treatment plant. The City's insurance provider, SCORE, paid the entire $450,000; however, the City is responsible for reimbursing $226,601 to SCORE.	125,120
	$ 8,138,632

NOTE E – LONG-TERM LIABILITIES (Continued)

Principal payments on debt are due as follows:

June 30	Legal Settlement 2011	General Obligation Bonds	State Loan - Restructured	Legal Settlement 2010	Legal Settlement 2009	Total
2013	$ 50,000	$ 5,000		$ 108,256	$ 125,120	$ 288,376
2014	75,000	5,000	$ 276,713	108,256		464,969
2015		6,000	279,481			285,481
2016		6,000	282,275			288,275
2017		7,000	285,098			292,098
2018-2022		7,000	1,468,830			1,475,830
2023-2027			1,543,754			1,543,754
2028-2032			1,622,501			1,622,501
2033-2037			1,705,265			1,705,265
2038-2042			297,083			297,083
Totals	$ 125,000	$ 36,000	$ 7,761,000	$ 216,512	$ 125,120	$ 8,263,632

Interest payments on debt are due as follows:

June 30	General Obligation Bonds	State Loan - Restructured	Legal Settlement 2010	Total
2013	$ 1,800		$ 21,651	$ 23,451
2014	1,550	78,153	10,826	90,529
2015	1,300	75,386		76,686
2016	1,000	72,591		73,591
2017	700	69,768		70,468
2018-2022	350	305,501		305,851
2023-2027		230,576		230,576
2028-2032		151,829		151,829
2033-2037		69,065		69,065
2038-2042		3,515		3,515
Totals	$ 6,700	$ 1,056,384	$ 32,477	$ 1,095,561

NOTE F – NET ASSETS/FUND BALANCE

The following are the purposes for which net assets are restricted:

	Governmental Activities
Street projects	$ 214,886
Economic redevelopment	169,263
Recycling	27,349
Fire Department	27,047
Community projects	60,505
Caboose restoration	1
Mitigation projects	267,665
Landfill	146,602
	$ 913,318

The following are the components of the Governmental Funds fund balances:

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable:				
Long-term receivables			$ 55,296	$ 55,296
Prepaid expenses			1,095	1,095
Total Nonspendable	-	-	56,391	56,391
Restricted for:				
Street projects		$ 244,855	45,483	290,338
Landfill	$ 724,950			724,950
Economic redevelopment			200,763	200,763
Recycling			26,254	26,254
Fire Department			27,047	27,047
Community projects			5,209	5,209
Caboose restoration		1		1
Mitigation projects			267,665	267,665
Total Restricted	724,950	244,856	572,421	1,542,227
Unassigned	(284,700)	(113)		(284,813)
Total Unassigned	(284,700)	(113)	-	(284,813)
Total fund balances	$ 440,250	$ 244,743	$ 628,812	$ 1,313,805

NOTE G – DEFINED BENEFIT PENSION PLAN

Plan Description: Effective April 2008, the City began contributing to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. All permanent and part-time employees working at least 1,000 hours per year are enrolled in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor multiplied by their highest average monthly salary over 12 consecutive months of employment. Benefit provisions and all other requirements are established by State statute. The establishment and amendment of specific benefit provisions of the Plan is authorized by resolution of the City Council. PERS requires plans with less than 100 active participants to participate in risk pools. The City participated in the Miscellaneous 2% at 60 Risk Pool. Copies of the PERS annual financial report may be obtained from their Executive Office at 400 P Street, Sacramento, CA 95814.

Contributions: Participants in the Plan are required to contribute 5% of their annual covered salary for union members and 7% for non-union members. The City is required to contribute to PERS at an actuarially determined rate. The rate for the year ended June 30, 2012 was 8.197% of the annual covered payroll. The contribution requirement of plan members and the City are established and may be amended by PERS. The City's contributions for the years ended June 30, 2012, 2011 and 2010 were $26,181, $20,307, and $30,486, respectively, which was equal to the required contributions.

NOTE H – INSURANCE

The City is a member of the Small Cities Organized Risk Effort (SCORE) with other northern California cities. SCORE is a joint powers authority organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide liability insurance. SCORE provides claims processing administrative services, risk management services and actuarial studies. A member from each city governs SCORE. The City of Colfax council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. SCORE is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If SCORE becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance. SCORE establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

NOTE H – INSURANCE (Continued)

The City's insurance coverage and the respective coverage providers are as follows:

Amount	Coverage provider	Payment Source
LIABILITY CLAIMS:		
- $ 25,000	Self-insured	Banking layer
$ 25,001 - $ 500,000	Small Cities Organized Risk Effort	Shared risk pool
$ 500,001 - $ 40,000,000	California Joint Powers Risk Management Authority	Shared risk pool
WORKERS' COMPENSATION:		
- $ 25,000	Self-insured	Banking layer
$ 25,001 - $ 150,000	Small Cities Organized Risk Effort	Shared risk pool
$ 150,001 - $ 4,850,000	Local Agency Workers' Compensation Excess Joint Powers Authority	Shared risk pool
$ 4,850,001 - Statutory Limit	California State Association of Counties Excess Workers' Compensation	Shared risk pool

The City also carries commercial insurance for additional liability and property insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, settlements have not exceeded the insurance coverage for the past three fiscal years. The audited financial statements of SCORE are available at SCORE's office.

NOTE I – COMMITMENTS AND CONTINGENCIES

The City participates in various federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. The audits by the grantors for the year ended June 30, 2012, have not yet been conducted. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

On October 25, 2007, the Central Valley Water Board adopted Cease and Desist Order No. R5-2007-0130 and Cease and Desist Order R5-2007-0131. These orders prescribe waste discharge requirements and time schedules for the City at its Wastewater Treatment Plant. On January 28, 2010 Cease and Desist Order No. R5-2007-0131 was rescinded and replaced by Cease and Desist Order R5-2010-0001. On December 8, 2011, the Central Valley Water Board rescinded and replaced Cease and Desist Order R5-2010-0001 by Cease and Desist Order R5-2011-0097 except for enforcement purposes, and pursuant to CWV Sections 13301 and 13267, the City, its agents, successors, and assignees shall, in accordance with certain tasks and time schedule, implement certain actions to ensure compliance with Waste Discharge Order R5-2007-0130, or subsequent order.

Cease and Desist Order No. R5-2011-0097 sets a compliance schedule with specific dates for submitting reports and completing certain tasks associated with rehabilitating the sewage collection system, provide temporary operational flexibility to allow the City to drain the storage reservoir so that it may be lined and therefore prevent wastewater seepage, to re-evaluate whether the storage reservoir has the capacity to hold all wastewater inflows, precipitation, and infiltration and inflow generated during a 100-year annual

NOTE I – COMMITMENTS AND CONTINGENCIES (Continued)

precipitation event. This order also allows the City to conduct a stress test and continue an updated interim effluent limit for copper.

If the City fails to comply with the provisions of this Order, the Central Valley Water Board may refer this matter to the Attorney General for judicial enforcement, may issue a complaint for administrative civil liability, or may take other enforcement actions. Failure to comply with this Order or with the Waste Discharge Requirements may result in the assessment of Administrative Civil Liability of up to $10,000 per violation, per day, depending on the violation, pursuant to the California Water Code, including sections 13268, 13350 and 13385. The Central Valley Water Board reserves its right to take enforcement actions authorized by law.

The City has obtained the required funding for inflows and infiltration evaluation, lining of Pond 3, and implementation of a Supervisory Control and Data Acquisition System from Federal and State loans and grants.

The City is party to various claims, legal actions and complaints that arise in the normal operation of business. Management and the City's legal counsel believe that there are no material loss contingencies that would have a material adverse impact on the financial position of the City.

The City had the following construction project commitments at June 30, 2012:

Project Name	Total Project Costs	Unexpended Amount
Pond #3 Reservoir Lining Project	$ 2,395,000	$ 2,395,000

NOTE J – PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2009/10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The State is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City of Colfax was $44,754.

The borrowing by the State of California was recognized as a receivable in the accompanying financial statements. Under the modified accrual basis of accounting, the borrowed tax revenues are not permitted to be recognized as revenue in the governmental fund financial statements until the tax revenues are received from the State of California (expected to be fiscal year 2012/13). In the government-wide financial statements, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2009/10).

NOTE K – FINANCIAL CONDITION

For the last several years, the City has struggled with escalating costs associated with the construction and operation of a new wastewater treatment plant, including legal settlements and related legal costs, as well as losses in its solid waste services. The City was required to construct and initiate operation of a new wastewater treatment plant to comply with a Central Valley Water Board Order, for which the City has borrowed $7,357,496 from the State of California Water Resources Control Board. In order to comply with another Order, the City has begun work to line wastewater pond number three. The City has obtained funding to line reservoir pond number three, which included restructuring the existing loan with the State for the wastewater treatment plant. The new loan totals $12,825,600, with an interest rate of 1% and no administrative charge. If the City complies with the Project Finance agreement, the State will forgive $3,319,000 of the loan. Repayment of principal on the loan is not required until completion of the project, but interest payments will be required.

While the City's cash flow shortages have improved, and no funds had negative cash at June 30, 2012, the City continues to operate with minimal reserves, which is reflected by a deficit unassigned fund balance in the General Fund of $284,700, due to the close-out of the negative fund balance of the Solid Waste fund at June 30, 2011 of $344,721. However, the City is collecting a franchise fee from the solid waste contractor so there will no longer be losses related to solid waste services. Repayment of the loan for the wastewater facilities has been deferred until completion of the pond three liner, which will improve cash flow, and the rate increases that went into effect in 2008 will be used to repay this debt. The City is projecting to have positive fund balances in all funds by June 30, 2015.

NOTE L – SUBSEQUENT EVENTS

On September 19, 2012, the City secured a loan from the Placer County Treasurer in the amount of $3,000,000 to provide temporary financing for the improvements to the City's wastewater treatment facilities until loan and grant proceeds are received. The note matures on April 21, 2013 and bears an interest rate of 0.4%. The principal and interest balances are due on the date of maturity and the City may prepay the balance in payments of at least $500,000. The note is secured by the City's loans, grants and property tax revenues.

NOTE M – RESTATEMENT

During fiscal year ended June 30, 2012, the City consolidated the Solid Waste Fund into the General Fund, as the City has turned this service over to a third party provider. As a result, beginning fund balances have been adjusted as follows:

	Governmental Activities	Business-Type Activities
Net assets, beginning of year, as previously recorded	$ 4,077,947	$ 6,902,749
Transfer of Solid Waste deficit fund balance	(344,721)	344,721
Net assets, beginning of year, as restated	$ 3,733,226	$ 7,247,470

	General Fund	Solid Waste Fund
Fund balance, beginning of year, as previously recorded	$ 110,152	$ (344,721)
Transfer of Solid Waste deficit fund balance	(344,721)	344,721
Removal of long-term liabilities	622,970	
Balance, beginning of year, as restated	$ 388,401	$ -

COMBINING STATEMENTS AND INDIVIDUAL FUND STATEMENTS

CITY OF COLFAX

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

	Special Revenue				
	Bricks	CDBG	Transportation & Road Fund	Gas Tax	Mitigation Funds
ASSETS:					
Cash and cash equivalents	$ 5,205	$ 202,994	$ 4,735	$ 40,130	$ 267,332
Accounts receivable				6,830	
Interest receivable	4	158	(29)	56	333
Notes receivable		55,296			
Prepaid expenses					
Total assets	$ 5,209	$ 258,448	$ 4,706	$ 47,016	$ 267,665
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable		$ 2,389	$ 1,186	$ 1,533	
Accrued expenses			3,520		
Total liabilities	-	2,389	4,706	1,533	-
Fund balance:					
Nonspendable		55,296			
Restricted	$ 5,209	200,763		45,483	$ 267,665
Total fund balance	5,209	256,059	-	45,483	267,665
Total liabilities and fund balance	$ 5,209	$ 258,448	$ 4,706	$ 47,016	$ 267,665

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

Special Revenue			Total Nonmajor Governmental Funds
Beverage Recycling	Oil Grant	Fire Capital	
$ 23,873	$ 3,101	$ 27,027	$ 574,397
			6,830
16	1	20	559
			55,296
	1,095		1,095
$ 23,889	$ 4,197	$ 27,047	$ 638,177
	$ 591		$ 5,699
	146		3,666
-	737	-	9,365
	1,095		56,391
$ 23,889	2,365	$ 27,047	572,421
23,889	3,460	27,047	628,812
$ 23,889	$ 4,197	$ 27,047	$ 638,177

CITY OF COLFAX

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

	Special Revenue			
	Bricks	Support Law Enforcement Program	CDBG	Transportation & Road Fund
REVENUES:				
Tax revenues				
Licenses, fees and permits				$ 1,177
Intergovernmental revenues		$ 111,316	$ 31,500	88,844
Use of money and property	$ 15	5	2,020	(95)
Other revenue				
Total revenues	15	111,321	33,520	89,926
EXPENDITURES:				
Public safety		100,710		
Public works				143,710
Community development			22,829	
Total expenditures	-	100,710	22,829	143,710
Excess (deficiency) of revenues over (under) expenditures	15	10,611	10,691	(53,784)
OTHER FINANCING SOURCES (USES):				
Transfers in		1,117	20,440	42,480
Transfers out			(14,950)	
Total other financing sources (uses)	-	1,117	5,490	42,480
Net change in fund balance	15	11,728	16,181	(11,304)
Fund balances - beginning of year	5,194	(11,728)	239,878	11,304
Fund balances - end of year	$ 5,209	$ -	$ 256,059	$ -

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

Special Revenue						Total Nonmajor Governmental Funds
Transportation Impact	Gas Tax	Mitigation Funds	Beverage Recycling	Oil Grant	Fire Capital	
	$ 68,893					$ 68,893
						1,177
			$ 5,000	$ 5,000		241,660
$ 124	168	$ 1,111	55	1	$ 74	3,478
				19		19
124	69,061	1,111	5,055	5,020	74	315,227
					2,177	102,887
	20,120					163,830
				3,358		26,187
-	20,120	-	-	3,358	2,177	292,904
124	48,941	1,111	5,055	1,662	(2,103)	22,323
		11,552				75,589
(61,309)	(42,480)	(129,061)				(247,800)
(61,309)	(42,480)	(117,509)	-	-	-	(172,211)
(61,185)	6,461	(116,398)	5,055	1,662	(2,103)	(149,888)
61,185	39,022	384,063	18,834	1,798	29,150	778,700
$ -	$ 45,483	$ 267,665	$ 23,889	$ 3,460	$ 27,047	$ 628,812

REPORT TO COLFAX CITY COUNCIL

Agenda Item No.
9A

COUNCIL MEETING OF January 9, 2012

To:	Honorable Mayor and Members of the City Council
From:	Bruce Kranz, City Manager
Date:	December 27, 2013
Subject:	Consideration of Adoption of Resolution No. 1-2013: A Resolution of the City Council of the City of Colfax Adopting a Revised City of Colfax Regulatory Fee Schedule

Recommended Action: Adopt Resolution No. 1-2013

ISSUE STATEMENT AND DISCUSSION:

On March 9, 2011, the City Council adopted Resolution No. 18-2011 which established the rates charged to land use and other applicants to reimburse the City for the cost it incurs when processing applications. Resolution 18-2011 instituted reimbursement rates for Planning Services, the City Engineer, Land Use Attorney, City Manager, Community Services Director and Office Staff.

Resolution 18-2011 specified a rate of $226 per hour for the City Engineer but not for engineering services provided by other members of the City Engineer's firm. Engineering services for processing land use and other applications are usually provided by engineering professionals from the City Engineer's office other than the City Engineer. The proposed resolution includes rates for services provided by the Senior Engineer ($206 per hour), Project Engineer ($164 per hour) and Engineering Intern ($55 per hour). If adopted, this Resolution will reduce the rates charged to applicants to reimburse the City for engineering services provided by other than the City Engineer. All other rates established by Resolution 18-2011 will remain unchanged.

This Resolution was initially scheduled for public hearing on December 12, 2012. It was postponed to January 9, 2013 so it could be considered after a fifth member of the Council was appointed and to give the new members of the Council adequate opportunity to consider the matter before taking formal action to approve or disapprove it. Notice of the postponed hearing was posted and provided as required by law.

FINANCIAL AND/OR POLICY IMPLICATIONS:

This Resolution, if adopted, will likely reduce the amount of reimbursement the City will receive for the cost of engineering services incurred in conjunction with processing land use and other applications but it creates a rate and reimbursement structure that more fairly charges City costs to applicants.

City of Colfax

Resolution No. 01-2012

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLFAX ADOPTING A REVISED CITY OF COLFAX REGULATORY FEE SCHEDULE

Whereas, on March 9, 2011, the City Council of the City of Colfax adopted its Resolution 18-2011 whereby it approved and adopted a schedule of regulatory fees therein referred to as "Charge Out Rates"; and

Whereas, the regulatory fees and charge out rates adopted on March 9, 2011 did not exceed the estimated reasonable cost of providing the service or regulatory act for which the fee was established and charged; and

Whereas, the City has negotiated modifications to and reductions in some of its fees and can therefore reduce some of the fees and costs charged to members of the public; and,

Whereas, the Regulatory Fee Schedule below includes fees at rates necessary to reimburse costs incurred by the City in timely processing land use and other applications; and,

Whereas, the Regulatory Fee Schedule below contains rates which do not exceed the estimated reasonable cost of providing the services or regulatory act for which the fee is established and shall be charged; and

Whereas, notice of a public hearing on the proposed Regulatory Fee Schedule below was published in accordance with California Government Code §6062a for at least ten days before the date of the public hearing that preceded the adoption of this Resolution; and

Whereas, the public hearing which was initially scheduled for December 12, 2012 was duly postponed to January 9, 2013 and notice thereof was given as required by law; and

Whereas, a public hearing pursuant to that notice was duly and regularly conducted by the City Council of the City of Colfax on January 9, 2013 ; and

Whereas, the City Council finds and determines that the proposed Regulatory Fee Schedule is consistent with the City's General Plan, and pursuant to Government Code Section 65913.2 has considered the effects of these fees with respect to the City's housing needs as established in the Housing Element of the General Plan.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Colfax as follows:

1. The foregoing recitals are true and correct statements of fact and are hereby incorporated into this Resolution.

2. The Regulatory Fee Schedule below is hereby adopted in its entirety and shall remain in effect until changed by subsequent resolution, ordinance or other action of the City Council.

Staff	Direct Hourly Rate	Indirect Costs	Charge Out Rate
Planning			
Land Use Attorney	$225	37%	$308
Planning Director	$200	37%	$274
Senior Planner	$125	37%	$171

Planner	$65	37%	$89
Engineering			
City Engineer	$165	37%	$226
Senior Engineer	$150	37%	$206
Project Engineer	$120	37%	$164
Engineer Intern	$40	37%	$55
City Manager	$78	37%	$107
Community Services Director	$40	37%	$55
Office Staff/Administrative	$25	37%	$34

3. For services requested of City staff for which no fee is listed in the above Regulatory Fee Schedule, the City Manager or his/her designee shall determine the appropriated fee based upon the fully burdened hourly rates for staff time involved in the service or activity.

The foregoing Resolution was duly and regularly passed and adopted at a regular meeting of the City Council of the City of Colfax held on the 9th day of January, 2013 by the following roll call vote:

Ayes:
Noes:
Absent:
Abstain:

Donna Barkle, Mayor

ATTEST:

Karen Pierce, City Clerk

REPORT TO COLFAX CITY COUNCIL

CITY OF COLFAX

Agenda Item No.

10A

COUNCIL MEETING OF January 9, 2013

To:	Honorable Mayor and Members of the City Council
From:	Bruce Kranz, City Manager
Prepared By:	Alan Mitchell, City Engineer
Date:	January 9, 2013
Subject:	Consideration of Adoption of Resolution No. 02-2012: A Resolution of the City Council of the City of Colfax Authorizing City Manager to Execute a Consultant Services Agreement with Miracle Play Systems for the Water Splash Play Area, Project No 12-02

Recommended Action: Staff recommends the City Council Adopt Resolution No. 02-2013

ISSUE STATEMENT AND DISCUSSION: The City of Colfax received Prop. 40 Per Capita Grant Program funds and a Parks Grant from Placer County, to construct a Water Splash Park on a portion of the pool property at the Colfax Regional Park. The project consists of splash play equipment with concrete pad, and miscellaneous plumbing, electrical, and site work.

The City Engineer prepared and issued a Request for Proposals on September 26, 2012, to solicit proposals from qualified contractors to deliver a turn-key project to the City for the installation of the new splash play area. On October 11th a mandatory pre-proposal meeting was held to inspect the site with the contractors, and to discuss project-specifics. On November 29th the City received three Proposals: Miracle Play Systems, California Waterscape, and Blanchard Construction.

A panel consisting of Bruce Kranz – City Manager, Gabe Armstrong – Community Services Director, and Alan Mitchell – City Engineer reviewed the Proposals, using the following criteria:

1. Adequately satisfy the city of team's expertise in executing the proposed project.
2. Pricing of overall project.
3. Ability to provide the services in accordance with the proposed schedule.
4. Proposed layout of splash play/pad area.

Based on the review, the three panel members ranked the three teams in the following order:

1. Miracle Play Systems
2. California Waterscape
3. Blanchard Construction

The panelists agreed that Miracle Play Systems will provide the most qualified and cost-effective team. Therefore, staff recommends the City Manager negotiate a contract with them within the available budget.

The proposed schedule shows completion within 10 weeks, but weather will be a factor with installation of the equipment and concrete pad.

ALTERNATIVES: None recommended by staff.

FINANCIAL AND/OR POLICY IMPLICATIONS: Contract costs are funded from the Prop. 40 Grant and Placer County Parks Grant, which budgeted $130,000 for installation of the Splash Play Area. Staff will meet with Miracle to negotiate the splash play elements for the final contract scope of work afforded within the not to exceed amount of $130,000.

Attachments: Miracle Splash Play proposed layout
Resolution No. 02-2013

Proposed Equipment Recommendation

CITY OF COLFAX

RESOLUTION NO. 02-2013

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLFAX AUTHORIZING CITY MANAGER TO EXECUTE A CONSULTANT SERVICES AGREEMENT WITH MIRACLE PLAY SYSTEMS FOR THE WATER SPLASH PLAY AREA, PROJECT NO 12-02

WHEREAS, the City of Colfax received Prop. 40 Per Capita Grant Program funds to construct a Water Splash Park on a portion of the pool property at the Colfax Regional Park, and;

WHEREAS, the City Engineer issued a Request for Proposals on September 26, 2012 to solicit proposals from qualified contractors to deliver a turn-key project to the city for installation of a new Water Splash play area; and,

WHEREAS, On November 29, 2012, the city received three responses that were reviewed and scored by staff; and,

WHEREAS, based on review Miracle Play Systems by consensus ranked as best choice; and,

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Colfax hereby authorizes 1) the City Manager to execute a construction contract with Miracle Play Systems for the Water Splash Play area, Project No. 12-02; and 2) expenditures to said contractor not to exceed $130,000.

PASSED AND ADOPTED, this 9th day of January, 2013, by the City Council of the City of Colfax, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Donna Barkle, Mayor

ATTEST:

_____
Karen Pierce, City Clerk

REPORT TO COLFAX CITY COUNCIL

Agenda Item No.
10B

COUNCIL MEETING OF January 9, 2013

To:	Honorable Mayor and Members of the City Council
From:	Bruce Kranz, City Manager
Prepared By:	Alan Mitchell, City Engineer
Date:	January 9, 2013
Subject:	Consideration of Adoption of Resolution No. 03-2012: A Resolution of the City Council of the City of Colfax Authorizing City Manager to Execute a Consultant Services Agreement with Ferguson Family Enterprises, Inc.,dba Gray Electric Company for the New Ballfield Lighting, Project No. 12-03

Recommended Action: Staff recommends the City Council Adopt Resolution No. 03-2012.

ISSUE STATEMENT AND DISCUSSION: The City of Colfax received Prop. 40 Per Capita Grant Program funds to renovate the lighting and electrical system, and replace the fence and backstop of the Little League ballfield at the Colfax Regional Park. The top priority is the lighting and the project consists of demolition and disposal of existing lights, installation of new Musco poles and lights, installation of a new electrical service, wiring and controls for the new lights, and retrofit of the existing electrical system to power existing ancillary uses.

On November 14, 2012, Council adopted Resolution 43-2012, to enter into a cooperative purchase agreement to procure the Musco poles and lights. The Musco equipment will be fabricated and delivered under the agreement. Installation of the equipment will be under the contract discussed below.

The City Engineer prepared and issued a Request for Proposals on November 5, 2012, to solicit proposals from CA licensed electrical contractors/engineers to deliver a turn-key project to the City for the installation of the new ballfield lights. On November 14th a mandatory pre-proposal meeting was held to inspect the site with the contractors and engineers, and to discuss project-specifics. On December 7th the City received two Proposals: Boson Engineering and Gray Electric.

A panel consisting of Gabe Armstrong – Community Services Director, Alan Mitchell – City Engineer, and Mike Henrichs – Sierra Foothill Little League reviewed the Proposals, using the following criteria:

1. Adequately satisfy the city of team's expertise in executing the proposed project.
2. Pricing of overall project.
3. Ability to provide the services in accordance with the proposed schedule.
4. DBE participation.
5. Meeting all required insurance requirements in attached Contract.

Based on the review, the three panel members agreed that Gray Electric provides the most qualified and cost-effective team. Therefore, staff recommends the City Manager negotiate a contract with them within the available budget.

The proposed schedule shows completion before opening day of Little League, but weather will be a factor with installation of the light poles and transformer pad.

ALTERNATIVES: None recommended by staff.

FINANCIAL AND/OR POLICY IMPLICATIONS: Contract costs are funded from the Prop. 40 Grant, which budgeted $168,000 for purchase and installation of the lights, and a new backstop and fencing. The Bid Sheet from Gray's Proposal included a breakdown of work items, to allow the City flexibility in awarding work items afforded within the budget. Staff and Little League representatives will meet with Gray Electric to negotiate the final contract scope of work afforded within a not to exceed amount of $70,000. The balance of Grant Funds will be applied to the backstop and fencing.

Attachments: Gray Electric Price Sheet
Resolution No. 03-2013

EXHIBIT A (Addendum No. 1)
PRICE SHEET
(This is NOT an order)

COLFAX PROP 40 PROJECT
PROJECT NO. 12-03
NEW BALL FIELD LIGHTING ~ DESIGN AND CONSTRUCTION

THESE TWO SHEETS MUST BE SUBMITTED WITH THE PROPOSAL

DESCRIPTION	*UNITS*	*PRICE*
Design and Permitting Contractor shall prepare design drawings for review/permit approval, for a ball field lighting system.	LS	$ 6,400.00
Pre-Selected Ball Field Lighting System Coordination, Unloading, Storage and Installation of Pre-Selected Musco Ball Field Lighting System.	LS	$ 15,845.00
Electrical Demolition Contractor shall provide labor, materials and equipment to disconnect, safe-off, and remove electrical wiring to existing sports lights. All materials will be removed from the site and legally disposed of.	LS	$ 2,225.00
Pole Demolition (Provide a Price for each Option) Option A: Contractor shall provide labor, materials and equipment to demo and remove existing light poles, including fixtures, with the exception of (2) poles on the third base line that shall be topped above the existing security lights. All materials will be removed from the site and legally disposed of.	LS	$ 11,835.00
Option B: Contractor shall provide labor, materials and equipment to demo and remove existing light poles, including fixtures. All materials will be removed from the site and legally disposed of.	LS	$ 12,390.00
Electrical Services (Provide a Price for each Option) Option A: Contractor shall provide labor, materials and equipment to install new underground electrical service, service panel, wiring, and controls to power the new lights, and retrofit the existing 120/240 electrical system to power existing uses affected by the light change. The overhead services to the existing security lights along the third base line and the restroom service shall be modified and reconnected	LS	$ 27,675.00
Option B: Contractor shall provide labor, materials and equipment to install new underground electrical service, service panel, wiring, and controls to power the new lights, and all existing 120/240 electrical system to power existing uses affected by the light change, including the restroom and new security light. Work shall include mounting one Auxiliary Bracket and Security Light (existing street light) on Pole A1.	LS	$ 31,225.00

Additional Conduits Install two 2-inch conduits (power and low voltage), with pull-ropes, to the corner of the outfield fence (right field) for future feed (by others) of existing facilities.	LS	$ 3,785.00

DESIGN AND PERMITTING: 30 **CALENDAR DAYS**
FABRICATION AND DELIVERY: 30 **CALENDAR DAYS**
INSTALLATION AND STARTUP: 30 **CALENDAR DAYS**

EXHIBIT A (Addendum No. 1) (Continued)
SIGNATURE PAGE

COLFAX PROP 40 PROJECT
PROJECT NO. 12-03
NEW BALL FIELD LIGHTING ~ DESIGN AND CONSTRUCTION

DATE: 12/7/12

COMPANY: Ferguson Family Enterprises, Inc dba Gray Electric Company

ADDRESS: 12911 Loma Rica Drive
Grass Valley, CA 95945

TELEPHONE NO.: (530) 273-0686

CONTRACTOR'S LICENSE NUMBER(S): 585679

The undersigned agrees to the terms and conditions and is an authorized representative of the company listed above.

SIGNATURE:

PRINTED NAME: Travis Baker

TITLE: General Manager

CITY OF COLFAX

RESOLUTION NO. 03-2013

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLFAX AUTHORIZING CITY MANAGER TO EXECUTE A CONSULTANT SERVICES AGREEMENT WITH FERGUSON FAMILY ENTERPRISES, INC.,DBA GRAY ELECTRIC COMPANY FOR THE NEW BALLFIELD LIGHTING, PROJECT NO. 12-03

WHEREAS, the City of Colfax received Prop. 40 Per Capita Grant Program funds to renovate the lighting and electrical system and replace the fence and backstop of the Little League ballfield at the Colfax Regional Park, and;

WHEREAS, the City Engineer issued a Request for Proposals on November 5, 2012 to solicit proposals from CA licensed Electrical contractors/Engineers to deliver a turn-key project to the city for installation of the new Ballfield Lights; and,

WHEREAS, On December 7, 2012, the city received two responses that were reviewed and scored by staff; and,

WHEREAS, based on review Gray Electric by consensus ranked as best choice; and,

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Colfax hereby authorizes 1) the City Manager to execute a construction contract with Gray Electric for the Ballfield Lights, Project No. 12-03; and 2) expenditures to said contractor not to exceed $70,000.

PASSED AND ADOPTED, this 9th day of January, 2013, by the City Council of the City of Colfax, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Donna Barkle, Mayor

ATTEST:

_____
Karen Pierce, City Clerk

REPORT TO COLFAX CITY COUNCIL

CITY OF COLFAX

Agenda Item No.

10D

COUNCIL MEETING OF January 9, 2013

To:	Honorable Mayor and Members of the City Council
From:	Sergeant Ty Conners, Colfax Station Commander
Date:	January 4, 2013
Subject:	Discussion and Consideration of Placer County Sheriff's Department moving into the Old Court House at 10 Culver St.

Recommended Action: Approve Sergeant Conners to move forward with renovations to Court House, with no expense to the City for renovations and possibly amend the contract with PCSO to include the new location.

ISSUE STATEMENT AND DISCUSSION:
Sergeant Conners will be presenting to council a proposal to move the Colfax Substation into the Old Court House. Placer County Sheriff's Department has received funding in the amount of $15,000 for renovations. Sgt. Conners believes that that this move will be a positive move for not only the deputies working in the Colfax area, but also for the City. There will be increased visibility and pride in ownership of the city having an independent Law Enforcement office.

FINANCIAL AND/OR POLICY IMPLICATIONS:

There will be no expenses to the city for initial renovations to the building. The city will continue to assume responsibility for maintenance and utilities.

REPORT TO COLFAX CITY COUNCIL

CITY OF COLFAX

Agenda Item No.

10E

COUNCIL MEETING OF January 9, 2012

To:	Honorable Mayor and Members of the City Council
From:	Alfred A. Cabral, City Attorney
Date:	December 27, 2013
Subject:	Consideration of Adoption of Resolution No. 04-2013: A Resolution of the City Council of the City of Colfax Amending Its Conflict Of Interest Code

Recommended Action: Adopt Resolution No. 04-2013

ISSUE STATEMENT AND DISCUSSION:

The City of Colfax is required by the Political Reform Act of 1974 (Government Code §87100 et seq) to adopt and implement a conflict of interest code. The regulations implementing the Political Reform Act allow the City to adopt a model conflict of interest code instead of preparing its own. See California Code of Regulations Title 2, Division 6, Chapter 7, Article 2 §18730 ("2 CCR 18730"). On July 23, 2002, the City Council adopted Resolution 44-2002 whereby it adopted a model conflict of interest code as allowed by 2 CCR 18730. A copy of Resolution 44-2002 is attached.

The law establishes essentially two groups of individuals who are required to file disclosures of possible conflicts of interest. The first category is commonly known as §87200 filers because they are required to file disclosures under Government Code §87200. This category includes the mayor, City Council members, planning commissioners, the City Manager, City Attorney, City Treasurer and other City employees and consultants who manage public investments.

The second group is commonly referred to as "designated employees" and consists of individuals required to file financial disclosures because they make or participate in making decisions which may foreseeably have a material effect on their financial interests. The Council by resolution identifies the designated employee positions and determines by category the financial interests that each position must disclose.

The Council is required to periodically review its conflict of interest code, update the list of designated employees and make adjustments to the disclosure categories. This is technically supposed to be done every two years but has not been done in Colfax since 2002. The changes are ministerial and reflect the positions that have been added, deleted and renamed.

The disclosure categories adopted by Colfax and attached as Appendix B to Resolution 44-2002 are voluminous and seem to target specific types of business while eliminating others. For example,

Category 5 pertains to "book outlets, vendors or providers of business services". Category 6 applies to "construction, building or material supply", Category 7 to "solar energy systems", Category 8 to "construction or development", Category 9 to "construction of public works projects", Category 10 to "construction companies involved in progress payments", Category 11 to "construction projects subject to acceptance by the City Council", Category 12 to companies that "provide bids, supplies, vehicles and equipment", Category 13 to "training, services or facilities", Category 14 to "emergency services coordination and training", Category 15 to "monetary settlements and employer-employee training", Category 16 to "medical services of (sic) facilities, Category 17 to "eye examinations and eyeglasses", Category 18 to "supplying or manufacturing electronic equipment, supplies or services", Category 19 to companies "providing supplies, services, equipment or machinery", Category 20 to "employment or pre-employment services" and Category 21 to "employee insurance coverage and/or actuarial services."

The California Fair Political Practices Commission developed model disclosure categories that are both comprehensive and simple. The Council can replace Appendix B to Resolution 44-2002 with the following. Doing so will not diminish the financial disclosure obligations of any designated employee and will actually expand those obligations by including sources of income pertaining to license and permit applications:

"EXHIBIT B

DISCLOSURE CATEGORIES

1. Full Disclosure. All interests in real property in the City of Colfax, as well as investments, business positions and sources of income, including gifts, loans and travel payments.

2. Full Disclosure Excluding Interests In Real Property. All investments, business positions and sources of income including gifts, loans and travel payments.

3. Interests in Real Property. All interests in real property in the City of Colfax.

4. Contracting. All investments, business positions and income, including gifts, loans and travel payments, from sources that provide leased facilities, goods, equipment, vehicles, machinery or services, including training or consulting services, of the type used by the City of Colfax.

5. Regulatory, Permit or Licensing. All investments, business positions and income, including gifts, loans and travel payments, from sources that are subject to the regulatory, permit or licensing authority of, or have an application for a license or permit pending before the City of Colfax."

Staff recommends that the Council adopt Resolution 04-2013 amending its conflict of interest code. Staff is available to answer any questions or concerns the Council may have.

FINANCIAL AND/OR POLICY IMPLICATIONS:

There are no financial implications. Adopting the proposed Resolution will in some respects reaffirm and expand the Council's policy of full financial disclosure and maintenance of independent, impartial and responsible public officials and the other policy declarations in Colfax Municipal Code Chapter 2.44 in general and §2.44.010 in particular.

City of Colfax

RESOLUTION NO. 04 -2013

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLFAX, CALIFORNIA, AMENDING ITS CONFLICT OF INTEREST CODE

WHEREAS, The City of Colfax has duly adopted a Conflict of Interest Code as required by law on July 23, 2002 pursuant to City Resolution 44-2002; and

WHEREAS, California Government Code §87306.5 requires that in each even-numbered year cities review their adopted Conflict of Interest Code and submit an amended Conflict of Interest Code in accordance with California Government Code §§87302(a) and 87303 if necessitated by changed circumstances; and

WHEREAS, it is necessary to amend the Colfax Conflict of Interest Code to amend the list of individuals required to disclose economic interests under it and to revise the disclosure categories to incorporate the model disclosure categories prepared by the State of California Fair Political Practices Commission; and

WHEREAS, a public notice of the proposed amendments was duly posted and provided to the affected employees and allowed sufficient time for the public and employees to provide meaningful comments

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Colfax, California as follows:

1. The amendments to the Conflict of Interest Code of the City of Colfax attached to this Resolution are hereby approved.

2. The rest of the City of Colfax Conflict of Interest Code shall be and remain in full force and effect subject to said amendments. For purposes of convenience, the following paragraphs 3 through 6, inclusive, repeat the same provisions of Resolution 44-2002 pursuant to which the City's Conflict of Interest Code was adopted on July 23, 2002.

3. The terms of the Model Conflict of Interest Code prepared by the California Fair Political Practices Commission and set forth at Title 2, California Code of Regulations, Section 18730 and any amendments to that section which may be duly adopted by the Fair Political Practices Commission (hereafter "Section 18730") is hereby adopted by reference as the Conflict of Interest Code of the City of Colfax.

4. The list of designated employees contained in Appendix "A" to this Resolution and the list of disclosure categories contained in Appendix "B" to this Resolution are hereby adopted as the relevant Appendices referred to in subdivisions (b)(2) and (3) of section 18730.

5. Designated employees and individuals required to disclose their economic interests pursuant to Government Code Section 87200, shall file statements of economic interests with the City Clerk, who shall make the statements available for public inspection and reproduction.

6. Upon receipt of the statements of the Mayor and members of the City Council, the City Manager, the City Treasurer, the City Attorney and the members of the Planning Commission, the City Clerk shall make and retain a copy and forward the original of these statements to the offices of the Fair Political Practices Commission. Statements for all other designated employees shall be retained by the City Clerk.

The foregoing Resolution was duly and regularly passed and adopted at a regular meeting of the City Council of the City of Colfax held on the 9th day of January, 2013 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

_____
Donna Barkle, Mayor

ATTEST:

_____
Karen Pierce, City Clerk

Conflict of Interest Code for

The City of Colfax

The Political Reform Act of 1974 (Government Code Section 81000 et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes.

The Fair Political Practices Commission ("FPPC") had adopted a regulation (2 Cal. Code of Regs. 18730) which contains the terms of a standard conflict of interest code which may be incorporated by reference in an agency's code, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act, following public notice and hearings.

Therefore, the terms of 2 Cal. Code of Regs. 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This Resolution and the attached Appendixes designating officials and employees and establishing disclosure categories shall constitute the Conflict of Interest code for the City of Colfax.

Designated employees shall file statements of economic interests with the City of Colfax. The City of Colfax shall make all statements available for public inspection and reproduction, pursuant to Government Code section 81008.

CITY OF COLFAX
CONFLICT OF INTEREST CODE
APPENDIX "A"

LIST OF DESIGNATED EMPLOYEES

The following is a listing of those persons who are required to submit Statements of Economic Interests pursuant to the Political Reform Act of 1974, as amended, excluding those persons who are already required to file the Form 700 pursuant to Government Code §87200. Designated employees shall file statements of economic interests with the City Clerk.

1. Members of Boards and Commissions who are required to file Form 700:

Citizen Boards/Commissions:	Disclosure Category:
Economic Development Commission Design Review Commission Ad-Hoc Finance Committee Parks & Recreation Commission All other Boards & Commissions	All Boards and Commissions are Category 1 filers

2. Persons occupying any of the following designated positions are required to file Form700:

Department:	Position:	Disclosure Category:
Administrative	Small Cities Organized Risk Group Effort Board of Directors	1
	City Clerk	1
Finance	City Accountant	1
Planning	Planning Director	1
Public Works	City Engineer	1
	Community Services Director	1
Building	Community Services Director	1
Police/Fire	Police Chief	1
	Fire Chief	1
Consultants		1

Notes:

1. Consultants. 2 Cal.Code Regs. §18701(a)(2) defines "consultant" as an individual who pursuant to a contract with a state or local government agency:

(A) Makes a government decision whether to:
- (i) Approve a rate, rule or regulation;
- (ii) Adopt or enforce a law;
- (iii) Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
- (iv) Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract that requires agency approval;
- (v) Grant agency approval to a contract that requires approval and to which the agency is a party, or to the specifications for such a contract;
- (vi) Grant agency approval to a plan, design, report, study, or similar item;
- (vii) Adopt, or grant agency approval of, policies, standards, or guidelines for the agency, or for any subdivision thereof; or

(B) Serves in a staff capacity with the agency and in that capacity participates in making a governmental decision as defined in regulation 18702.2 or performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's Conflict of Interest Code.

The disclosure required of consultants shall be determined on a case by case basis by the City Manager in consultation with the City Attorney. The City Manager may make a determination as to what disclosure, if any, is required by any particular consultant. The City Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

EXHIBIT B

DISCLOSURE CATEGORIES

1. Full Disclosure. All interests in real property in the City of Colfax, as well as investments, business positions and sources of income, including gifts, loans and travel payments.

2. Full Disclosure Excluding Interests In Real Property. All investments, business positions and sources of income, including gifts, loans and travel payments.

3. Interests in Real Property. All interests in real property in the City of Colfax.

4. Contracting. All investments, business positions and income, including gifts, loans and travel payments, from sources that provide leased facilities, goods, equipment, vehicles, machinery or services, including training or consulting services, of the type used by the City of Colfax.

5. Regulatory, Permit or Licensing. All investments, business positions and income, including gifts, loans and travel payments, from sources that are subject to the regulatory, permit or licensing authority of, or have an application for a license or permit pending before the City of Colfax.

RESOLUTION NO. 44- 2002

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLFAX, CALIFORNIA, ADOPTING THE CONFLICT OF INTEREST CODE FOR THE CITY OF COLFAX

WHEREAS, Chapter 7 of the Political Reform Act of 1974, as amended (Government Code §87100 et seq.) requires every state and local agency to adopt and promulgate a Conflict of Interest Code pursuant to its provisions; and

WHEREAS, it is necessary to amend the Conflict of Interest Code to amend the list of individuals required to disclose economic interests under the conflict of Interest Code and to make certain other revisions to the Code; and

WHEREAS, a public notice was duly posted with adequate notice.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the City Council of the City of Colfax, California as follows:

1. The terms of the model Conflict of Interest Code prepared by the California Fair Political Practices Commission and set forth at Title 2, California Code of Regulations, Section 18730 and any amendments to that section which may be duly adopted by the Fair Political Practices Commission (hereafter "Section 18730"), is hereby adopted by reference as the Conflict of Interest Code of the City of Colfax.

2. The list of designated employees contained in Appendix "A" to this Resolution and the list of disclosure categories contained in Appendix "B" to this Resolution are hereby adopted as the relevant Appendices referred to in subdivisions (b)(2) and (3) of section 18730.

3. Designated employees and individuals required to disclose their economic interests pursuant to Government Code Section 87200, shall file statements of economic interests with the City Clerk, who shall make the statements available for public inspection and reproduction.

4. Upon receipt of the statements of the Mayor and members of the City Council, the City Manager, the City Treasurer, the City Attorney and the members of the Planning Commission, the City Clerk shall make and retain a copy and forward the original of these statements to the offices of the Fair Political Practices Commission. Statements for all other designated employees shall be retained by the City Clerk.

The City Clerk shall certify the passage and adoption of Resolution No. 44-2002 Adopting the Conflict of Interest Code for the City of Colfax, and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of the City of Colfax, California, this 23rd day of July, 2002, by the following vote:

AYES: Councilpersons Gieras, Blackmun, Kellams and Mayor Pro-Tem Brown
NOES: None
ABSTAIN: None
ABSENT: Mayor Gard

Mayor Pro-Tem, Randy Brown

ATTEST:

Terese Ramsey
City Clerk, Terese Ramsey

Conflict of Interest Code for The City of Colfax

The Political Reform Act (Government Code Section 81000 et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes.

The Fair Political Practices Commission ("FPPC") had adopted a regulation (2 Cal. Code of Regs. 18730) which contains the terms of a standard conflict of interest code which may be incorporated by reference in an agency's code, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act, following public notice and hearings.

Therefore, the terms of 2 Cal. Code of Regs. 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This regulation and the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the conflict of interest code for the City of Colfax.

Designated employees shall file statements of economic interests with the City of Colfax. The City of Colfax shall make all statements available for public inspection and reproduction, pursuant to Government Code section 81008.

CITY OF COLFAX
CONFLICT OF INTEREST CODE
APPENDIX "A"

LIST OF DESIGNATED EMPLOYEES

The following is a listing of those persons who are required to submit Statements of Economic Interests pursuant to the Political Reform Act of 1974, as amended, excluding those persons who are already required to file the Form 700 pursuant to Government Code §87200. Designated employees shall file statements of economic interests with the City Clerk.

1. Members of Boards and Commissions required to file Form 700:

Citizen Boards/Commissions:	Disclosure Category:
Economic Development Commission Design Review Commission Ad-Hoc Finance Committee	All Boards and Commissions are Category 1 filers

2. Persons occupying any of the following designated positions are required to file Form 700:

Department:	Position:	Disclosure Category:
Administrative	Small Cities Organized Risk Group Effort Board of Directors	1
	City Clerk	1
Finance	City Accountant	1
Planning	Planning Director	1
Public Works	City Engineer	1
	Public Works Director	1
Building	Building Official	1
	Code Compliance Coordinator	3, 6, 8 & 12
Police/Fire	Police Chief	1
	Fire Chief	1
Consultants		1

Notes:

1. Consultants. 2 Cal.Code Regs. §87100(a)(2) defines "consultant" as an individual who pursuant to a contract with a state or local government agency:

(A) Makes a government decision whether to:
- (i) Approve a rate, rule or regulation;
- (ii) Adopt or enforce a law;
- (iii) Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
- (iv) Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval;
- (v) Grant agency approval to a contract which requires approval and in which the agency is a party or to the specifications for such a contract;
- (vi) Grant agency approval to a plan, design, report, study, or similar item; or
- (vii) Adopt, or grant agency approval of, policies, standards, or guidelines for the agency, or for any subdivision thereof.

(B) Serves in a staff capacity with the agency and in that capacity performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency's Conflict of Interest Code.

The disclosure required of consultants shall be determined on a case by case basis by the City Manager in consultation with the City Attorney. The City Manager may make a determination as to what disclosure, if any, is required by any particular consultant.

CITY OF COLFAX
CONFLICT OF INTEREST CODE
APPENDIX "B"

DISCLOSURE CATEGORIES

Definition:

"Unit" as used in this text means the particular department, board, commission, office or other entity using the disclosure category.

Disclosure Category:

1. All investments and business positions in business entities, sources of income, and interests in real property.

2. Investments and business positions in business entities, and all sources of income.

3. Interests in real property.

4. Investments and business positions in, and sources of income from, business entities providing supplies, services, equipment or machinery of the type used by the designated employee's unit.

5. Investments and business positions in, and income from, business entities which are book outlets, vendors or providers of business services.

6. Investments and business positions in, and income from, business entities engaged in construction, building, or material supply.

7. Investments and business positions in, and income from, business entities which supply or manufacture solar energy systems.

8. Investments and business positions in, and income from, business entities engaged in construction or development.

9. Investments and business positions in, and income from, business entities engaged in the construction of public works projects.

10. Investments and business positions in, and income from, construction companies involved in progress payments.

11. Investments and business positions in, and income from, construction firms involved in construction projects subject to acceptance by the City Council.

12. Investments and business positions in business entities and income from business entities of the type to provide bids, supplies, vehicles and equipment.

13. Investments and business positions in, and income from, entities which provide training, services or facilities of the type utilized by the City.

14. Investments and business positions in business entities and source of income which provide services and supplies of the type used in emergency services coordination and training activities.

15. Investments and business positions in, and income from, Union Pension funds that may be affected by the outcome of negotiations involving monetary settlements and employer-employee memorandums.

16. Investments and business positions in, and income from, entities providing medical services of facilities of the type used by the City.

17. Investments and business positions in, and income from, business entities engaged in providing eye examinations and eye glasses, including, but not limited to, opticians, ophthalmologists, etc.

18. Investments and business positions in, and income from, business entities supplying or manufacturing electronic equipment, supplies or services of the type utilized by the employee's unit.

19. Investments and business positions in, and income from, business entities providing supplies, services, equipment or machinery of the type used by the City.

20. Investments and business positions in, and income from, employment agencies or entities which provide employment or pre-employment services. "Services" include, but are not limited to, testing, training, consulting, job classification studies and salary surveys.

21. Investments and business positions in, and income from, business entities which are of the type to provide any of the various types of employee insurance coverage and/or actuarial services.