

**AUDIT REPORT
OF
COLFAX COUNTY**

JULY 1, 2017, THROUGH JUNE 30, 2018

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the Auditor of Public Accounts.**

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Issued on April 23, 2019

COLFAX COUNTY

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COLFAX COUNTY
411 E 11th Street
Schuyler, NE 68661

LIST OF COUNTY OFFICIALS
At June 30, 2018

| <u>Title</u> | <u>Name</u> | <u>Term Expires</u> |
|---|--|-------------------------------------|
| Board of Commissioners | Jerry Heard Gil Wigington Jeffrey Bauman | Jan. 2019 Jan. 2019 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 | Dustin Marty | Appointed |
| Highway Superintendent Emergency Manager | Mark Arps | Appointed |
| Planning & Zoning | Sharon Oltmer | Appointed |



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

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, 2018, 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, 2018, 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 18-27, 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 April 12, 2019, 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.

April 12, 2019



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

COLFAX COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2018

| | Governmental Activities |
|--------------------------------------|----------------------------|
| ASSETS | |
| Cash and Cash Equivalents (Note 1.D) | \$ 7,878,583 |
| Investments (Note 1.D) | 2,890,266 |
| TOTAL ASSETS | \$ 10,768,849 |
| | |
| NET POSITION | |
| Restricted for: | |
| Visitor Promotion | \$ 6,737 |
| 911 Emergency Services | 230,428 |
| Drug Education | 3,584 |
| Law Enforcement | 4,393 |
| Preservation of Records | 7,887 |
| Unrestricted | 10,515,820 |
| TOTAL NET POSITION | \$ 10,768,849 |

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, 2018

| 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 | \$ (2,571,218) | \$ 349,692 | \$ 21,605 | \$ (2,199,921) |
| Public Safety | (1,782,642) | 167,929 | 86,061 | (1,528,652) |
| Public Works | (5,592,768) | - | 1,412,442 | (4,180,326) |
| Public Assistance | (90,961) | - | - | (90,961) |
| Culture and Recreation | (19,783) | - | - | (19,783) |
| Total Governmental Activities | <u>\$ (10,057,372)</u> | <u>\$ 517,621</u> | <u>\$ 1,520,108</u> | <u>(8,019,643)</u> |

General Receipts:

| | |
|---|------------------|
| Property Taxes | 6,312,973 |
| Grants and Contributions Not Restricted to Specific Programs | 717,990 |
| Investment Income | 78,138 |
| Licenses and Permits | 41,621 |
| Miscellaneous | 49,028 |
| Total General Receipts | <u>7,199,750</u> |

| | |
|----------------------------------|----------------------|
| Increase in Net Position | (819,893) |
| Net Position - Beginning of year | 11,588,742 |
| Net Position - End of year | <u>\$ 10,768,849</u> |

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, 2018

| | General Fund | Road Fund | Inheritance Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|---------------------|---------------------|---------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents (Note 1.D) | \$ 3,312,919 | \$ 2,251,134 | \$ 1,944,562 | \$ 369,968 | \$ 7,878,583 |
| Investments (Note 1.D) | - | - | 2,890,266 | - | 2,890,266 |
| TOTAL ASSETS | \$ 3,312,919 | \$ 2,251,134 | \$ 4,834,828 | \$ 369,968 | \$ 10,768,849 |
| FUND BALANCES | | | | | |
| Restricted for: | | | | | |
| Visitor Promotion | - | - | - | 6,737 | 6,737 |
| 911 Emergency Services | - | - | - | 230,428 | 230,428 |
| Drug Education | - | - | - | 3,584 | 3,584 |
| Law Enforcement | - | - | - | 4,393 | 4,393 |
| Preservation of Records | - | - | - | 7,887 | 7,887 |
| Committed to: | | | | | |
| Road Maintenance | - | 2,251,134 | - | 85,208 | 2,336,342 |
| Aid and Assistance | - | - | - | 31,731 | 31,731 |
| Assigned to: | | | | | |
| Other Purposes | - | - | 4,834,828 | - | 4,834,828 |
| Unassigned | 3,312,919 | - | - | - | 3,312,919 |
| TOTAL CASH BASIS FUND BALANCES | \$ 3,312,919 | \$ 2,251,134 | \$ 4,834,828 | \$ 369,968 | \$ 10,768,849 |

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, 2018

| | General Fund | Road Fund | Inheritance Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|---------------------|--------------------------------|--------------------------------|
| RECEIPTS | | | | | |
| Property Taxes | \$ 5,508,447 | \$ - | \$ 709,555 | \$ 94,971 | \$ 6,312,973 |
| Licenses and Permits | 41,621 | - | - | - | 41,621 |
| Investment Income | 78,138 | - | - | - | 78,138 |
| Intergovernmental | 570,185 | 1,619,550 | - | 48,363 | 2,238,098 |
| Charges for Services | 509,974 | - | - | 7,647 | 517,621 |
| Miscellaneous | 17,983 | 31,045 | - | - | 49,028 |
| TOTAL RECEIPTS | <u>6,726,348</u> | <u>1,650,595</u> | <u>709,555</u> | <u>150,981</u> | <u>9,237,479</u> |
| DISBURSEMENTS | | | | | |
| General Government | 2,568,168 | - | - | 3,050 | 2,571,218 |
| Public Safety | 1,679,604 | - | - | 103,038 | 1,782,642 |
| Public Works | 40,556 | 5,535,309 | - | 16,903 | 5,592,768 |
| Public Assistance | 89,010 | - | - | 1,951 | 90,961 |
| Culture and Recreation | - | - | - | 19,783 | 19,783 |
| TOTAL DISBURSEMENTS | <u>4,377,338</u> | <u>5,535,309</u> | <u>-</u> | <u>144,725</u> | <u>10,057,372</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | <u>2,349,010</u> | <u>(3,884,714)</u> | <u>709,555</u> | <u>6,256</u> | <u>(819,893)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 520,158 | 2,613,087 | - | 83,786 | 3,217,031 |
| Transfers out | <u>(2,686,087)</u> | <u>-</u> | <u>(500,000)</u> | <u>(30,944)</u> | <u>(3,217,031)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(2,165,929)</u> | <u>2,613,087</u> | <u>(500,000)</u> | <u>52,842</u> | <u>-</u> |
| Net Change in Fund Balances | 183,081 | (1,271,627) | 209,555 | 59,098 | (819,893) |
| CASH BASIS FUND BALANCES - BEGINNING | | | | | |
| | <u>3,129,838</u> | <u>3,522,761</u> | <u>4,625,273</u> | <u>310,870</u> | <u>11,588,742</u> |
| CASH BASIS FUND BALANCES - ENDING | | | | | |
| | <u>\$ 3,312,919</u> | <u>\$ 2,251,134</u> | <u>\$ 4,834,828</u> | <u>\$ 369,968</u> | <u>\$ 10,768,849</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, 2018

| | Agency Funds |
|------------------------------------|-----------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 762,099 |
| LIABILITIES | |
| Due to other governments | |
| State | 190,693 |
| Schools | 396,935 |
| Educational Service Units | 1,981 |
| Technical College | 11,996 |
| Natural Resource Districts | 4,216 |
| Fire Districts | 19,192 |
| Municipalities | 33,799 |
| Agricultural Society | 1,515 |
| Drainage Districts | 76 |
| Sanitary and Improvement Districts | 5,656 |
| Others | 96,040 |
| TOTAL LIABILITIES | 762,099 |
| 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, 2018

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. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

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 \$30,819 toward the operation of the Region during fiscal year 2018. 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 2018).

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 2018. 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) (Cum. Supp. 2018). 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 Net Position presents the County’s non-fiduciary assets in two categories:

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. 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.

Unrestricted. This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 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 2018) 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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 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 \$253,029 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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 2018).

At year end, the County's carrying amount of deposits was \$7,878,583 for County funds and \$762,099 for Fiduciary funds. The bank balances for all funds totaled \$9,025,109. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2018, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$2,890,266 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-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 2017, for the 2017 taxes, which will be materially collected in May and September 2018, was set at \$.296156/\$100 of assessed valuation. The levy set in October 2016, for the 2016 taxes, which were materially collected in May and September 2017, was set at \$.299215/\$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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. Retirement System

The Retirement System for Nebraska Counties (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. 2018) and may be amended through legislative action.

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, 2018, 72 employees contributed \$115,249, and the County contributed \$170,182. Contributions included \$5,385 in cash contributions towards the supplemental law enforcement plan for 10 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 91 counties and local governments throughout Nebraska.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

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 for an additional contribution. 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 or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2018, consisted of the following:

| <u>Transfers to</u> | Transfers from | | | Total |
|----------------------------|---------------------|---------------------|-------------------|---------------------|
| | General Fund | Inheritance Fund | Nonmajor Funds | |
| General Fund | \$ - | \$ 500,000 | \$ 20,158 | \$ 520,158 |
| Road Fund | 2,613,087 | - | - | 2,613,087 |
| Nonmajor Funds | 73,000 | - | 10,786 | 83,786 |
| Total | <u>\$ 2,686,087</u> | <u>\$ 500,000</u> | <u>\$ 30,944</u> | <u>\$ 3,217,031</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, 2018, the County made a one-time transfer of \$20,158 from the Law Enforcement Grant Fund to the General Fund to close the Law Enforcement Grant Fund.

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, 2017 | \$ 105,324 |
| Purchases | - |
| Payments | 23,626 |
| Balance June 30, 2018 | <u>\$ 81,698</u> |
| Future Payments: | |
| Year | |
| 2019 | \$ 23,626 |
| 2020 | 23,626 |
| 2021 | 23,626 |
| 2022 | 23,627 |
| Total Payments | 94,505 |
| Less Interest | 12,807 |
| Present Value of Future Minimum Lease Payments | <u>\$ 81,698</u> |
| Carrying Value of the Related Fixed Asset | <u>\$ 128,950</u> |

8. **Contingent Liabilities**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County Attorney believes the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|------------------------------|--------------------|-----------------|--------------|---|
| RECEIPTS | | | | |
| Taxes | \$ 5,850,727 | \$ 5,850,727 | \$ 5,508,447 | \$ (342,280) |
| Licenses and Permits | 33,525 | 33,525 | 41,621 | 8,096 |
| Interest | 25,000 | 25,000 | 78,138 | 53,138 |
| Intergovernmental | 137,100 | 137,100 | 570,185 | 433,085 |
| Charges for Services | 435,050 | 435,050 | 509,974 | 74,924 |
| Miscellaneous | 6,000 | 6,000 | 17,983 | 11,983 |
| TOTAL RECEIPTS | 6,487,402 | 6,487,402 | 6,726,348 | 238,946 |
| DISBURSEMENTS | | | | |
| General Government | | | | |
| County Board | 81,400 | 81,400 | 78,809 | 2,591 |
| County Clerk | 125,100 | 125,100 | 110,083 | 15,017 |
| County Treasurer | 200,190 | 200,190 | 198,550 | 1,640 |
| County Assessor | 212,525 | 212,525 | 175,578 | 36,947 |
| Election Commissioner | 69,175 | 69,175 | 48,206 | 20,969 |
| Building and Zoning | 44,650 | 44,650 | 28,198 | 16,452 |
| Clerk of the District Court | 140,026 | 140,026 | 123,573 | 16,453 |
| County Court System | 26,200 | 26,200 | 9,780 | 16,420 |
| Public Defender | 246,600 | 246,600 | 152,836 | 93,764 |
| Building and Grounds | 1,195,150 | 1,195,150 | 466,321 | 728,829 |
| Agricultural Extension Agent | 83,250 | 83,250 | 78,781 | 4,469 |
| Child Support | 6,000 | 6,000 | 2,215 | 3,785 |
| Miscellaneous | 1,410,700 | 1,410,700 | 1,095,238 | 315,462 |
| Public Safety | | | | |
| County Sheriff | 890,870 | 890,870 | 839,206 | 51,664 |
| County Attorney | 269,900 | 269,900 | 253,328 | 16,572 |
| Communication Center | 273,300 | 273,300 | 229,824 | 43,476 |
| County Jail | 441,200 | 441,200 | 308,373 | 132,827 |
| Emergency Management | 48,500 | 48,500 | 38,669 | 9,831 |
| Law Enforcement Selectives | 13,000 | 13,000 | 10,204 | 2,796 |
| Public Works | | | | |
| County Surveyor | 22,425 | 22,425 | 18,968 | 3,457 |
| Noxious Weed Control | 37,900 | 37,900 | 21,588 | 16,312 |
| Public Assistance | | | | |
| Veterans' Service Officer | 34,250 | 34,250 | 26,190 | 8,060 |
| Institutions | 49,000 | 49,000 | 33,501 | 15,499 |
| Relief | 30,000 | 30,000 | 29,319 | 681 |
| TOTAL DISBURSEMENTS | 5,951,311 | 5,951,311 | 4,377,338 | 1,573,973 |

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | 536,091 | 536,091 | 2,349,010 | 1,812,919 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 520,158 | 520,158 | 520,158 | - |
| Transfers out | (2,686,087) | (2,686,087) | (2,686,087) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (2,165,929) | (2,165,929) | (2,165,929) | - |
| Net Change in Fund Balance | (1,629,838) | (1,629,838) | 183,081 | 1,812,919 |
| FUND BALANCE - BEGINNING | 3,129,838 | 3,129,838 | 3,129,838 | - |
| FUND BALANCE - ENDING | <u>\$ 1,500,000</u> | <u>\$ 1,500,000</u> | <u>\$ 3,312,919</u> | <u>\$ 1,812,919</u> |

(Concluded)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| ROAD FUND | | | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 1,638,852 | \$ 1,638,852 | \$1,619,550 | \$ (19,302) |
| Charges for Services | - | - | - | - |
| Miscellaneous | 475,500 | 475,500 | 31,045 | (444,455) |
| TOTAL RECEIPTS | <u>2,114,352</u> | <u>2,114,352</u> | <u>1,650,595</u> | <u>(463,757)</u> |
| | | | | |
| DISBURSEMENTS | <u>7,445,200</u> | <u>7,445,200</u> | <u>5,535,309</u> | <u>1,909,891</u> |
| | | | | |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | <u>(5,330,848)</u> | <u>(5,330,848)</u> | <u>(3,884,714)</u> | <u>1,446,134</u> |
| | | | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,613,087 | 2,613,087 | 2,613,087 | - |
| Transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>2,613,087</u> | <u>2,613,087</u> | <u>2,613,087</u> | <u>-</u> |
| | | | | |
| Net Change in Fund Balance | (2,717,761) | (2,717,761) | (1,271,627) | 1,446,134 |
| FUND BALANCE - BEGINNING | 3,522,761 | 3,522,761 | 3,522,761 | - |
| FUND BALANCE - ENDING | <u>\$ 805,000</u> | <u>\$ 805,000</u> | <u>\$2,251,134</u> | <u>\$ 1,446,134</u> |
| | | | | |
| INHERITANCE FUND | | | | |
| RECEIPTS | | | | |
| Taxes | \$ 300,000 | \$ 300,000 | \$ 709,555 | \$ 409,555 |
| TOTAL RECEIPTS | <u>300,000</u> | <u>300,000</u> | <u>709,555</u> | <u>409,555</u> |
| | | | | |
| DISBURSEMENTS | <u>4,425,273</u> | <u>4,425,273</u> | <u>-</u> | <u>4,425,273</u> |
| | | | | |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | <u>(4,125,273)</u> | <u>(4,125,273)</u> | <u>709,555</u> | <u>4,834,828</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 | (4,625,273) | (4,625,273) | 209,555 | 4,834,828 |
| FUND BALANCE - BEGINNING | 4,625,273 | 4,625,273 | 4,625,273 | - |
| FUND BALANCE - ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$4,834,828</u> | <u>\$ 4,834,828</u> |

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|------------------|---|
| ROAD SINKING FUND | | | | |
| Receipts | \$ - | \$ - | \$ - | \$ - |
| Disbursements | (102,111) | (102,111) | (16,903) | 85,208 |
| Transfers in | 73,000 | 73,000 | 73,000 | - |
| Transfers out | - | - | - | - |
| Net Change in Fund Balance | (29,111) | (29,111) | 56,097 | 85,208 |
| Fund Balance - Beginning | 29,111 | 29,111 | 29,111 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 85,208</u> | <u>\$ 85,208</u> |
| VISITOR PROMOTION FUND | | | | |
| Receipts | \$ 10,051 | \$ 10,051 | \$ 16,071 | \$ 6,020 |
| Disbursements | (20,500) | (20,500) | (19,783) | 717 |
| Net Change in Fund Balance | (10,449) | (10,449) | (3,712) | 6,737 |
| Fund Balance - Beginning | 10,449 | 10,449 | 10,449 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,737</u> | <u>\$ 6,737</u> |
| REGISTER OF DEEDS PRESERVATION FUND | | | | |
| Receipts | \$ 5,010 | \$ 5,010 | \$ 4,947 | \$ (63) |
| Disbursements | (11,000) | (11,000) | (3,050) | 7,950 |
| Net Change in Fund Balance | (5,990) | (5,990) | 1,897 | 7,887 |
| Fund Balance - Beginning | 5,990 | 5,990 | 5,990 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,887</u> | <u>\$ 7,887</u> |
| VETERANS' AID FUND | | | | |
| Receipts | \$ - | \$ - | \$ - | \$ - |
| Disbursements | (33,682) | (33,682) | (1,951) | 31,731 |
| Net Change in Fund Balance | (33,682) | (33,682) | (1,951) | 31,731 |
| Fund Balance - Beginning | 33,682 | 33,682 | 33,682 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 31,731</u> | <u>\$ 31,731</u> |

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|-----------------|---|
| DRUG LAW ENFORCEMENT & EDUCATION FUND | | | | |
| Receipts | \$ 1,000 | \$ 1,000 | \$ - | \$ (1,000) |
| Disbursements | (4,584) | (4,584) | - | 4,584 |
| Net Change in Fund Balance | (3,584) | (3,584) | - | 3,584 |
| Fund Balance - Beginning | 3,584 | 3,584 | 3,584 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,584</u> | <u>\$ 3,584</u> |
| FEDERAL DRUG LAW ENFORCEMENT FUND | | | | |
| Receipts | \$ - | \$ - | \$ - | \$ - |
| Disbursements | - | - | - | - |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balance - Beginning | - | - | - | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| LAW ENFORCEMENT GRANT FUND | | | | |
| Receipts | \$ - | \$ - | \$ - | \$ - |
| Disbursements | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | (20,158) | (20,158) | (20,158) | - |
| Net Change in Fund Balance | (20,158) | (20,158) | (20,158) | - |
| Fund Balance - Beginning | 20,158 | 20,158 | 20,158 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| ATTORNEY GRANT FUND | | | | |
| Receipts | \$ 51,907 | \$ 51,907 | \$ 51,063 | \$ (844) |
| Disbursements | (66,395) | (66,395) | (63,158) | 3,237 |
| Net Change in Fund Balance | (14,488) | (14,488) | (12,095) | 2,393 |
| Fund Balance - Beginning | 16,488 | 16,488 | 16,488 | - |
| Fund Balance - Ending | <u>\$ 2,000</u> | <u>\$ 2,000</u> | <u>\$ 4,393</u> | <u>\$ 2,393</u> |

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|------------------|-------------------|---|
| E911 FUND | | | | |
| Receipts | \$ 10,000 | \$ 10,000 | \$ 23,586 | \$ 13,586 |
| Disbursements | (54,152) | (54,152) | (7,427) | 46,725 |
| Net Change in Fund Balance | (44,152) | (44,152) | 16,159 | 60,311 |
| Fund Balance - Beginning | 46,152 | 46,152 | 46,152 | - |
| Fund Balance - Ending | <u>\$ 2,000</u> | <u>\$ 2,000</u> | <u>\$ 62,311</u> | <u>\$ 60,311</u> |
| 911 WIRELESS SERVICE FUND | | | | |
| Receipts | \$ 55,314 | \$ 55,314 | \$ 55,314 | \$ - |
| Disbursements | (55,314) | (55,314) | (32,453) | 22,861 |
| Transfers in | - | - | - | - |
| Transfers out | (10,786) | (10,786) | (10,786) | - |
| Net Change in Fund Balance | (10,786) | (10,786) | 12,075 | 22,861 |
| Fund Balance - Beginning | 41,786 | 41,786 | 41,786 | - |
| Fund Balance - Ending | <u>\$ 31,000</u> | <u>\$ 31,000</u> | <u>\$ 53,861</u> | <u>\$ 22,861</u> |
| E911 WIRELESS HOLDING FUND | | | | |
| Receipts | \$ - | \$ - | \$ - | \$ - |
| Disbursements | (114,256) | (114,256) | - | 114,256 |
| Transfers in | 10,786 | 10,786 | 10,786 | - |
| Transfers out | - | - | - | - |
| Net Change in Fund Balance | (103,470) | (103,470) | 10,786 | 114,256 |
| Fund Balance - Beginning | 103,470 | 103,470 | 103,470 | - |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 114,256</u> | <u>\$ 114,256</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, 2018

| | 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 | \$ - | \$ 16,071 | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for Services | - | - | 4,947 | - | - | - |
| TOTAL RECEIPTS | <u>-</u> | <u>16,071</u> | <u>4,947</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| DISBURSEMENTS | | | | | | |
| General Government | - | - | 3,050 | - | - | - |
| Public Safety | - | - | - | - | - | - |
| Public Works | 16,903 | - | - | - | - | - |
| Public Assistance | - | - | - | 1,951 | - | - |
| Culture and Recreation | - | 19,783 | - | - | - | - |
| TOTAL DISBURSEMENTS | <u>16,903</u> | <u>19,783</u> | <u>3,050</u> | <u>1,951</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | <u>(16,903)</u> | <u>(3,712)</u> | <u>1,897</u> | <u>(1,951)</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 73,000 | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>73,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 56,097 | (3,712) | 1,897 | (1,951) | - | - |
| FUND BALANCES - BEGINNING | <u>29,111</u> | <u>10,449</u> | <u>5,990</u> | <u>33,682</u> | <u>3,584</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 85,208</u> | <u>\$ 6,737</u> | <u>\$ 7,887</u> | <u>\$ 31,731</u> | <u>\$ 3,584</u> | <u>\$ -</u> |
| FUND BALANCES: | | | | | | |
| Restricted for: | | | | | | |
| Visitor Promotion | - | 6,737 | - | - | - | - |
| 911 Emergency Services | - | - | - | - | - | - |
| Drug Education | - | - | - | - | 3,584 | - |
| Law Enforcement | - | - | - | - | - | - |
| Preservation of Records | - | - | 7,887 | - | - | - |
| Committed to: | | | | | | |
| Road Maintenance | 85,208 | - | - | - | - | - |
| Aid and Assistance | - | - | - | 31,731 | - | - |
| TOTAL FUND BALANCES | <u>\$ 85,208</u> | <u>\$ 6,737</u> | <u>\$ 7,887</u> | <u>\$ 31,731</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, 2018

| | Law Enforcement Grant Fund | Attorney Grant Fund | 911 Wireless Service Fund | E911 Wireless Holding Fund | Total Nonmajor Governmental Funds |
|---|----------------------------------|---------------------------|------------------------------------|----------------------------------|---|
| RECEIPTS | | | | | |
| Property Taxes | \$ - | \$ - | \$ 23,586 | \$ 55,314 | \$ 94,971 |
| Intergovernmental | - | 48,363 | - | - | 48,363 |
| Charges for Services | - | 2,700 | - | - | 7,647 |
| TOTAL RECEIPTS | <u>-</u> | <u>51,063</u> | <u>23,586</u> | <u>55,314</u> | <u>150,981</u> |
| DISBURSEMENTS | | | | | |
| General Government | - | - | - | - | 3,050 |
| Public Safety | - | 63,158 | 7,427 | 32,453 | 103,038 |
| Public Works | - | - | - | - | 16,903 |
| Public Assistance | - | - | - | - | 1,951 |
| Culture and Recreation | - | - | - | - | 19,783 |
| TOTAL DISBURSEMENTS | <u>-</u> | <u>63,158</u> | <u>7,427</u> | <u>32,453</u> | <u>144,725</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS | <u>-</u> | <u>(12,095)</u> | <u>16,159</u> | <u>22,861</u> | <u>6,256</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | 10,786 | 83,786 |
| Transfers out | (20,158) | - | - | (10,786) | (30,944) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(20,158)</u> | <u>-</u> | <u>-</u> | <u>10,786</u> | <u>52,842</u> |
| Net Change in Fund Balances | (20,158) | (12,095) | 16,159 | 12,075 | 59,098 |
| FUND BALANCES - BEGINNING | <u>20,158</u> | <u>16,488</u> | <u>46,152</u> | <u>41,786</u> | <u>310,870</u> |
| FUND BALANCES - ENDING | <u>\$ -</u> | <u>\$ 4,393</u> | <u>\$ 62,311</u> | <u>\$ 53,861</u> | <u>\$ 369,968</u> |
| FUND BALANCES: | | | | | |
| Restricted for: | | | | | |
| Visitor Promotion | - | - | - | - | 6,737 |
| 911 Emergency Services | - | - | 62,311 | 53,861 | 230,428 |
| Drug Education | - | - | - | - | 3,584 |
| Law Enforcement | - | 4,393 | - | - | 4,393 |
| Preservation of Records | - | - | - | - | 7,887 |
| Committed to: | | | | | |
| Road Maintenance | - | - | - | - | 85,208 |
| Aid and Assistance | - | - | - | - | 31,731 |
| TOTAL FUND BALANCES | <u>\$ -</u> | <u>\$ 4,393</u> | <u>\$ 62,311</u> | <u>\$ 53,861</u> | <u>\$ 369,968</u> |

(Concluded)

COLFAX COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2018

| | County Clerk | Clerk of the District Court | County Sheriff | County Attorney | Veterans' Service Officer | County Planning and Zoning | Total |
|------------------------------|------------------|-----------------------------------|-------------------|--------------------|---------------------------------|-------------------------------------|-------------------|
| BALANCES JULY 1, 2017 | \$ 8,879 | \$ 75,420 | \$ 7,158 | \$ 253 | \$ 5,737 | \$ - | \$ 97,447 |
| RECEIPTS | | | | | | | |
| Property Taxes | - | - | - | - | - | - | - |
| Licenses and Permits | 1,934 | - | 880 | - | - | 3,625 | 6,439 |
| Intergovernmental | - | - | - | - | 1,857 | - | 1,857 |
| Charges for Services | 56,582 | 17,843 | 16,708 | 9,882 | - | - | 101,015 |
| Miscellaneous | 45 | - | 186 | - | 1 | - | 232 |
| State Fees | 64,059 | 13,487 | - | - | - | - | 77,546 |
| Other Liabilities | - | 167,566 | 14,137 | 13,106 | - | - | 194,809 |
| TOTAL RECEIPTS | 122,620 | 198,896 | 31,911 | 22,988 | 1,858 | 3,625 | 381,898 |
| DISBURSEMENTS | | | | | | | |
| Payments to County Treasurer | 56,932 | 16,537 | 18,231 | 9,662 | - | 3,625 | 104,987 |
| Payments to State Treasurer | 61,744 | 13,941 | - | - | - | - | 75,685 |
| Other Liabilities | 44 | 166,683 | 12,210 | 12,967 | 1,044 | - | 192,948 |
| TOTAL DISBURSEMENTS | 118,720 | 197,161 | 30,441 | 22,629 | 1,044 | 3,625 | 373,620 |
| BALANCES JUNE 30, 2018 | <u>\$ 12,779</u> | <u>\$ 77,155</u> | <u>\$ 8,628</u> | <u>\$ 612</u> | <u>\$ 6,551</u> | <u>\$ -</u> | <u>\$ 105,725</u> |
| BALANCES CONSIST OF: | | | | | | | |
| Due to County Treasurer | \$ 6,030 | \$ 2,280 | \$ 6,701 | \$ 220 | \$ 6,551 | \$ - | \$ 21,782 |
| Petty Cash | 100 | - | - | - | - | - | 100 |
| Due to State Treasurer | 6,649 | 990 | - | - | - | - | 7,639 |
| Due to Others | - | 73,885 | 1,927 | 392 | - | - | 76,204 |
| BALANCES JUNE 30, 2018 | <u>\$ 12,779</u> | <u>\$ 77,155</u> | <u>\$ 8,628</u> | <u>\$ 612</u> | <u>\$ 6,551</u> | <u>\$ -</u> | <u>\$ 105,725</u> |

COLFAX COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2018

| Item | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-------------------|-------------------|-------------------|-------------------|---------------------|
| Tax Certified by Assessor | | | | | |
| Real Estate | \$ 19,987,575 | \$ 23,126,583 | \$ 23,978,239 | \$ 23,920,485 | \$ 24,830,824 |
| Personal and Specials | 1,139,967 | 1,575,760 | 1,535,978 | 1,343,059 | 1,291,955 |
| Total | 21,127,542 | 24,702,343 | 25,514,217 | 25,263,544 | 26,122,779 |
| Corrections | | | | | |
| Additions | 4,406 | 2,104 | 1,850 | 2,216 | - |
| Deductions | (304) | (1,956) | (1,035) | (1,748) | (1,006) |
| Net Additions/ (Deductions) | 4,102 | 148 | 815 | 468 | (1,006) |
| Corrected Certified Tax | 21,131,644 | 24,702,491 | 25,515,032 | 25,264,012 | 26,121,773 |
| Net Tax Collected by County Treasurer during Fiscal Year Ending: | | | | | |
| June 30, 2014 | 12,846,627 | - | - | - | - |
| June 30, 2015 | 8,273,111 | 15,023,760 | - | - | - |
| June 30, 2016 | 5,515 | 9,664,753 | 15,693,155 | - | - |
| June 30, 2017 | 2,534 | 10,479 | 9,815,595 | 15,527,918 | - |
| June 30, 2018 | - | 100 | 3,516 | 9,730,846 | 16,130,568 |
| Total Net Collections | 21,127,787 | 24,699,092 | 25,512,266 | 25,258,764 | 16,130,568 |
| Total Uncollected Tax | \$ 3,857 | \$ 3,399 | \$ 2,766 | \$ 5,248 | \$ 9,991,205 |
| Percentage Uncollected Tax | 0.02% | 0.01% | 0.01% | 0.02% | 38.25% |

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

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, 2018, and the related notes to the financial statements, which collectively comprise Colfax County's basic financial statements, and have issued our report thereon dated April 12, 2019. 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 April 12, 2019.

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

April 12, 2019



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

April 12, 2019

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, 2018, and have issued our report thereon dated April 12, 2019. 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.

COUNTY SHERIFF

Office Accountability

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

- A monthly asset-to-liability reconciliation was not performed, resulting in an unexplained long of \$4,415 as of June 30, 2018. The County Sheriff was unable to designate the proper recipient(s) of these funds.
- An accurate accounts receivable listing was not maintained. Per discussions with the County Sheriff, it was determined that two accounts receivable, totaling \$1,053, were actually collected in a prior fiscal year and were not appropriately shown as collected on the listing or remitted to the County Treasurer as of June 30, 2018. The County Sheriff was unable to provide documentation showing when the funds were collected; the amount was reflected as an overage in the prior audit report.
- The amounts charged for fingerprint reports and accident reports were not approved by the County Board.

Neb. Rev. Stat. § 23-106(1) (Reissue 2012) states, "The county board shall manage the county funds and county business except as otherwise specifically provided."

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) accounts receivables are reviewed to ensure accuracy, and any collection on an accounts receivable is shown as collected on the listing in a timely manner; and 3) fees are set by the County Board and documented in Board minutes, so the public is aware of amounts that should be charged for services.

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 that procedures be implemented to ensure the following: 1) office assets are in agreement with office liabilities, and any variances noted are resolved timely; 2) accounts receivable are reviewed for accuracy, and any discrepancies are resolved in a timely manner; and 3) all fees not authorized by State statute are approved by the County Board.

COUNTY CLERK OF THE DISTRICT COURT

Review of Overdue Case Balance Report

We noted the County Clerk of the District Court (CDC) was not actively reviewing the Overdue Case Balance Report to ensure the balances listed therein were proper, and appropriate action was taken with regard to those balances during fiscal year 2018. As of March 15, 2019, the report showed a total amount owed of \$49,642. Only nine cases, totaling \$5,579, were flagged for a current warrant/suspension.

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 | 6 | \$ 509 |
| 2000 | 2 | \$ 20 |
| 2001 | 7 | \$ 229 |
| 2002 | 3 | \$ 737 |
| 2003 | 1 | \$ 695 |
| 2004 | 2 | \$ 1,065 |
| 2005 | 5 | \$ 2,362 |
| 2006 | 2 | \$ 794 |
| 2007 | 5 | \$ 1,206 |
| 2008 | 9 | \$ 4,008 |
| 2009 | 3 | \$ 1,010 |
| 2010 | 3 | \$ 480 |
| 2011 | 7 | \$ 1,278 |
| 2012 | 7 | \$ 1,187 |
| 2013 | 3 | \$ 651 |
| 2014 | 2 | \$ 1,055 |
| 2015 | 9 | \$ 4,934 |
| 2016 | 14 | \$ 7,097 |
| 2017 | 10 | \$ 2,267 |
| 2018 | 30 | \$ 14,912 |
| 2019 | 6 | \$ 184 |
| Totals | 153 | \$ 49,642 |

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

When the Overdue Case Balance Report is not reviewed periodically, there is an increased risk of the District Court's overdue balances not being pursued for collection.

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 the issuance of warrants, a judge's determination and order to waive certain costs, if allowable, or the declaration of certain balances as uncollectible.

Non-Monetary Receipt Support

During testing of non-monetary receipts, we noted that receipt #9005769, dated October 2, 2017, for \$163 in court costs, did not have adequate supporting documentation on file to support the court costs being waived. The defendant was ordered to sit out the costs in jail, but documentation was not maintained to support completion of that incarceration.

A good internal control plan requires procedures to ensure that adequate supporting documentation is on file for all non-monetary receipts. Without such procedures, there is an increased risk for the loss and/or misuse of funds.

We recommend the District Court implement procedures to ensure adequate supporting documentation is on file for all non-monetary receipts.

COUNTY VETERANS' SERVICE OFFICER

Office Accountability

During the audit, the County Veterans' Service Officer (VSO) discovered the bank cleared two checks, totaling \$206, from the VSO bank account in August 2017 that he did not write. These two checks were not identified until audit fieldwork began in March 2019, approximately 19 months after the checks cleared the VSO bank account. Contacting the bank, the VSO received a credit to its account on March 20, 2019.

A good internal control plan and sound business practices require procedures to ensure that only County office activity clears the County's bank accounts, and any errors or irregularities are resolved in a timely manner.

Without such procedures, there is an increased risk for the loss and/or misuse of County funds.

We recommend the County Veterans' Service Officer implement procedures to ensure only County office activity clears the County's bank accounts, and any errors or irregularities are resolved in a timely manner.

* * * * *

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. The County declined to respond.

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,



Deann Haeffner, CPA
Assistant Deputy Auditor