



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## City of Colfax

For the period January 1, 2020 through December 31, 2022

*Published August 15, 2024*

Report No. 1035382



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**Office of the Washington State Auditor  
Pat McCarthy**

August 15, 2024

Mayor and City Council  
City of Colfax  
Colfax, Washington

**Report on Financial Statements**

Please find attached our report on the City of Colfax's financial statements.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### **City of Colfax January 1, 2020 through December 31, 2022**

Mayor and City Council  
City of Colfax  
Colfax, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Colfax, as of and for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated August 8, 2024.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

## **PURPOSE OF THIS REPORT**

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

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

August 8, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Colfax** **January 1, 2020 through December 31, 2022**

Mayor and City Council  
City of Colfax  
Colfax, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the City of Colfax, as of and for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements, as listed in the financial section of our report.

### **Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Colfax, and its changes in cash and investments, for the years ended December 31, 2022, 2021 and 2020, on the basis of accounting described in Note 1.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Colfax, as of December 31, 2022, 2021 and 2020, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

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

## **Matter Giving Rise to Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and



*Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

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

## **Supplementary Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the 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 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.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2024 on our consideration of the City's internal control over financial reporting and on the 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

August 8, 2024

## **FINANCIAL SECTION**

### **City of Colfax January 1, 2020 through December 31, 2022**

#### **FINANCIAL STATEMENTS**

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**City of Colfax**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>102 Parks</b>	<b>103 Hotel/Motel</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	4,013,879	1,204,856	213,309	228,678
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	1,872,876	1,292,276	203,589	57,550
320	Licenses and Permits	32,348	32,348	-	-
330	Intergovernmental Revenues	769,977	613,726	100,688	-
340	Charges for Goods and Services	1,524,327	8,463	17,705	-
350	Fines and Penalties	167,619	135,944	-	-
360	Miscellaneous Revenues	48,042	18,780	5,047	-
Total Revenues:		4,415,189	2,101,537	327,029	57,550
<b>Expenditures</b>					
510	General Government	224,534	224,534	-	-
520	Public Safety	888,743	888,743	-	-
530	Utilities	1,119,785	-	-	-
540	Transportation	245,363	-	-	-
550	Natural/Economic Environment	105,117	29,368	-	75,749
560	Social Services	205	205	-	-
570	Culture and Recreation	271,854	28,038	243,816	-
Total Expenditures:		2,855,601	1,170,888	243,816	75,749
Excess (Deficiency) Revenues over Expenditures:		1,559,588	930,649	83,213	(18,199)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	30,469	150	-	-
Total Other Increases in Fund Resources:		30,469	150	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	719,496	68,344	142,779	-
591-593, 599	Debt Service	57,147	4,473	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	29,445	29,445	-	-
Total Other Decreases in Fund Resources:		806,088	102,262	142,779	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>783,969</b>	<b>828,537</b>	<b>(59,566)</b>	<b>(18,199)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	210,479	-	-	210,479
50841	Committed	-	-	-	-
50851	Assigned	2,553,976	-	153,743	-
50891	Unassigned	2,033,393	2,033,393	-	-
<b>Total Ending Cash and Investments</b>		<b>4,797,848</b>	<b>2,033,393</b>	<b>153,743</b>	<b>210,479</b>

*The accompanying notes are an integral part of this statement.*

**City of Colfax**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>104 Streets</b>	<b>401 Water</b>	<b>402 Sewer</b>	<b>406 Stormwater</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	178,889	1,103,840	1,012,568	71,739
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	319,461	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	55,563	-	-	-
340	Charges for Goods and Services	-	745,933	684,363	67,863
350	Fines and Penalties	-	31,675	-	-
360	Miscellaneous Revenues	2,781	15,677	5,515	242
Total Revenues:		377,805	793,285	689,878	68,105
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	602,092	507,989	9,704
540	Transportation	245,363	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		245,363	602,092	507,989	9,704
Excess (Deficiency) Revenues over Expenditures:		132,442	191,193	181,889	58,401
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	30,319	-	-
Total Other Increases in Fund Resources:		-	30,319	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	42,500	429,891	35,982	-
591-593, 599	Debt Service	-	5,864	46,810	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		42,500	435,755	82,792	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>89,942</b>	<b>(214,243)</b>	<b>99,097</b>	<b>58,401</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	268,831	889,597	1,111,665	130,140
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>268,831</b>	<b>889,597</b>	<b>1,111,665</b>	<b>130,140</b>

*The accompanying notes are an integral part of this statement.*

**City of Colfax**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>102 Parks</b>	<b>103 Hotel/Motel</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	2,857,561	371,884	256,016	198,886
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	1,774,534	1,235,714	192,129	45,874
320	Licenses and Permits	44,869	44,869	-	-
330	Intergovernmental Revenues	807,750	650,741	99,571	-
340	Charges for Goods and Services	1,553,736	39,504	21,831	-
350	Fines and Penalties	90,787	86,281	-	-
360	Miscellaneous Revenues	67,584	3,026	13,230	-
Total Revenues:		4,339,260	2,060,135	326,761	45,874
<b>Expenditures</b>					
510	General Government	213,626	213,626	-	-
520	Public Safety	890,810	890,810	-	-
530	Utilities	1,017,126	-	-	-
540	Transportation	269,362	-	-	-
550	Natural/Economic Environment	63,181	47,099	-	16,082
560	Social Services	1,541	1,541	-	-
570	Culture and Recreation	274,743	13,840	260,903	-
Total Expenditures:		2,730,389	1,166,916	260,903	16,082
Excess (Deficiency) Revenues over Expenditures:		1,608,871	893,219	65,858	29,792
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	29,259	(35)	-	-
Total Other Increases in Fund Resources:		29,259	(35)	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	393,859	24,964	108,565	-
591-593, 599	Debt Service	58,203	5,498	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	29,750	29,750	-	-
Total Other Decreases in Fund Resources:		481,812	60,212	108,565	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>1,156,318</b>	<b>832,972</b>	<b>(42,707)</b>	<b>29,792</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	228,678	-	-	228,678
50841	Committed	-	-	-	-
50851	Assigned	2,580,345	-	213,309	-
50891	Unassigned	1,204,856	1,204,856	-	-
<b>Total Ending Cash and Investments</b>		<b>4,013,879</b>	<b>1,204,856</b>	<b>213,309</b>	<b>228,678</b>

*The accompanying notes are an integral part of this statement.*

**City of Colfax**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

		<b>104 Streets</b>	<b>401 Water</b>	<b>402 Sewer</b>	<b>406 Stormwater</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	80,183	1,024,622	909,848	16,122
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	300,817	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	57,438	-	-	-
340	Charges for Goods and Services	-	759,959	667,577	64,865
350	Fines and Penalties	-	4,506	-	-
360	Miscellaneous Revenues	9,813	23,520	17,950	45
Total Revenues:		368,068	787,985	685,527	64,910
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	549,609	458,224	9,293
540	Transportation	269,362	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		269,362	549,609	458,224	9,293
Excess (Deficiency) Revenues over Expenditures:		98,706	238,376	227,303	55,617
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	29,294	-	-
Total Other Increases in Fund Resources:		-	29,294	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	182,558	77,772	-
591-593, 599	Debt Service	-	5,894	46,811	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	188,452	124,583	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>98,706</b>	<b>79,218</b>	<b>102,720</b>	<b>55,617</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	178,889	1,103,840	1,012,568	71,739
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>178,889</b>	<b>1,103,840</b>	<b>1,012,568</b>	<b>71,739</b>

*The accompanying notes are an integral part of this statement.*

**City of Colfax**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>102 Parks</b>	<b>103 Hotel/Motel</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	2,861,662	204,751	238,261	169,118
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	1,624,601	1,136,327	176,640	34,150
320	Licenses and Permits	45,681	45,681	-	-
330	Intergovernmental Revenues	459,529	242,888	110,094	-
340	Charges for Goods and Services	1,439,592	21,677	3,860	-
350	Fines and Penalties	50,913	43,093	-	-
360	Miscellaneous Revenues	18,912	5,577	3,278	-
Total Revenues:		3,639,228	1,495,243	293,872	34,150
<b>Expenditures</b>					
510	General Government	222,143	222,143	-	-
520	Public Safety	918,341	918,341	-	-
530	Utilities	986,503	-	-	-
540	Transportation	303,922	-	-	-
550	Natural/Economic Environment	85,494	81,112	-	4,382
560	Social Services	-	-	-	-
570	Culture and Recreation	252,328	10,967	241,361	-
Total Expenditures:		2,768,731	1,232,563	241,361	4,382
Excess (Deficiency) Revenues over Expenditures:		870,497	262,680	52,511	29,768
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	158,300	158,300	-	-
Total Other Increases in Fund Resources:		158,300	158,300	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	821,205	251,976	34,754	-
591-593, 599	Debt Service	52,732	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	158,957	1,871	-	-
Total Other Decreases in Fund Resources:		1,032,894	253,847	34,754	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(4,097)</b>	<b>167,133</b>	<b>17,757</b>	<b>29,768</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	198,886	-	-	198,886
50841	Committed	-	-	-	-
50851	Assigned	2,286,791	-	256,016	-
50891	Unassigned	371,884	371,884	-	-
<b>Total Ending Cash and Investments</b>		<b>2,857,561</b>	<b>371,884</b>	<b>256,016</b>	<b>198,886</b>

*The accompanying notes are an integral part of this statement.*



**City of Colfax**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>104 Streets</b>	<b>401 Water</b>	<b>402 Sewer</b>	<b>406 Stormwater</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	47,501	1,206,914	998,591	(3,474)
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	277,484	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	101,507	3,024	2,016	-
340	Charges for Goods and Services	-	711,320	671,236	31,499
350	Fines and Penalties	-	7,820	-	-
360	Miscellaneous Revenues	2,221	4,218	3,464	154
Total Revenues:		381,212	726,382	676,716	31,653
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	501,427	473,017	12,059
540	Transportation	303,922	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		303,922	501,427	473,017	12,059
Excess (Deficiency) Revenues over Expenditures:		77,290	224,955	203,699	19,594
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	44,610	244,239	245,626	-
591-593, 599	Debt Service	-	5,922	46,810	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	157,086	-	-
Total Other Decreases in Fund Resources:		44,610	407,247	292,436	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>32,680</b>	<b>(182,292)</b>	<b>(88,737)</b>	<b>19,594</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	80,183	1,024,622	909,848	16,122
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>80,183</b>	<b>1,024,622</b>	<b>909,848</b>	<b>16,122</b>

*The accompanying notes are an integral part of this statement.*

**City of Colfax**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>Total for All Funds (Memo Only)</b>	<b>Custodial</b>
308	Beginning Cash and Investments	-	-
388 & 588	Net Adjustments	-	-
310-390	Additions	167,257	167,257
510-590	Deductions	166,527	166,527
	Net Increase (Decrease) in Cash and Investments:	730	730
508	Ending Cash and Investments	730	730

*The accompanying notes are an integral part of this statement.*

**City of Colfax**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

		<b>Total for All Funds (Memo Only)</b>	<b>Custodial</b>
308	Beginning Cash and Investments	26	26
388 & 588	Net Adjustments	-	-
310-390	Additions	149,237	149,237
510-590	Deductions	149,263	149,263
	Net Increase (Decrease) in Cash and Investments:	(26)	(26)
508	Ending Cash and Investments	-	-

*The accompanying notes are an integral part of this statement.*

**City of Colfax**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>Total for All Funds (Memo Only)</b>	<b>Custodial</b>
308	Beginning Cash and Investments	-	-
388 & 588	Net Adjustments	-	-
310-390	Additions	113,423	113,423
510-590	Deductions	113,397	113,397
	Net Increase (Decrease) in Cash and Investments:	26	26
508	Ending Cash and Investments	26	26

*The accompanying notes are an integral part of this statement.*

## **Notes to the Financial Statements**

### **For the year ended December 31, 2022**

#### **Note 1 - Summary of Significant Accounting Policies**

The City of Colfax was incorporated on 1873 and operates under the laws of the state of Washington applicable to a code city with a mayor-council form of government. The city is a general purpose local government and provides water, sewer and storm drainage utility services, street maintenance, public safety with police, fire and building inspection services, parks for quality of life and general administrative services.

The city reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

#### **Blended Component Unit**

The elected 7 member council of the City of Colfax serves in an ex-officio capacity as the board of the metropolitan park commissioners for the City of Colfax Metropolitan Park District. Although the District is legally separated from the City, the District is reported as if it were part of primary government because its sole purpose is to provide for management, maintenance and improvement of the parks and recreational facilities within the City of Colfax boundaries.

#### **A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

#### **GOVERNMENTAL FUND TYPES:**

##### **General Fund**

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the city also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets are long lived assets of the City of Colfax. Per federal guidance the Capital Asset threshold is \$5,000 with an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 25 days and is payable upon separation or retirement. Sick leave may be accumulated indefinitely. Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid. The cost for Compensated Absences for the city at 2022 year end is \$65,686.57.

F. Long-Term Debt

See Note 5, *Long-term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

Beginning and Ending Cash and Investments is reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the city council. When expenditures that meet restrictions are incurred, the city intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

Fund 103 Hotel/Motel	210,478.78	Statutory requirement from hotel/motel tax
Total Restricted Funds	\$ 210,478.78	

**Note 2 – Budget Compliance**

The city adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

<b>Fund</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Variance</b>
001 General Fund	1,460,413.00	1,273,147.00	187,266
102 Park Fund	389,635.00	386,600.00	3,035.00
103 Hotel/Motel Fund	85,000.00	75,749.00	9,251.00
104 Street Fund	323,679.00	287,862.00	35,817.00
401 Water Fund	1,174,375.00	1,037,848.00	136,527.00
402 Sewer Fund	723,397.00	590,782.00	132,615.00
406 Storm Water Fund	14,132.00	9,704.00	4,428.00
630 Metro Park Fund	85,904.00	85,330.00	574.00

**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

	<b>4,329,035.00</b>	<b>3,747,022.00</b>	<b>509,513.00</b>
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Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

**Note 3 – Deposits and Investments**

It is the city's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation. All investments are insured, registered or held by the city or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2022 are as follows:

<b>Type of Investment</b>	<b>City's own investments</b>	<b>Total</b>
L.G.I.P.	\$ 1,137,720.50	\$ 1,137,720.50
Bank Deposits	\$ 3,660,127.51	\$ 3,660,127.51
<b>Total</b>	<b>\$ 4,797,848.01</b>	<b>\$ 4,797,848.01</b>

**Investments in the State Local Government Investment Pool (LGIP)**

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0220, online at [www.tre.wa.gov](http://www.tre.wa.gov).

**Note 4 – Interfund Loans**



**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

Borrowing Fund	Lending Fund	Balance 1/1/2022	New Loans	Repayments	Balance 12/31/2022
General Fund	Water Fund	127,792.64	0	30,318.89	97,473.75

**Note 5 – Long Term Debt**

**Long Term Debt**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2022.

The debt service requirements for loans are as follows:

Year	Principal	Interest	Total
2022	\$ 51,719.43	\$ 926.43	\$ 52,645.86
2023	\$ 29,008.07	\$ 203.66	\$ 29,211.73
<hr/>			
Totals	\$ 80,727.50	\$ 1,130.09	\$ 81,857.59

**Note 6 – Pension Plans**

A. State Sponsored Pension Plans

Substantially all the city's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 1, PERS 2/3, LEOFF 1 and LEOFF 2.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Also, the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

The city also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington ACFR available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

At June 30, 2022 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1			
PERS 1 UAAL	\$27,839	0.004543%	126,494
PERS 2/3	\$45,895	0.005713%	(211,883)
LEOFF 1		0.002316%	(66,437)
LEOFF 2	\$17,152	0.008285%	(225,161)
VFFRPF		0.3300%	(93,648)

#### LEOFF Plan 1

The city also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

#### LEOFF Plan 2

The city also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

**Note 7 - Property Tax**

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by city. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The assessed value in the City of Colfax for property taxes is \$184,317,247 for 2022 with a levy rate of \$2.6036443496 per \$1,000.

The city's regular levy for the year 2022 was \$468,832.07.

**Note 8 – Risk Management**

The City of Colfax is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2022, there are 195 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property; including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection and Liability; including General, Automobile, and Wrongful Acts, which are included to fit member's various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to an aggregate limit of \$50,000,000 with a self-insured retention (SIR) of \$500,000. Members are responsible for a \$1,000 to \$50,000 deductible for each claim, while the program is responsible for the \$500,000 SIR. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$500,000 of the self-insured retention, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$7,110,058.

**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

Property insurance is subject to a per-occurrence SIR of \$500,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$500,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some member deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are Responsible for a \$10,000 deductible for each claim, while the program is responsible For the remaining \$40,000 SIR

Program Administrator: Clear Risk Solutions

Members contract to remain in the program for a minimum of one year, and must give notice before December 1 to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2022, were \$2,747,183.56.

**Note 9– Other Disclosures**

The City of Colfax is self-insured for unemployment claims. The city had no claims for the year ending 12/31/2022 in the amount of \$00.00. The City reviews the prior year claims and fiscal condition to determine the possible exposure.

**Note 10 – Other Disclosures**

**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

The City received the second half of Coronavirus Local Fiscal Recovery Fund distributions from the State as an NEU for the American Rescue Plan Act in the amount of \$400,856.00 on July 30, 2022. Plans are being formulated for the expenditure of these amounts.

## **Notes to the Financial Statements**

### **For the year ended December 31, 2021**

#### **Note 1 - Summary of Significant Accounting Policies**

The City of Colfax was incorporated on 1873 and operates under the laws of the state of Washington applicable to a code city with a mayor-council form of government. The city is a general purpose local government and provides water, sewer and storm drainage utility services, street maintenance, public safety with police, fire and building inspection services, parks for quality of life and general administrative services.

The city reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

#### **Blended Component Unit**

The elected 7 member council of the City of Colfax serves in an ex-officio capacity as the board of the metropolitan park commissioners for the City of Colfax Metropolitan Park District. Although the District is legally separated from the City, the District is reported as if it were part of primary government because its sole purpose is to provide for management, maintenance and improvement of the parks and recreational facilities within the City of Colfax boundaries.

#### **A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

#### **GOVERNMENTAL FUND TYPES:**

##### **General Fund**

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

##### **Special Revenue Funds**

**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

**PROPRIETARY FUND TYPES:**

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

**FIDUCIARY FUND TYPES:**

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

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

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the city also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

**C. Cash and Investments**

See Note 3, *Deposits and Investments*.

**D. Capital Assets**

Capital assets are long lived assets of the City of Colfax. Per federal guidance the Capital Asset threshold is \$5,000 with an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

**E. Compensated Absences**

Vacation leave may be accumulated up to 25 days and is payable upon separation or retirement. Sick leave may be accumulated indefinitely. Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid. The cost for Compensated Absences for the city at 2021 year end is \$78,718.

**F. Long-Term Debt**

See Note 5, *Long-term Debt*.

**G. Restricted and Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments is reported as restricted or committed when it is

**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

subject to restrictions on use imposed by external parties or due to internal commitments established by the city council. When expenditures that meet restrictions are incurred, the city intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

Fund 103 Hotel/Motel	228,678.00	Statutory requirement from hotel/motel tax
Total Restricted Funds	\$ 228,678.00	

**Note 2 – Budget Compliance**

The city adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

<b>Fund</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Variance</b>
001 General Fund	1,448,563.00	1,221,753.00	226,810.00
102 Park Fund	383,428.00	369,467.00	13,961.00
103 Hotel/Motel Fund	55,000.00	16,082.00	38,918.00
104 Street Fund	298,087.00	269,362.00	28,725.00
401 Water Fund	811,578.00	738,061.00	73,517.00
402 Sewer Fund	783,272.00	582,806.00	200,466.00
406 Storm Water Fund	13,727.00	9,292.00	4,435.00
630 Metro Park Fund	83,576.00	84,221.00	(645.00)
	<b>3,877,233.00</b>	<b>3,291,044.00</b>	<b>586,189.00</b>



**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

The City passed a budget for expenses that were not predictable in the amount of \$47,565 and included at budgeting time in the General Fund. The variances from the table above are created by the creation of the 631 Fund for Fiduciary Passthrough expenses for 386/586 transactions.

**Note 3 – Deposits and Investments**

It is the city's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation. All investments are insured, registered or held by the city or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2021 are as follows:

<b>Type of Investment</b>	<b>City's own investments</b>	<b>Investments held by city as an agent for other local governments, individuals or private organizations.</b>	<b>Total</b>
L.G.I.P.	\$ 1,118,945.80		\$ 1,118,945.80
Bank Deposits	\$ 2,894,933.45		\$ 2,894,933.45
<b>Total</b>	<b>\$ 4,013,879.25</b>		<b>\$ 4,013,879.25</b>

**Investments in the State Local Government Investment Pool (LGIP)**

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0220, online at [www.tre.wa.gov](http://www.tre.wa.gov).

**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

**Note 4 - Property Tax**

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by city. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The assessed value in the City of Colfax for property taxes is \$180,118,715 for 2021 with a levy rate of \$2.5943276066 per \$1,000.

The city's regular levy for the year 2021 was \$456,121.14.

**Note 5 – Interfund Loans**

Borrowing Fund	Lending Fund	Balance 1/1/2021	New Loans	Repayments	Balance 12/31/2021
General Fund	Water Fund	157,086.25	0	29,293.61	127,792.64

**Note 6 – Long Term Debt**

**Long Term Debt**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2021.

The debt service requirements for loans are as follows:

Year	Principal	Interest	Total
2022	\$ 51,035.87	\$ 1,638.89	\$ 52,674.76
2023	\$ 51,719.43	\$ 926.43	\$ 52,645.86
2024	\$ 29,008.07	\$ 203.66	\$ 29,211.73
Totals	\$ 131,763.37	\$ 2,768.98	\$ 134,532.35

**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

**Note 7 – Pension Plans**

**A. State Sponsored Pension Plans**

Substantially all the city's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 1, PERS 2/3, LEOFF 1 and LEOFF 2.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Also, the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

The city also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington ACFR available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

At June 30, 2021 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1			
PERS 1 UAAL	\$31,705	0.004256%	51,976
PERS 2/3	\$51,851	0.005474%	(545,298)
LEOFF 1		0.002254%	(77,212)
LEOFF 2	\$15,887	0.007970%	(462,931)
VFFRPF		0.2500%	(54,300)

**LEOFF Plan 1**

The city also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the

**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

**LEOFF Plan 2**

The city also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

**Note 8 – Risk Management**

The City of Colfax is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2021, there are 192 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property; including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection and Liability; including General, Automobile, and Wrongful Acts, and Cyber which are included to fit member's various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (SIR) of \$100,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$100,000 retention. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$100,000 of the self-insured retention, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$3,505,566, which is fully funded in its annual budget.

Property insurance is subject to a per-occurrence self-insured retention of \$100,000. Members are responsible for a \$1,000 deductible for each claim. The program bears the \$100,000 self-insured retention, in addition to the deductible.

Crime insurance is subject to a per occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim (some member

**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

Deductibles vary). The program bears the \$25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of \$50,000. Members are Responsible for a \$10,000 deductible for each claim, while the program is responsible For the remaining \$40,000 SIR

Program Administrator: Clear Risk Solutions

Members contract to remain in the program for a minimum of one year, and must give notice before December 1 to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2021, were \$2,772,986.77.

**Note 9 – Other Disclosures**

The City of Colfax is self-insured for unemployment claims. The city had no claims for the year ending 12/31/2021 in the amount of \$00.00. The City reviews the prior year claims and fiscal condition to determine the possible exposure.

The City received the first half of Coronavirus Local Fiscal Recovery Fund distributions from the State as an NEU for the American Rescue Plan Act in the amount of \$400,856.00 on July 30, 2021. Plans are being formulated for the expenditure of these amounts.

**Note 10 - COVID-19 Pandemic**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout

**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

2021. These measures included limitations on business operations, public events, gatherings, travel and in-person interactions.

The City proactively implemented safety measures and operations have continued and the City continues to operate all major functions and meet its public mandates. The City has remained economically stable and continues to adapt to the changing conditions. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. The length of time these measures will be in place, and the full extent of the financial impact on the City is unknown at this time.

## **Notes to the Financial Statements**

### **For the year ended December 31, 2020**

#### **Note 1 - Summary of Significant Accounting Policies**

The City of Colfax was incorporated on 1873 and operates under the laws of the state of Washington applicable to a code city with a mayor-council form of government. The city is a general purpose local government and provides water, sewer and storm drainage utility services, street maintenance, public safety with police, fire and building inspection services, parks for quality of life and general administrative services.

The city reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classification that are different from the ending net position classifications in GAAP.

#### **Blended Component Unit**

The elected 7 member council of the City of Colfax serves in an ex-officio capacity as the board of the metropolitan park commissioners for the City of Colfax Metropolitan Park District. Although the District is legally separated from the City, the District is reported as if it were part of primary government because its sole purpose is to provide for management, maintenance and improvement of the parks and recreational facilities within the City of Colfax boundaries.

#### **A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

#### **GOVERNMENTAL FUND TYPES:**

##### **General Fund**

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

##### **Special Revenue Funds**

**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

**PROPRIETARY FUND TYPES:**

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

**FIDUCIARY FUND TYPES:**

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

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

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the city also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

**C. Cash and Investments**

See Note 3, *Deposits and Investments*.

**D. Capital Assets**

Capital assets are long lived assets of the City of Colfax. Per federal guidance the Capital Asset threshold is \$5,000 with an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

**E. Compensated Absences**

Vacation leave may be accumulated up to 25 days and is payable upon separation or retirement. Sick leave may be accumulated indefinitely. Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid. The cost for Compensated Absences for the city at 2020 year end is \$79,940.

**F. Long-Term Debt**

See Note 5, *Debt Service Requirements*.

**G. Restricted and Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments is reported as restricted or committed when it is



**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

subject to restrictions on use imposed by external parties or due to internal commitments established by the city council. When expenditures that meet restrictions are incurred, the city intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

Fund 103 Hotel/Motel	198,886.00	Statutory requirement from hotel/motel tax
Total Restricted Funds	\$ 198,886.00	

**Note 2 – Budget Compliance**

The city adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

<b>Fund</b>	<b>Final Appropriated Amounts</b>	<b>Actual Expenditures</b>	<b>Variance</b>
001 General Fund	1,368,290.00	1,486,411.00	(118,121.00)
102 Park Fund	304,746.00	276,117.00	28,629.00
103 Hotel/Motel Fund	55,000.00	4,382.00	50,618.00
104 Street Fund	352,531.00	348,532.00	3,999.00
401 Water Fund	916,487.00	908,675.00	7,812.00
402 Sewer Fund	807,093.00	765,458.00	41,635.00
406 Storm Water Fund	12,240.00	12,058.00	182.00
630 Metro Park Fund	82,854.00	81,271.00	1,583.00
	<b>3,899,241.00</b>	<b>3,882,904.00</b>	<b>16,337.00</b>

**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

The City passed a budget amendment for expenses that were not predictable in the amount of \$97,000. The variances from the table above are created by the creation of the 631 Fund for Fiduciary Passthrough expenses for 386/586 transactions. In addition we approved an interfund loan between the Water fund and General Fund to loan money for a capital purchase to the Fire Department. Initially the expenditure was only set up in the Water fund but when filing the annual report the error on recording the loan was discovered and corrected but that happened in 2021. The correct amount was appropriated and approved for that purchase by council but not recorded in the appropriate fund.

**Note 3 – Deposits and Investments**

It is the city's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation. All investments are insured, registered or held by the city or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2020 are as follows:

<b>Type of Investment</b>	<b>City's own investments</b>	<b>Investments held by city as an agent for other local governments, individuals or private organizations.</b>	<b>Total</b>
L.G.I.P.	\$ 1,117,775.35		\$ 1,117,775.35
Bank Deposits	\$ 1,739,758.51		\$ 1,739,758.51
<b>Total</b>	<b>\$ 2,857,560.86</b>		<b>\$ 2,857,560.86</b>

**Investments in the State Local Government Investment Pool (LGIP)**

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the

**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0220, online at [www.tre.wa.gov](http://www.tre.wa.gov).

**Note 4 – Interfund Loans**

Borrowing Fund	Lending Fund	Balance 5/31/2020	New Loans	Repayments	Balance 12/31/2020
General Fund	Water Fund	157,086.25	157,086.25	0	157,086.25

**Note 5 - Property Tax**

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by city. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The assessed value in the City of Colfax for property taxes is \$169,045,259 for 2020 with a levy rate of \$2.7287938594 per \$1,000.

The city's regular levy for the year 2020 was \$449,335.28.

**Note 6 – Debt Service Requirements**

**Debt Service**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2020.

The debt service requirements for loans are as follows:

Year	Principal	Interest	Total
2021	\$ 50,362.48	\$ 2,341.16	\$ 52,703.64
2022	\$ 51,035.87	\$ 1,638.89	\$ 52,674.76
2023	\$ 51,719.43	\$ 926.43	\$ 52,645.86
2024	\$ 29,008.07	\$ 203.66	\$ 29,211.73
Totals	\$ 182,125.85	\$ 5,110.14	\$ 187,235.99

**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

**Note 7 – Pension Plans**

**A. State Sponsored Pension Plans**

Substantially all the city's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans PERS 1, PERS 2/3, LEOFF 1 and LEOFF 2.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
P.O. Box 48380  
Olympia, WA 98540-8380

Also, the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

The city also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at [www.ofm.wa.gov](http://www.ofm.wa.gov).

At June 30, 2020 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1			
PERS 1 UAAL	\$30,553	0.004216%	148,848
PERS 2/3	\$50,299	0.005460%	69,830
LEOFF 1	\$0	0.0022000%	(41,547)
LEOFF 2	\$19,512	0.009975%	(203,475)
VFFRPF	\$0	0.1700%	(59,867)

LEOFF Plan 1

**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

The city also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

**LEOFF Plan 2**

The city also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

**Note 8 – Risk Management**

The City of Colfax is a member of Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1988, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 1, 2020, there are 193 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property; including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection and Liability; including General, Automobile, and Wrongful Acts, which are included to fit member's various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (SIR) of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$100,000 retention. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$100,000 of the self-insured retention, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$2,147,814.

Property insurance is subject to a per occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim. The program bears the \$25,000 self-insured retention,

**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

in addition to the deductible.

Privacy and Network Liability coverage is offered with a \$10,000 member deductible that is part of a \$25,000 self-insured retention.

Equipment Breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW office (509) 754.2027 | toll-free 800.407.2027 | fax (509) 754.3406 | [www.ciaw.us](http://www.ciaw.us)

Program Administrator: Clear Risk Solutions

Members contract to remain in the program for a minimum of one year, and must give notice before December 1 to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending December 1, 2020, were \$2,651,954.00.

**Note 9 – Other Disclosures**

The City of Colfax is self-insured for unemployment claims. The city had 1 claim for the year ending 12/31/2020 in the amount of \$96.18. The City reviews the prior year claims and fiscal condition to determine the possible exposure.

**Note 10-COVID-19 Pandemic**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

Measures have been put in place to try and mitigate the unknown potential financial impacts. Such as departments meeting to address what we don't know and what we do know regarding the COVID19

**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

emergency, notice to Departments to monitor budgets closely as reductions to budgets could potentially happen due to reduced revenue. The length of time these measures will be in place, and the full extent of the financial impact on the City is unknown at this time.

The City received \$84,187.22 in CARES act funds to help battle the spread of COVID-19 and to help facilitate online meetings. In addition the City pooled funds (\$16,680 was the City of Colfax portion that went directly to the county from the State) with Whitman County and other cities within the county via the CDBG-CV1 grant that was administered by the County. These funds were distributed to help residents with utility and rent payments.

**City of Colfax  
Schedule of Liabilities  
For the Year Ended December 31, 2022**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
263.82	Fairview Well House	7/1/2024	17,332	-	5,778	11,554
263.82	WWTP Headworks	3/31/2024	114,430	-	45,258	69,172
264.30	Net Pension Liability		51,976	74,518	-	126,494
259.12	Compensated Absences		78,718	-	13,031	65,687
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>262,456</b>	<b>74,518</b>	<b>64,067</b>	<b>272,907</b>
<b>Total Liabilities:</b>			<b>262,456</b>	<b>74,518</b>	<b>64,067</b>	<b>272,907</b>



**City of Colfax  
Schedule of Liabilities  
For the Year Ended December 31, 2021**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
263.82	Fairview Well House	7/1/2024	23,110	-	5,778	17,332
263.82	WWTP Headworks	3/31/2024	159,015	-	44,585	114,430
264.30	Net Pension Liability		218,678	-	166,702	51,976
259.12	Compensated Absences		79,940	-	1,222	78,718
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>480,743</b>	<b>-</b>	<b>218,287</b>	<b>262,456</b>
<b>Total Liabilities:</b>			<b>480,743</b>	<b>-</b>	<b>218,287</b>	<b>262,456</b>

**City of Colfax  
Schedule of Liabilities  
For the Year Ended December 31, 2020**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
263.82	Fairview Well House	7/1/2024	28,888	-	5,778	23,110
263.82	WWTP Headworks	3/31/2024	202,936	-	43,921	159,015
264.30	Net Pension Liability		229,669	-	10,991	218,678
259.12	Compensated Absences		59,581	20,359	-	79,940
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>521,074</b>	<b>20,359</b>	<b>60,690</b>	<b>480,743</b>
<b>Total Liabilities:</b>			<b>521,074</b>	<b>20,359</b>	<b>60,690</b>	<b>480,743</b>

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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