

**AUDIT REPORT
OF
COLFAX COUNTY**

JULY 1, 2016, THROUGH JUNE 30, 2017

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the Auditor of Public Accounts.**

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Issued on April 4, 2018

COLFAX COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Cash Basis Net Position - Fiduciary Funds	9
Notes to Financial Statements	10 - 18
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	19 - 20
Budgetary Comparison Schedule - Budget and Actual - Major Funds	21
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	22 - 24
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	25 - 26
Schedule of Office Activities	27
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	28
Government Auditing Standards Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29 - 30

COLFAX COUNTY
411 E 11th
Schuyler, NE 68661

LIST OF COUNTY OFFICIALS
At June 30, 2017

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Jerry Heard	Jan. 2019
	Gil Wigington	Jan. 2019
	Jeffrey Bauman	Jan. 2021
Assessor	Viola Bender	Jan. 2019
Attorney	Denise Kracl	Jan. 2019
Clerk Election Commissioner Register of Deeds	Rita Mundil	Jan. 2019
Clerk of the District Court	Mary Kay Bailey	Jan. 2019
Sheriff	Paul Kruse	Jan. 2019
Surveyor	Marvin Svoboda	Jan. 2019
Treasurer	Janis Kasik	Jan. 2019
Veterans' Service Officer	Eric Mullally	Appointed
Weed Superintendent	John DeBower	Appointed
Highway Superintendent Emergency Manager	Mark Arps	Appointed
Planning & Zoning	Becky Lerch	Appointed



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COLFAX COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Colfax County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colfax County, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Colfax County as of June 30, 2017, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 19-28, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2018, on our consideration of Colfax County'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* in considering Colfax County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

March 23, 2018

COLFAX COUNTY
STATEMENT OF NET POSITION - CASH BASIS

June 30, 2017

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 8,723,547
Investments (Note 1.D)	2,865,195
TOTAL ASSETS	\$ 11,588,742
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 10,449
911 Emergency Services	191,408
Drug Education	3,584
Law Enforcement	36,646
Preservation of Records	5,990
Unrestricted	11,340,665
TOTAL NET POSITION	\$ 11,588,742

The notes to the financial statements are an integral part of this statement.

COLFAX COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2017

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (2,626,669)	\$ 370,269	\$ 19,950	\$ (2,236,450)
Public Safety	(1,591,427)	127,676	84,156	(1,379,595)
Public Works	(2,960,937)	586	1,526,991	(1,433,360)
Public Assistance	(33,000)	-	-	(33,000)
Culture and Recreation	(14,086)	-	-	(14,086)
Total Governmental Activities	\$ (7,226,119)	\$ 498,531	\$ 1,631,097	(5,096,491)

General Receipts:	
Property Taxes	6,418,038
Grants and Contributions Not Restricted to Specific Programs	457,048
Investment Income	46,239
Licenses and Permits	39,308
Miscellaneous	39,998
Total General Receipts	7,000,631
Increase in Net Position	1,904,140
Net Position - Beginning of year	9,684,602
Net Position - End of year	\$ 11,588,742

The notes to the financial statements are an integral part of this statement.

COLFAX COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2017

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 3,129,838	\$ 3,522,761	\$ 1,760,078	\$ 310,870	\$ 8,723,547
Investments (Note 1.D)	-	-	2,865,195	-	2,865,195
TOTAL ASSETS	<u><u>\$ 3,129,838</u></u>	<u><u>\$ 3,522,761</u></u>	<u><u>\$ 4,625,273</u></u>	<u><u>\$ 310,870</u></u>	<u><u>\$ 11,588,742</u></u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	10,449	10,449
911 Emergency Services	-	-	-	191,408	191,408
Drug Education	-	-	-	3,584	3,584
Law Enforcement	-	-	-	36,646	36,646
Preservation of Records	-	-	-	5,990	5,990
Committed to:					
Road Maintenance	-	3,522,761	-	29,111	3,551,872
Aid and Assistance	-	-	-	33,682	33,682
Assigned to:					
Other Purposes	-	-	4,625,273	-	4,625,273
Unassigned	3,129,838	-	-	-	3,129,838
TOTAL CASH BASIS FUND BALANCES	<u><u>\$ 3,129,838</u></u>	<u><u>\$ 3,522,761</u></u>	<u><u>\$ 4,625,273</u></u>	<u><u>\$ 310,870</u></u>	<u><u>\$ 11,588,742</u></u>

The notes to the financial statements are an integral part of this statement.

COLFAX COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 5,666,457	\$ -	\$ 658,821	\$ 92,760	\$ 6,418,038
Licenses and Permits	39,308	-	-	-	39,308
Investment Income	46,239	-	-	-	46,239
Intergovernmental	511,704	1,516,630	-	59,811	2,088,145
Charges for Services	490,521	586	-	7,424	498,531
Miscellaneous	13,578	26,420	-	-	39,998
TOTAL RECEIPTS	<u>6,767,807</u>	<u>1,543,636</u>	<u>658,821</u>	<u>159,995</u>	<u>9,130,259</u>
DISBURSEMENTS					
General Government	2,617,406	-	-	9,263	2,626,669
Public Safety	1,476,353	-	-	115,074	1,591,427
Public Works	40,408	2,720,785	-	199,744	2,960,937
Public Assistance	32,907	-	-	93	33,000
Culture and Recreation	-	-	-	14,086	14,086
TOTAL DISBURSEMENTS	<u>4,167,074</u>	<u>2,720,785</u>	<u>-</u>	<u>338,260</u>	<u>7,226,119</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,600,733</u>	<u>(1,177,149)</u>	<u>658,821</u>	<u>(178,265)</u>	<u>1,904,140</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	500,284	2,803,778	-	27,916	3,331,978
Transfers out	(2,803,778)	-	(500,000)	(28,200)	(3,331,978)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,303,494)</u>	<u>2,803,778</u>	<u>(500,000)</u>	<u>(284)</u>	<u>-</u>
Net Change in Fund Balances	297,239	1,626,629	158,821	(178,549)	1,904,140
CASH BASIS FUND BALANCES - BEGINNING					
	<u>2,832,599</u>	<u>1,896,132</u>	<u>4,466,452</u>	<u>489,419</u>	<u>9,684,602</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$ 3,129,838</u>	<u>\$ 3,522,761</u>	<u>\$ 4,625,273</u>	<u>\$ 310,870</u>	<u>\$ 11,588,742</u>

The notes to the financial statements are an integral part of this statement.

COLFAX COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 610,268
 LIABILITIES	
Due to other governments	
State	200,587
Schools	187,046
Educational Service Units	2,014
Technical College	12,314
Natural Resource Districts	4,130
Fire Districts	53,449
Municipalities	56,625
Agricultural Society	1,540
Drainage Districts	18
Sanitary and Improvement Districts	6,230
Others	86,315
TOTAL LIABILITIES	610,268
 TOTAL NET ASSETS	 \$ -

The notes to the financial statements are an integral part of this statement.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2017

1. **Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies utilized in the accounting system of Colfax County.

A. Reporting Entity

Colfax County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the County (the primary government). No component units were identified.

Joint Organization.

Behavioral Health Region IV – The County has entered into an agreement with surrounding counties and the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. Region IV (Region) consists of the following counties: Cherry, Keya Paha, Boyd, Brown, Rock, Holt, Knox, Cedar, Dixon, Dakota, Thurston, Wayne, Pierce, Antelope, Boone, Nance, Madison, Stanton, Cuming, Burt, Colfax, and Platte.

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$37,212 toward the operation of the Region during fiscal year 2017. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

Health Department – The County has entered into an agreement with the East Central District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2016, Supp. 2017).

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2017. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2017). Financial information for the Department is available in that report.

B. Basis of Presentation

Government-Wide Financial Statements. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities. Internal activities in these statements were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, and other nonexchange transactions.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include the following: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or 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 receipts are reported instead as general receipts.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

Inheritance Fund. This fund is used to account for the receipts generated from inheritance taxes and is used for various projects.

The County reports the following additional non-major governmental fund types:

Special Revenue Funds. These funds account for the proceeds from a specific receipt source that is restricted to disbursements for a specified purpose.

Agency Funds. These funds account for assets held by the County as an agent for various local governments.

The County designates fund balances as follows:

Restricted. The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

Committed. The fund balance has been designated by the County Board for a specific purpose.

Assigned. The fund balance has not been designated by the County Board for a specific purpose, but it has been separated based on the type of revenue.

Unassigned. This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

C. **Measurement Focus, Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements were also reported on the cash receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used, as described above. This differs from governmental GAAP, which requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2009) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Compensated Absences. Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as a disbursement of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Concluded)

reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

Restricted Net Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$248,077 of restricted net position, which is fully restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

2. Deposits and Investments

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2009).

At year end, the County's carrying amount of deposits was \$8,723,547 for County funds and \$610,268 for Fiduciary funds. The bank balances for all funds totaled \$9,627,735. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2017, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. **Deposits and Investments** (Concluded)

The County did not have sufficient collateral securities to protect deposits at all times during the fiscal year.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$2,865,195 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.

The levy set in October 2016, for the 2016 taxes, which will be materially collected in May and September 2017, was set at \$.299215/\$100 of assessed valuation. The levy set in October 2015, for the 2015 taxes, which were materially collected in May and September 2016, was set at \$.331790/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

Additionally, there is currently a statutory lid limitation, which limits taxation to the prior year's level, with provisions for growth. The lid may be increased by 1% upon the approval of a three-fourths majority of the County Board.

4. **Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2016, Supp. 2017) and may be amended through legislative action.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2017, 72 employees contributed \$108,605, and the County contributed \$160,604. Contributions included \$4,602 in cash contributions towards the supplemental law enforcement plan for 11 law enforcement employees. Lastly, the County paid \$1,231 directly to 12 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 89 counties and local governments throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, is sent to each county in writing, and each county has 60 days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during such county's period of membership.

The agreement with NIRMA requires the risk pool to provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2018. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2017, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 500,000	\$ 284	\$ 500,284
Road Fund	2,803,778	-	-	2,803,778
Nonmajor Funds	-	-	27,916	27,916
Total	<u>\$ 2,803,778</u>	<u>\$ 500,000</u>	<u>\$ 28,200</u>	<u>\$ 3,331,978</u>

Transfers are used to move unrestricted receipts collected in the General Fund and Inheritance Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended June 30, 2017, the County made a one-time transfer of \$4,500 from the Law Enforcement Grant Fund to the Attorney Grant Fund to correct a prior year coding error.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. **Capital Leases Payable**

Changes to the commitments under a lease agreement for equipment and amounts to provide for annual rental payments are as follows:

	2017 Dump Truck
Balance July 1, 2016	\$ -
Purchases	128,950
Payments	23,626
Balance June 30, 2017	<u>\$ 105,324</u>
Future Payments:	
Year	
2018	\$ 23,626
2019	23,626
2020	23,626
2021	23,626
2022	23,627
Total Payments	<u>118,131</u>
Less Interest	<u>12,807</u>
Present Value of Future Minimum Lease Payments	<u>\$ 105,324</u>
Carrying Value of the Related Fixed Asset	<u>\$ 128,950</u>

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 5,838,167	\$ 5,838,167	\$ 5,666,457	\$ (171,710)
Licenses and Permits	33,025	33,025	39,308	6,283
Interest	20,000	20,000	46,239	26,239
Intergovernmental	149,100	149,100	511,704	362,604
Charges for Services	401,900	401,900	490,521	88,621
Miscellaneous	5,500	5,500	13,578	8,078
TOTAL RECEIPTS	<u>6,447,692</u>	<u>6,447,692</u>	<u>6,767,807</u>	<u>320,115</u>
DISBURSEMENTS				
General Government:				
County Board	81,400	81,400	76,139	5,261
County Clerk	125,100	125,100	107,477	17,623
County Treasurer	178,772	178,772	177,956	816
County Assessor	182,700	182,700	182,474	226
Election Commissioner	69,175	69,175	50,910	18,265
Building and Zoning	44,000	44,000	35,959	8,041
Clerk of the District Court	138,370	138,370	123,201	15,169
County Court System	26,200	26,200	9,291	16,909
Public Defender	236,600	236,600	221,732	14,868
Building and Grounds	767,900	767,900	384,074	383,826
Agricultural Extension Agent	83,250	83,250	75,156	8,094
Child Support	6,000	6,000	2,474	3,526
Miscellaneous	1,532,350	1,532,350	1,170,563	361,787
Public Safety				
County Sheriff	818,500	818,500	765,073	53,427
County Attorney	268,871	268,871	255,265	13,606
Communication Center	253,300	253,300	219,293	34,007
County Jail	442,000	442,000	197,678	244,322
Emergency Management	48,500	48,500	39,044	9,456
Public Works				
County Surveyor	22,425	22,425	19,627	2,798
Noxious Weed Control	37,850	37,850	20,781	17,069
Public Assistance				
Veterans' Service Officer	34,250	34,250	28,591	5,659
Institutions	49,000	49,000	3,168	45,832
Relief	30,000	30,000	1,148	28,852
TOTAL DISBURSEMENTS	<u>5,476,513</u>	<u>5,476,513</u>	<u>4,167,074</u>	<u>1,309,439</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>971,179</u>	<u>971,179</u>	<u>2,600,733</u>	<u>1,629,554</u>

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	500,000	500,284	284
Transfers out	(2,803,778)	(2,803,778)	(2,803,778)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,303,778)	(2,303,778)	(2,303,494)	284
Net Change in Fund Balance	(1,332,599)	(1,332,599)	297,239	1,629,838
FUND BALANCE - BEGINNING	2,832,599	2,832,599	2,832,599	-
FUND BALANCE - ENDING	\$ 1,500,000	\$ 1,500,000	\$ 3,129,838	\$ 1,629,838

(Concluded)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,474,290	\$ 1,474,290	\$ 1,516,630	\$ 42,340
Charges for Services	-	-	586	586
Miscellaneous	315,500	315,500	26,420	(289,080)
TOTAL RECEIPTS	<u>1,789,790</u>	<u>1,789,790</u>	<u>1,543,636</u>	<u>(246,154)</u>
DISBURSEMENTS	<u>5,684,700</u>	<u>5,684,700</u>	<u>2,720,785</u>	<u>2,963,915</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(3,894,910)</u>	<u>(3,894,910)</u>	<u>(1,177,149)</u>	<u>2,717,761</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,803,778	2,803,778	2,803,778	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,803,778</u>	<u>2,803,778</u>	<u>2,803,778</u>	<u>-</u>
Net Change in Fund Balance	(1,091,132)	(1,091,132)	1,626,629	2,717,761
FUND BALANCE - BEGINNING	1,896,132	1,896,132	1,896,132	-
FUND BALANCE - ENDING	<u>\$ 805,000</u>	<u>\$ 805,000</u>	<u>\$ 3,522,761</u>	<u>\$ 2,717,761</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 300,000	\$ 300,000	\$ 658,821	\$ 358,821
TOTAL RECEIPTS	<u>300,000</u>	<u>300,000</u>	<u>658,821</u>	<u>358,821</u>
DISBURSEMENTS	<u>4,266,452</u>	<u>4,266,452</u>	<u>-</u>	<u>4,266,452</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(3,966,452)</u>	<u>(3,966,452)</u>	<u>658,821</u>	<u>4,625,273</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(500,000)	(500,000)	(500,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net Change in Fund Balance	(4,466,452)	(4,466,452)	158,821	4,625,273
FUND BALANCE - BEGINNING	4,466,452	4,466,452	4,466,452	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,625,273</u>	<u>\$ 4,625,273</u>

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(228,855)	(228,855)	(199,744)	29,111
Net Change in Fund Balance	(228,855)	(228,855)	(199,744)	29,111
Fund Balance - Beginning	228,855	228,855	228,855	-
Fund Balance - Ending	\$ -	\$ -	\$ 29,111	\$ 29,111
VISITOR PROMOTION FUND				
Receipts	\$ 8,033	\$ 8,033	\$ 14,568	\$ 6,535
Disbursements	(18,000)	(18,000)	(14,086)	3,914
Net Change in Fund Balance	(9,967)	(9,967)	482	10,449
Fund Balance - Beginning	9,967	9,967	9,967	-
Fund Balance - Ending	\$ -	\$ -	\$ 10,449	\$ 10,449
REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 5,301	\$ 5,301	\$ 5,554	\$ 253
Disbursements	(15,000)	(15,000)	(9,263)	5,737
Net Change in Fund Balance	(9,699)	(9,699)	(3,709)	5,990
Fund Balance - Beginning	9,699	9,699	9,699	-
Fund Balance - Ending	\$ -	\$ -	\$ 5,990	\$ 5,990
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(33,775)	(33,775)	(93)	33,682
Net Change in Fund Balance	(33,775)	(33,775)	(93)	33,682
Fund Balance - Beginning	33,775	33,775	33,775	-
Fund Balance - Ending	\$ -	\$ -	\$ 33,682	\$ 33,682
DRUG LAW ENFORCEMENT & EDUCATION FUND				
Receipts	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Disbursements	(4,584)	(4,584)	-	4,584
Transfers in	-	-	-	-
Transfers out	(6)	(6)	(6)	-
Net Change in Fund Balance	(3,590)	(3,590)	(6)	3,584
Fund Balance - Beginning	3,590	3,590	3,590	-
Fund Balance - Ending	\$ -	\$ -	\$ 3,584	\$ 3,584

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(3,270)	(3,270)	(3,270)	-
Transfers in	6	6	6	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(3,264)	(3,264)	(3,264)	-
Fund Balance - Beginning	3,264	3,264	3,264	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LAW ENFORCEMENT GRANT FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 11,499	\$ 6,499
Disbursements	(19,444)	(19,444)	(5,785)	13,659
Transfers in	-	-	-	-
Transfers out	(4,500)	(4,500)	(4,500)	-
Net Change in Fund Balance	(18,944)	(18,944)	1,214	20,158
Fund Balance - Beginning	18,944	18,944	18,944	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,158</u>	<u>\$ 20,158</u>
ATTORNEY GRANT FUND				
Receipts	\$ 52,579	\$ 52,579	\$ 50,182	\$ (2,397)
Disbursements	(71,674)	(71,674)	(54,789)	16,885
Transfers in	4,500	4,500	4,500	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(14,595)	(14,595)	(107)	14,488
Fund Balance - Beginning	16,595	16,595	16,595	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 16,488</u>	<u>\$ 14,488</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 51,889	\$ 51,889	\$ 51,889	\$ -
Disbursements	(51,889)	(51,889)	(40,819)	11,070
Transfers in	-	-	-	-
Transfers out	(23,410)	(23,410)	(23,694)	(284)
Net Change in Fund Balance	(23,410)	(23,410)	(12,624)	10,786
Fund Balance - Beginning	54,410	54,410	54,410	-
Fund Balance - Ending	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 41,786</u>	<u>\$ 10,786</u>

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
E911 WIRELESS HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(103,470)	(103,470)	-	103,470
Transfers in	23,410	23,410	23,410	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(80,060)	(80,060)	23,410	103,470
Fund Balance - Beginning	80,060	80,060	80,060	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,470</u>	<u>\$ 103,470</u>
E911 FUND				
Receipts	\$ 20,000	\$ 20,000	\$ 26,303	\$ 6,303
Disbursements	(48,260)	(48,260)	(10,411)	37,849
Net Change in Fund Balance	(28,260)	(28,260)	15,892	44,152
Fund Balance - Beginning	30,260	30,260	30,260	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 46,152</u>	<u>\$ 44,152</u>

(Concluded)

COLFAX COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Road Sinking Fund	Visitor Promotion Fund	Register of Deeds Preservation Fund	Veterans' Aid Fund	Drug Law Enforcement & Education Fund	Federal Drug Law Enforcement Fund
RECEIPTS						
Property Taxes	\$ -	\$ 14,568	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	5,554	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>14,568</u>	<u>5,554</u>	<u>-</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS						
General Government	-	-	9,263	-	-	-
Public Safety	-	-	-	-	-	3,270
Public Works	199,744	-	-	-	-	-
Public Assistance	-	-	-	93	-	-
Culture and Recreation	-	14,086	-	-	-	-
TOTAL DISBURSEMENTS	<u>199,744</u>	<u>14,086</u>	<u>9,263</u>	<u>93</u>	<u>-</u>	<u>3,270</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(199,744)</u>	<u>482</u>	<u>(3,709)</u>	<u>(93)</u>	<u>-</u>	<u>(3,270)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	6
Transfers out	-	-	-	-	(6)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>6</u>
Net Change in Fund Balances	(199,744)	482	(3,709)	(93)	(6)	(3,264)
FUND BALANCES - BEGINNING	<u>228,855</u>	<u>9,967</u>	<u>9,699</u>	<u>33,775</u>	<u>3,590</u>	<u>3,264</u>
FUND BALANCES - ENDING	<u>\$ 29,111</u>	<u>\$ 10,449</u>	<u>\$ 5,990</u>	<u>\$ 33,682</u>	<u>\$ 3,584</u>	<u>\$ -</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	10,449	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	3,584	-
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	5,990	-	-	-
Committed to:						
Road Maintenance	29,111	-	-	-	-	-
Aid and Assistance	-	-	-	33,682	-	-
TOTAL FUND BALANCES	<u>\$ 29,111</u>	<u>\$ 10,449</u>	<u>\$ 5,990</u>	<u>\$ 33,682</u>	<u>\$ 3,584</u>	<u>\$ -</u>

(Continued)

COLFAX COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Law Enforcement Grant Fund	Attorney Grant Fund	911 Wireless Service Fund	E911 Wireless Holding Fund	E911 Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ 51,889	\$ -	\$ 26,303	\$ 92,760
Intergovernmental	11,499	48,312	-	-	-	59,811
Charges for Services	-	1,870	-	-	-	7,424
TOTAL RECEIPTS	<u>11,499</u>	<u>50,182</u>	<u>51,889</u>	<u>-</u>	<u>26,303</u>	<u>159,995</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	9,263
Public Safety	5,785	54,789	40,819	-	10,411	115,074
Public Works	-	-	-	-	-	199,744
Public Assistance	-	-	-	-	-	93
Culture and Recreation	-	-	-	-	-	14,086
TOTAL DISBURSEMENTS	<u>5,785</u>	<u>54,789</u>	<u>40,819</u>	<u>-</u>	<u>10,411</u>	<u>338,260</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>5,714</u>	<u>(4,607)</u>	<u>11,070</u>	<u>-</u>	<u>15,892</u>	<u>(178,265)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	4,500	-	23,410	-	27,916
Transfers out	(4,500)	-	(23,694)	-	-	(28,200)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,500)</u>	<u>4,500</u>	<u>(23,694)</u>	<u>23,410</u>	<u>-</u>	<u>(284)</u>
Net Change in Fund Balances	1,214	(107)	(12,624)	23,410	15,892	(178,549)
FUND BALANCES - BEGINNING	<u>18,944</u>	<u>16,595</u>	<u>54,410</u>	<u>80,060</u>	<u>30,260</u>	<u>489,419</u>
FUND BALANCES - ENDING	<u>\$ 20,158</u>	<u>\$ 16,488</u>	<u>\$ 41,786</u>	<u>\$ 103,470</u>	<u>\$ 46,152</u>	<u>\$ 310,870</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	10,449
911 Emergency Services	-	-	41,786	103,470	46,152	191,408
Drug Education	-	-	-	-	-	3,584
Law Enforcement	20,158	16,488	-	-	-	36,646
Preservation of Records	-	-	-	-	-	5,990
Committed to:						
Road Maintenance	-	-	-	-	-	29,111
Aid and Assistance	-	-	-	-	-	33,682
TOTAL FUND BALANCES	<u>\$ 20,158</u>	<u>\$ 16,488</u>	<u>\$ 41,786</u>	<u>\$ 103,470</u>	<u>\$ 46,152</u>	<u>\$ 310,870</u>

(Concluded)

COLFAX COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2017

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	County Planning and Zoning	Total
BALANCES JULY 1, 2016	\$ 13,742	\$ 48,001	\$ 7,779	\$ 401	\$ 5,735	\$ -	\$ 75,658
RECEIPTS							
Property Taxes	-	-	-	-	-	-	-
Licenses and Permits	2,531	-	705	-	-	-	3,236
Intergovernmental	-	-	-	-	-	-	-
Charges for Services	55,057	28,650	19,539	7,510	-	4,020	114,776
Miscellaneous	234	-	403	-	2	-	639
State Fees	57,440	13,474	-	-	-	-	70,914
Other Liabilities	-	202,198	14,581	13,903	-	-	230,682
TOTAL RECEIPTS	<u>115,262</u>	<u>244,322</u>	<u>35,228</u>	<u>21,413</u>	<u>2</u>	<u>4,020</u>	<u>420,247</u>
DISBURSEMENTS							
Payments to County Treasurer	59,780	29,012	21,224	7,711	-	4,020	121,747
Payments to State Treasurer	60,111	13,133	-	-	-	-	73,244
Other Liabilities	234	174,758	14,625	13,850	-	-	203,467
TOTAL DISBURSEMENTS	<u>120,125</u>	<u>216,903</u>	<u>35,849</u>	<u>21,561</u>	<u>-</u>	<u>4,020</u>	<u>398,458</u>
BALANCES JUNE 30, 2017	<u>\$ 8,879</u>	<u>\$ 75,420</u>	<u>\$ 7,158</u>	<u>\$ 253</u>	<u>\$ 5,737</u>	<u>\$ -</u>	<u>\$ 97,447</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 4,446	\$ 974	\$ 7,158	\$ -	\$ 5,737	\$ -	\$ 18,315
Petty Cash	100	-	-	-	-	-	100
Due to State Treasurer	4,333	1,443	-	-	-	-	5,776
Due to Others	-	73,003	-	253	-	-	73,256
BALANCES JUNE 30, 2017	<u>\$ 8,879</u>	<u>\$ 75,420</u>	<u>\$ 7,158</u>	<u>\$ 253</u>	<u>\$ 5,737</u>	<u>\$ -</u>	<u>\$ 97,447</u>

COLFAX COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2017

Item	2012	2013	2014	2015	2016
Tax Certified by Assessor					
Real Estate	\$ 19,348,988	\$ 19,987,575	\$ 23,126,583	\$ 23,978,239	\$ 23,920,485
Personal and Specials	1,030,337	1,139,967	1,575,760	1,535,978	1,343,059
Total	20,379,325	21,127,542	24,702,343	25,514,217	25,263,544
Corrections					
Additions	3,371	4,406	2,104	1,062	2,165
Deductions	(3,593)	(304)	(1,956)	(1,035)	(1,740)
Net Additions/ (Deductions)	(222)	4,102	148	27	425
Corrected Certified Tax	20,379,103	21,131,644	24,702,491	25,514,244	25,263,969
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2013	12,258,559	-	-	-	-
June 30, 2014	8,106,547	12,846,627	-	-	-
June 30, 2015	6,122	8,273,111	15,023,760	-	-
June 30, 2016	1,220	5,515	9,664,753	15,693,155	-
June 30, 2017	1,755	2,534	10,479	9,815,595	15,527,918
Total Net Collections	20,374,203	21,127,787	24,698,992	25,508,750	15,527,918
Total Uncollected Tax	\$ 4,900	\$ 3,857	\$ 3,499	\$ 5,494	\$ 9,736,051
Percentage Uncollected Tax	0.02%	0.02%	0.01%	0.02%	38.54%

Note: Tax refunds are netted against tax collections to determine Net Tax Collected.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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

Board of Commissioners
Colfax County, Nebraska

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 governmental activities, each major fund, and the aggregate remaining fund information of Colfax County, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Colfax County's basic financial statements, and have issued our report thereon dated March 23, 2018. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Colfax County's internal control over financial reporting (internal control) to determine the 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 Colfax County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colfax County'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*.

Additional Items

We also noted certain matters that we reported to the management of Colfax County in a separate letter dated March 23, 2018.

Colfax County's Response to Findings

Colfax County declined to respond to the finding described above

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 result of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

March 23, 2018



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 23, 2018

Board of Commissioners
Colfax County, Nebraska

Dear Commissioners:

We have audited the basic financial statements of Colfax County (County) for the fiscal year ended June 30, 2017, and have issued our report thereon dated March 23, 2018. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

COUNTY OVERALL

Segregation of Duties

We noted the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. This was also noted in prior audits.

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We recommend the County review this situation. As always, the County must weigh the cost of hiring additional personnel versus the benefit of a proper segregation of duties.

Unclaimed Property

During the audit in March 2018, we noted the following checks held, which were past due to the State Treasurer as Unclaimed Property:

- Six checks held by the District Court, totaling \$72, were due to the State Treasurer by November, 2017.
- One check held by the County Attorney, totaling \$38, was due to the State Treasurer by November, 2015.
- Three checks held by the County Sheriff, totaling \$81, were due to the State Treasurer by November, 2017.

In addition, we noted the County Attorney had remitted an additional \$20 to the State Treasurer as Unclaimed Property in error in November, 2016. No refund had been requested as of fieldwork in March 2018.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a County and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

Additionally, good internal controls and sound business practices require all accounting errors to be corrected in a timely manner.

We recommend the various County offices work to remit promptly to the State Treasurer all property in its possession that is presumed abandoned, as required by State statute. In addition, we recommend the County Attorney work with the State Treasurer to receive a refund of the overpayment.

County Attorney's Response: Pursuant to the most recent Colfax County audit our office has filed the formal request to be reimbursed the \$20.37. This amount was overpaid to the Unclaimed Property Division of the State Treasurer's Office by the County Attorney's Office in November of 2016.

COUNTY BOARD

County Depositories

During the audit, we noted County offices maintained 22 bank accounts outside of financial institutions authorized by the County Board. See the table below for details:

County Office	Number of Accounts
County Treasurer	15
County Board	1
County District Court	1
County Clerk	1
County Sheriff	1
County Veteran's Service Officer	3

Neb. Rev. Stat. § 77-2313 (Reissue 2009) states, in relevant part, the following:

It shall be the duty of the county board to act on the application or applications of any and all banks, capital stock financial institutions, or qualifying mutual financial institutions, state or national, as may ask for the privilege of becoming the depository of such money [T]he county treasurer shall not deposit such money or any part thereof in any bank, capital stock financial institution, or qualifying mutual financial institution other than such as may have been so selected by the county board for such purposes

When county depositories are not approved by the County Board, not only has the County failed to comply with State statute, but also public funds are placed at an increased risk of loss, theft, or misuse.

We recommend the County Board implement procedures to ensure all County depositories were properly approved. We further recommend the implementation of procedures to ensure that all County funds are maintained in those Board-approved depositories.

County Board's Response: A motion will be introduced to the county board which approves the use of all of the financial institutions currently being used as a financial depository. Additionally, each year a review of all the depositories will be completed and a new motion will be introduced, each year, approving those financial depositories.

Inadequate Claim-Supporting Documentation

In April 2007, the County Board agreed to pay Mainelli Wagner & Associates, Inc., \$1,800 a month to serve as the Colfax County Highway Superintendent, attend regular County Commissioner meetings, prepare the One and Six Year plans, prepare the annual Highway Department Budget, and provide other services. The County hired a Highway Superintendent in May 2012. Because some of the services listed in the agreement are performed by the current Highway Superintendent, it does not appear reasonable that the County continues to pay Mainelli Wagner & Associates, Inc., the same monthly fee.

In addition, the agreement with Mainelli Wagner & Associates, Inc., states, “[A]ll other services, such as bridge, highway and culvert design, supervision of projects, or coordination of Federal of State Aid Projects, shall be by separate contract” During testing, however, no separate contracts or agreements were on hand to support the amounts paid for consulting, design, and other services provided by Mainelli Wagner & Associates, Inc. Further, only a listing of summarized fees by project were provided at the time of payment. Therefore, we were unable to determine if the work billed and paid by the County was reasonable, as detailed documentation of the work performed, such as the date the work was completed and the pay rate for each type of service provided, was not on hand. The County paid Mainelli Wagner & Associates a total of \$371,298 during fiscal year 2017.

A good internal control plan and sound business practices require procedures to ensure that adequate supporting documentation is obtained prior to payment of any claim. Without such procedures, there is an increased risk for the loss or misuse of County funds.

We recommend the County Board implement procedures to ensure all claims have adequate supporting documentation prior to approval.

County Board's Response: The primary contract between Mainelli Wagner & Associates, Inc. will be revised to reflect Mainelli Wagner & Associates, Inc to be the Colfax County Highway Consultant rather than the Colfax County Highway Superintendent. Additionally, Mainelli Wagner & Associates, Inc has agreed to submit additional details with each invoice being submitted, so that the county board can ensure there is adequate supporting documentation on each project cost prior to approval.

COUNTY CLERK

Petty Cash Claims

During testing, we noted that two claims, totaling \$26, were not presented to the County Board for approval within 90 days of the expenditures. Reimbursement was requested for a period of 98 to 197 days after the expenses were incurred.

Good internal control requires petty cash claims to be submitted in a timely manner and have adequate, detailed supporting documentation that provides evidence for the amounts claimed.

When petty cash claims are not submitted within 90 days of expenditures, there is an increased risk of loss, theft, or misuse of County funds.

We recommend all claims, along with detailed supporting documentation, be presented timely to the County Board for approval.

COUNTY CLERK OF THE DISTRICT COURT

Review of Monthly Case Balance Report

We noted the Clerk of the District Court was not adequately reviewing the Monthly Case Balance report to ensure the balances were proper, and appropriate action was taken timely. Four of 10 case balances tested were not correct and current:

- One balance held, totaling \$9, was received on December 21, 2012, and had not been paid out to the appropriate party at the time of fieldwork in March, 2018.
- One bond, totaling \$13,500, was ordered forfeited on June 21, 2017; however, it was still held at the time of fieldwork, or 260 days after forfeiture.
- Two bonds, totaling \$4,950, were ordered forfeited on June 21, 2016; however, they were not paid to the appropriate parties for 370 days after forfeiture.

Good internal control and sound business practices require trust case balances of the District Court to be reviewed on an ongoing, timely basis to determine what action should be taken to resolve those balances.

When the District Court’s monthly reports are not consistently reviewed in a timely manner, there is an increased risk of errors, omissions, and/or irregularities, which would not be detected and/or resolved in a timely manner. A similar finding was noted in the prior year.

We recommend the District Court perform a detailed review of all monthly financial reports, including the Monthly Case Balance Report, and resolve any unattached and/or unusual balances in a complete, accurate, and timely manner.

Review of Overdue Case Balance Report

We noted the Clerk of the District Court was not adequately reviewing the Overdue Case Balance Report to ensure the balances were proper, and appropriate action was taken timely. Five of 10 balances tested, totaling \$2,310, did not have subsequent action taken by the District Court to ensure collection and/or resolution of those balances. As of February 23, 2018, the report contained 113 overdue cases with a total owed of \$73,204. Of these 113 cases, only 8 had a current warrant or suspension issued for nonpayment. The table below summarizes the number of overdue cases and amounts by year:

Year Case Filed	Number of Cases	Amount Overdue
1997	17	\$ 2,962
1998	5	\$ 499
1999	1	\$ 10
2000	2	\$ 20
2001	7	\$ 229
2002	3	\$ 737
2003	1	\$ 695
2004	1	\$ 1,045
2005	5	\$ 2,362
2006	3	\$ 1,075
2007	4	\$ 1,133
2008	8	\$ 3,963
2009	3	\$ 1,010
2010	3	\$ 480
2011	6	\$ 1,444
2012	6	\$ 1,176
2013	4	\$ 1,097
2014	2	\$ 1,254
2015	8	\$ 4,820
2016	16	\$ 45,001
2017	5	\$ 2,107
2018	3	\$ 85
	113	\$ 73,204

Good internal control and sound business practices require overdue balances of the District Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or resolve those balances.

When the District Court's monthly reports are not consistently reviewed in a timely manner, there is an increased risk of errors, omissions, and/or irregularities, which would not be detected and/or resolved in a timely manner.

We recommend the District Court implement procedures to ensure the Overdue Case Balance Report is reviewed on an ongoing basis. Potential courses of action for follow up would include: issuance of warrants, Judge's determination and order to waive certain costs, if allowable, or declaration of certain balances as uncollectible.

County Clerk of the District Court's Response: Our office will make every effort to comply with the suggestions of the audit.

COUNTY SHERIFF

Office Accountability

During our audit, we noted the following issues with the accounting procedures of the County Sheriff's office:

- As of June 30, 2017, office records indicated an unexplained cash long of \$6,019. The County Sheriff was unable to designate the proper recipient(s) of these funds.
- In December 2016, \$130 more was remitted to the County Treasurer than was indicated in receipts, per office records.
- Bank charges, totaling \$107, were withdrawn from the County Sheriff's bank account for the purchase of new checks and an insufficient funds charge prior to fiscal year 2016. These amounts had not been submitted to the County Board for reimbursement as of fieldwork in March 2018, over two years after the charges were incurred.

A good internal control plan and sound business practices require procedures to ensure the following: 1) Assets (cash on hand, reconciled bank balances, and accounts receivable) agree with office liabilities (fees on hand, trust accounts, and accounts payable), and any variances noted are resolved timely; 2) all monies collected and remitted to the County agree to supporting documentation; and 3) bank charges are submitted timely to the County for reimbursement.

Without such procedures, there is an increased risk for financial errors and/or irregularities to occur and remain undetected. A similar comment was also noted in the prior audit.

We recommend procedures be implemented to ensure the following: 1) office assets are in agreement with office liabilities, and any variances noted are resolved timely; 2) receipts are written for all money collected; and 3) bank charges are claimed for reimbursement timely.

COUNTY TREASURER

Distress Warrant Report

We noted the County Treasurer did not submit the required annual verification of the County Sheriff's distress warrant report to the County Board, as required by State statute.

Neb. Rev. Stat. § 77-1719.02 (Reissue 2009), states the following:

On or before October 1 of each year, the county treasurer shall verify this [distress warrant] report to the county board, and shall make an itemized report covering the amount uncollected. Such itemized report shall include the number of the distress warrant, the name and address of the taxpayer, the amount involved, and the reason for failure to collect same, or the failure of the sheriff to make a legal return on same.

Failure to provide the County Board with the statutorily required distress warrant report verification in a timely fashion not only constitutes noncompliance with the law but also increases the risk of loss, theft, or misuse of funds.

We recommend the County Treasurer implement procedures to ensure the Sheriff's distress warrant report is verified timely to the County Board, as required by statute.

Insufficient Pledged Collateral

During our audit, we noted the County Treasurer did not maintain securities to cover fully the Certificates of Deposit (CDs) held in a bank account. The CDs were undercollateralized as of June 30, 2017, by \$34,283. Additionally, collateral for this account was not being monitored by the County Treasurer to ensure compliance with State statute.

Neb Rev. Stat. § 77-2395(1) (Reissue 2009) states, in relevant part, the following:

[T]he custodial official shall not have on deposit in such depository any public money or public funds in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation, unless and until the depository has furnished to the custodial official securities, the market value of which are in an amount not less than one hundred two percent of the amount on deposit which is in excess of the amount so insured or guaranteed.

When adequate pledged collateral is not kept to cover bank accounts containing public monies, the County Treasurer is not in compliance with State statute, and there is an increased risk for the loss of funds.

We recommend the County Treasurer closely monitor all accounts containing public funds to ensure they are properly collateralized.

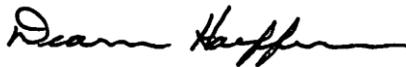
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read "Deann Haeffner", with a long, sweeping horizontal line extending to the right.

Deann Haeffner, CPA
Assistant Deputy Auditor