

**AUDIT REPORT
OF
COLFAX COUNTY**

JULY 1, 2019, THROUGH JUNE 30, 2020

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the Auditor of Public Accounts.**

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Issued on April 23, 2021

COLFAX COUNTY

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COLFAX COUNTY
411 E. 11th Street
Schuyler, NE 68661

LIST OF COUNTY OFFICIALS
At June 30, 2020

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Carl Grotelueschen Jim Mejsrik Lynton Cattau	Jan. 2023 Jan. 2023 Jan. 2021
Assessor	Viola Bender	Jan. 2023
Attorney	Denise Kracl	Jan. 2023
Clerk Election Commissioner Register of Deeds	Rita Mundil	Jan. 2023
Clerk of the District Court	Mary Kay Bailey	Jan. 2023
Sheriff	Shawn Messerlie	Jan. 2023
Treasurer	Janis Kasik	Jan. 2023
Surveyor	Marvin Svoboda	Jan. 2023
Veterans' Service Officer	Eric Mullally	Appointed
Weed Superintendent	Sterling Staack	Appointed
Highway Superintendent Emergency Manager	Mark Arps	Appointed
Planning & Zoning	Sharon Oltmer	Appointed
Public Defender	Jerod Trouba	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, 2020, 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, 2020, 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 17-25, 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 23, 2021, 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.



Zachary Wells, CPA, CISA
Audit Manager
Lincoln, Nebraska

April 23, 2021

COLFAX COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 8,001,724
Investments (Note 1.D)	2,983,852
TOTAL ASSETS	\$ 10,985,576
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 14,236
911 Emergency Services	252,312
Drug Education	4,884
Law Enforcement	22,269
Preservation of Records	9,433
Unrestricted	10,682,442
TOTAL NET POSITION	\$ 10,985,576

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, 2020

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	\$ (2,376,942)	\$ 334,020	\$ 27,275	\$ (2,015,647)
Public Safety	(1,797,600)	183,249	175,231	(1,439,120)
Public Works	(4,362,768)	4,313	1,641,580	(2,716,875)
Public Assistance	(37,461)	-	-	(37,461)
Culture and Recreation	(9,164)	-	-	(9,164)
Total Governmental Activities	<u>\$ (8,583,935)</u>	<u>\$ 521,582</u>	<u>\$ 1,844,086</u>	<u>(6,218,267)</u>

General Receipts:

Property Taxes	5,626,775
Grants and Contributions Not Restricted to Specific Programs	729,039
Investment Income	110,142
Licenses and Permits	60,329
Union Pacific Railroad Bridge Agreement	450,000
Miscellaneous	35,987
Total General Receipts	<u>7,012,272</u>
Increase in Net Position	794,005
Net Position - Beginning of year	10,191,571
Net Position - End of year	<u>\$ 10,985,576</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, 2020

	<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)	\$ 3,467,000	\$ 2,903,572	\$ 1,282,643	\$ 348,509	\$ 8,001,724
Investments (Note 1.D)	-	-	2,983,852	-	2,983,852
TOTAL ASSETS	<u>\$ 3,467,000</u>	<u>\$ 2,903,572</u>	<u>\$ 4,266,495</u>	<u>\$ 348,509</u>	<u>\$ 10,985,576</u>
FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	14,236	14,236
911 Emergency Services	-	-	-	252,312	252,312
Drug Education	-	-	-	4,884	4,884
Law Enforcement	-	-	-	22,269	22,269
Preservation of Records	-	-	-	9,433	9,433
Committed to:					
Road Maintenance	-	2,903,572	-	16,833	2,920,405
Aid and Assistance	-	-	-	28,542	28,542
Assigned to:					
Other Purposes	-	-	4,266,495	-	4,266,495
Unassigned	3,467,000	-	-	-	3,467,000
TOTAL CASH BASIS FUND BALANCES	<u>\$ 3,467,000</u>	<u>\$ 2,903,572</u>	<u>\$ 4,266,495</u>	<u>\$ 348,509</u>	<u>\$ 10,985,576</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, 2020

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 5,348,579	\$ -	\$ 189,732	\$ 88,464	\$ 5,626,775
Licenses and Permits	60,329	-	-	-	60,329
Investment Income	110,142	-	-	-	110,142
Intergovernmental	615,964	1,907,151	-	50,010	2,573,125
Charges for Services	508,343	4,313	-	8,926	521,582
Miscellaneous	12,031	473,956	-	-	485,987
TOTAL RECEIPTS	<u>6,655,388</u>	<u>2,385,420</u>	<u>189,732</u>	<u>147,400</u>	<u>9,377,940</u>
DISBURSEMENTS					
General Government	2,372,331	-	-	4,611	2,376,942
Public Safety	1,655,015	-	-	142,585	1,797,600
Public Works	55,691	4,307,077	-	-	4,362,768
Public Assistance	34,364	-	-	3,097	37,461
Culture and Recreation	-	-	-	9,164	9,164
TOTAL DISBURSEMENTS	<u>4,117,401</u>	<u>4,307,077</u>	<u>-</u>	<u>159,457</u>	<u>8,583,935</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,537,987</u>	<u>(1,921,657)</u>	<u>189,732</u>	<u>(12,057)</u>	<u>794,005</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	600,000	2,646,838	-	23,494	3,270,332
Transfers out	(2,646,838)	-	(600,000)	(23,494)	(3,270,332)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,046,838)</u>	<u>2,646,838</u>	<u>(600,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	491,149	725,181	(410,268)	(12,057)	794,005
CASH BASIS FUND BALANCES - BEGINNING					
	<u>2,975,851</u>	<u>2,178,391</u>	<u>4,676,763</u>	<u>360,566</u>	<u>10,191,571</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$ 3,467,000</u>	<u>\$ 2,903,572</u>	<u>\$ 4,266,495</u>	<u>\$ 348,509</u>	<u>\$ 10,985,576</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, 2020

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 684,337
 LIABILITIES	
Due to other governments	
State	323,665
Schools	248,596
Educational Service Units	3,780
Technical College	23,445
Natural Resource Districts	7,722
Fire Districts	14,085
Municipalities	36,840
Agricultural Society	3,000
Drainage Districts	44
Sanitary and Improvement Districts	10,757
Others	12,403
TOTAL LIABILITIES	684,337
 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, 2020

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 \$20,993 toward the operation of the Region during fiscal year 2020. 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.

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).

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 2020. 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. 2020). 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.

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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

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 \$303,134 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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 2018).

At year end, the County's carrying amount of deposits was \$8,001,724 for County funds and \$684,337 for Fiduciary funds. The bank balances for all funds totaled \$9,639,554. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, 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 \$2,983,852 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 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.284936/\$100 of assessed valuation. The levy set in October 2018, for the 2018 taxes, which were materially collected in May and September 2019, was set at \$.286157/\$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. 2020) 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, 2020, 71 employees contributed \$120,879, and the County contributed \$178,634. Contributions included \$5,369 in cash contributions towards the supplemental law enforcement plan for 12 law enforcement employees. Lastly, the County paid \$1,128 directly to 10 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 98 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 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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

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, 2020, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 600,000	\$ -	\$ 600,000
Road Fund	2,646,838	-	-	2,646,838
Nonmajor Funds	-	-	23,494	23,494
Total	<u>\$ 2,646,838</u>	<u>\$ 600,000</u>	<u>\$ 23,494</u>	<u>\$ 3,270,332</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.

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, 2019	\$ 65,623
Purchases	-
Payments	21,034
Balance June 30, 2020	<u>\$ 44,589</u>

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

7. **Capital Leases Payable** (Concluded)

	<u>2017 Dump Truck</u>
Future Payments:	
Year	
2021	\$ 23,626
2022	23,626
Total Payments	<u>\$ 47,252</u>
Less Interest	2,663
Present Value of Future Minimum Lease Payments	<u>\$ 44,589</u>
Carrying Value of the Related Fixed Asset	<u>\$ 128,950</u>

On August 8, 2019, the County entered into a lease-to-own agreement for a dump truck with two installment payments with the last payment due in August 2020. During fiscal year 2020, the County made both installment payments. This lease is not reflected in the table above as it was fully paid off as of June 30, 2020.

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 5,754,282	\$ 5,754,282	\$ 5,348,579	\$ (405,703)
Licenses and Permits	33,525	33,525	60,329	26,804
Interest	75,000	75,000	110,142	35,142
Intergovernmental	122,600	122,600	615,964	493,364
Charges for Services	457,150	457,150	508,343	51,193
Miscellaneous	7,750	7,750	12,031	4,281
TOTAL RECEIPTS	<u>6,450,307</u>	<u>6,450,307</u>	<u>6,655,388</u>	<u>205,081</u>
DISBURSEMENTS				
General Government:				
County Board	88,700	88,700	86,986	1,714
County Clerk	131,000	131,000	121,483	9,517
County Treasurer	207,305	207,305	200,730	6,575
County Assessor	235,100	235,100	193,239	41,861
Election Commissioner	74,125	74,125	46,277	27,848
Building and Zoning	34,750	34,750	19,515	15,235
Clerk of the District Court	145,965	145,965	134,602	11,363
County Court System	26,200	26,200	12,615	13,585
Public Defender	246,600	246,600	138,378	108,222
Building and Grounds	547,900	547,900	169,663	378,237
Agricultural Extension Agent	90,575	90,575	72,376	18,199
Child Support	6,000	6,000	4,130	1,870
Miscellaneous	1,705,200	1,705,200	1,172,337	532,863
Public Safety				
County Sheriff	983,300	983,300	820,066	163,234
County Attorney	279,700	279,700	260,759	18,941
Communication Center	360,800	360,800	261,120	99,680
County Jail	451,500	451,500	270,246	181,254
Emergency Management	58,950	58,950	42,824	16,126
Law Enforcement Selectives	18,000	18,000	-	18,000
Public Works				
County Surveyor	28,500	28,500	22,937	5,563
Noxious Weed Control	45,900	45,900	32,754	13,146
Public Assistance				
Veterans' Service Officer	34,250	34,250	29,404	4,846
Institutions	49,000	49,000	2,196	46,804
Relief	30,000	30,000	2,764	27,236
TOTAL DISBURSEMENTS	<u>5,879,320</u>	<u>5,879,320</u>	<u>4,117,401</u>	<u>1,761,919</u>

COLFAX COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	570,987	570,987	2,537,987	1,967,000
OTHER FINANCING SOURCES (USES)				
Transfers in	600,000	600,000	600,000	-
Transfers out	(2,646,838)	(2,646,838)	(2,646,838)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,046,838)	(2,046,838)	(2,046,838)	-
Net Change in Fund Balance	(1,475,851)	(1,475,851)	491,149	1,967,000
FUND BALANCE - BEGINNING	2,975,851	2,975,851	2,975,851	-
FUND BALANCE - ENDING	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 3,467,000</u>	<u>\$ 1,967,000</u>

(Concluded)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,776,721	\$ 1,776,721	\$ 1,907,151	\$ 130,430
Charges for Services	-	-	4,313	4,313
Miscellaneous	460,000	460,000	473,956	13,956
TOTAL RECEIPTS	<u>2,236,721</u>	<u>2,236,721</u>	<u>2,385,420</u>	<u>148,699</u>
DISBURSEMENTS	<u>6,256,950</u>	<u>6,256,950</u>	<u>4,307,077</u>	<u>1,949,873</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(4,020,229)</u>	<u>(4,020,229)</u>	<u>(1,921,657)</u>	<u>2,098,572</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,646,838	2,646,838	2,646,838	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,646,838</u>	<u>2,646,838</u>	<u>2,646,838</u>	<u>-</u>
Net Change in Fund Balance	(1,373,391)	(1,373,391)	725,181	2,098,572
FUND BALANCE - BEGINNING	2,178,391	2,178,391	2,178,391	-
FUND BALANCE - ENDING	<u>\$ 805,000</u>	<u>\$ 805,000</u>	<u>\$ 2,903,572</u>	<u>\$ 2,098,572</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 300,000	\$ 300,000	\$ 189,732	\$ (110,268)
TOTAL RECEIPTS	<u>300,000</u>	<u>300,000</u>	<u>189,732</u>	<u>(110,268)</u>
DISBURSEMENTS	<u>4,376,763</u>	<u>4,376,763</u>	<u>-</u>	<u>4,376,763</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(4,076,763)</u>	<u>(4,076,763)</u>	<u>189,732</u>	<u>4,266,495</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(600,000)	(600,000)	(600,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Net Change in Fund Balance	(4,676,763)	(4,676,763)	(410,268)	4,266,495
FUND BALANCE - BEGINNING	4,676,763	4,676,763	4,676,763	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,266,495</u>	<u>\$ 4,266,495</u>

COLFAX COUNTY
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS**

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(16,833)	(16,833)	-	16,833
Net Change in Fund Balance	(16,833)	(16,833)	-	16,833
Fund Balance - Beginning	16,833	16,833	16,833	-
Fund Balance - Ending	\$ -	\$ -	\$ 16,833	\$ 16,833
VISITOR PROMOTION FUND				
Receipts	\$ 14,000	\$ 14,000	\$ 17,666	\$ 3,666
Disbursements	(19,734)	(19,734)	(9,164)	10,570
Net Change in Fund Balance	(5,734)	(5,734)	8,502	14,236
Fund Balance - Beginning	5,734	5,734	5,734	-
Fund Balance - Ending	\$ -	\$ -	\$ 14,236	\$ 14,236
REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 5,042	\$ 5,042	\$ 5,336	\$ 294
Disbursements	(13,750)	(13,750)	(4,611)	9,139
Net Change in Fund Balance	(8,708)	(8,708)	725	9,433
Fund Balance - Beginning	8,708	8,708	8,708	-
Fund Balance - Ending	\$ -	\$ -	\$ 9,433	\$ 9,433
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(31,639)	(31,639)	(3,097)	28,542
Net Change in Fund Balance	(31,639)	(31,639)	(3,097)	28,542
Fund Balance - Beginning	31,639	31,639	31,639	-
Fund Balance - Ending	\$ -	\$ -	\$ 28,542	\$ 28,542
DRUG LAW ENFORCEMENT & EDUCATION FUND				
Receipts	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Disbursements	(5,884)	(5,884)	-	5,884
Net Change in Fund Balance	(4,884)	(4,884)	-	4,884
Fund Balance - Beginning	4,884	4,884	4,884	-
Fund Balance - Ending	\$ -	\$ -	\$ 4,884	\$ 4,884

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ATTORNEY GRANT FUND				
Receipts	\$ 51,361	\$ 51,361	\$ 53,600	\$ 2,239
Disbursements	(74,150)	(74,150)	(56,120)	18,030
Net Change in Fund Balance	(22,789)	(22,789)	(2,520)	20,269
Fund Balance - Beginning	24,789	24,789	24,789	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 22,269</u>	<u>\$ 20,269</u>
E911 FUND				
Receipts	\$ 10,000	\$ 10,000	\$ 20,010	\$ 10,010
Disbursements	(55,962)	(55,962)	(11,637)	44,325
Net Change in Fund Balance	(45,962)	(45,962)	8,373	54,335
Fund Balance - Beginning	75,962	75,962	75,962	-
Fund Balance - Ending	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 84,335</u>	<u>\$ 54,335</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 55,867	\$ 55,867	\$ 50,788	\$ (5,079)
Disbursements	(56,272)	(56,272)	(43,273)	12,999
Transfers in	-	-	-	-
Transfers out	(23,494)	(23,494)	(23,494)	-
Net Change in Fund Balance	(23,899)	(23,899)	(15,979)	7,920
Fund Balance - Beginning	54,899	54,899	54,899	-
Fund Balance - Ending	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 38,920</u>	<u>\$ 7,920</u>
E911 WIRELESS HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(160,612)	(160,612)	(31,555)	129,057
Transfers in	23,494	23,494	23,494	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(137,118)	(137,118)	(8,061)	129,057
Fund Balance - Beginning	137,118	137,118	137,118	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,057</u>	<u>\$ 129,057</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, 2020

	Road Sinking Fund	Visitor Promotion Fund	Register of Deeds Preservation Fund	Veterans' Aid Fund	Drug Law Enforcement & Education Fund
RECEIPTS					
Property Taxes	\$ -	\$ 17,666	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	5,336	-	-
TOTAL RECEIPTS	<u>-</u>	<u>17,666</u>	<u>5,336</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS					
General Government	-	-	4,611	-	-
Public Safety	-	-	-	-	-
Public Assistance	-	-	-	3,097	-
Culture and Recreation	-	9,164	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>9,164</u>	<u>4,611</u>	<u>3,097</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>8,502</u>	<u>725</u>	<u>(3,097)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	8,502	725	(3,097)	-
FUND BALANCES - BEGINNING	<u>16,833</u>	<u>5,734</u>	<u>8,708</u>	<u>31,639</u>	<u>4,884</u>
FUND BALANCES - ENDING	<u>\$ 16,833</u>	<u>\$ 14,236</u>	<u>\$ 9,433</u>	<u>\$ 28,542</u>	<u>\$ 4,884</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	14,236	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	4,884
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	9,433	-	-
Committed to:					
Road Maintenance	16,833	-	-	-	-
Aid and Assistance	-	-	-	28,542	-
TOTAL FUND BALANCES	<u>\$ 16,833</u>	<u>\$ 14,236</u>	<u>\$ 9,433</u>	<u>\$ 28,542</u>	<u>\$ 4,884</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, 2020

	Attorney Grant Fund	E911 Fund	911 Wireless Service Fund	E911 Wireless Holding Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ -	\$ 20,010	\$ 50,788	\$ -	\$ 88,464
Intergovernmental	50,010	-	-	-	50,010
Charges for Services	3,590	-	-	-	8,926
TOTAL RECEIPTS	<u>53,600</u>	<u>20,010</u>	<u>50,788</u>	<u>-</u>	<u>147,400</u>
DISBURSEMENTS					
General Government	-	-	-	-	4,611
Public Safety	56,120	11,637	43,273	31,555	142,585
Public Assistance	-	-	-	-	3,097
Culture and Recreation	-	-	-	-	9,164
TOTAL DISBURSEMENTS	<u>56,120</u>	<u>11,637</u>	<u>43,273</u>	<u>31,555</u>	<u>159,457</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,520)</u>	<u>8,373</u>	<u>7,515</u>	<u>(31,555)</u>	<u>(12,057)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	23,494	23,494
Transfers out	-	-	(23,494)	-	(23,494)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(23,494)</u>	<u>23,494</u>	<u>-</u>
Net Change in Fund Balances	(2,520)	8,373	(15,979)	(8,061)	(12,057)
FUND BALANCES - BEGINNING	<u>24,789</u>	<u>75,962</u>	<u>54,899</u>	<u>137,118</u>	<u>360,566</u>
FUND BALANCES - ENDING	<u>\$ 22,269</u>	<u>\$ 84,335</u>	<u>\$ 38,920</u>	<u>\$ 129,057</u>	<u>\$ 348,509</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	14,236
911 Emergency Services	-	84,335	38,920	129,057	252,312
Drug Education	-	-	-	-	4,884
Law Enforcement	22,269	-	-	-	22,269
Preservation of Records	-	-	-	-	9,433
Committed to:					
Road Maintenance	-	-	-	-	16,833
Aid and Assistance	-	-	-	-	28,542
TOTAL FUND BALANCES	<u>\$ 22,269</u>	<u>\$ 84,335</u>	<u>\$ 38,920</u>	<u>\$ 129,057</u>	<u>\$ 348,509</u>

(Concluded)

COLFAX COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2020

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	County Planning and Zoning	Total
BALANCES JULY 1, 2019	\$ 12,591	\$ 33,882	\$ 7,302	\$ 516	\$ 5,752	\$ -	\$ 60,043
RECEIPTS							
Licenses and Permits	1,601	-	848	-	-	2,425	4,874
Intergovernmental	-	-	-	-	3,000	-	3,000
Charges for Services	61,261	12,129	16,193	6,555	-	-	96,138
Miscellaneous	78	-	593	17	2	-	690
State Fees	73,152	13,744	-	-	-	-	86,896
Other Liabilities	-	417,478	8,989	18,593	-	-	445,060
TOTAL RECEIPTS	136,092	443,351	26,623	25,165	3,002	2,425	636,658
DISBURSEMENTS							
Payments to County Treasurer	61,624	12,614	19,276	6,480	-	2,425	102,419
Payments to State Treasurer	73,871	15,575	-	-	-	-	89,446
Other Liabilities	78	427,765	8,989	18,655	1,404	-	456,891
TOTAL DISBURSEMENTS	135,573	455,954	28,265	25,135	1,404	2,425	648,756
BALANCES JUNE 30, 2020	<u>\$ 13,110</u>	<u>\$ 21,279</u>	<u>\$ 5,660</u>	<u>\$ 546</u>	<u>\$ 7,350</u>	<u>\$ -</u>	<u>\$ 47,945</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 6,619	\$ 1,339	\$ 5,660	\$ 292	\$ 7,350	\$ -	\$ 21,260
Petty Cash	100	-	-	-	-	-	100
Due to State Treasurer	6,391	1,114	-	-	-	-	7,505
Due to Others	-	18,826	-	254	-	-	19,080
BALANCES JUNE 30, 2020	<u>\$ 13,110</u>	<u>\$ 21,279</u>	<u>\$ 5,660</u>	<u>\$ 546</u>	<u>\$ 7,350</u>	<u>\$ -</u>	<u>\$ 47,945</u>

COLFAX COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2020

Item	2015	2016	2017	2018	2019
Tax Certified by Assessor					
Real Estate	\$ 23,978,239	\$ 23,920,485	\$ 24,830,824	\$ 24,934,440	\$ 24,933,421
Personal and Specials	1,535,978	1,343,059	1,291,955	1,169,611	1,131,246
Total	25,514,217	25,263,544	26,122,779	26,104,051	26,064,667
Corrections					
Additions	2,290	2,541	1,907	5,135	152
Deductions	(1,070)	(1,747)	(1,005)	(74)	(272)
Net Additions/ (Deductions)	1,220	794	902	5,061	(120)
Corrected Certified Tax	25,515,437	25,264,338	26,123,681	26,109,112	26,064,547
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2016	15,693,155	-	-	-	-
June 30, 2017	9,815,595	15,527,918	-	-	-
June 30, 2018	3,516	9,730,846	16,130,568	-	-
June 30, 2019	307	2,391	9,983,107	15,995,520	-
June 30, 2020	440	841	5,083	10,086,377	15,884,288
Total Net Collections	25,513,013	25,261,996	26,118,758	26,081,897	15,884,288
Total Uncollected Tax	\$ 2,424	\$ 2,342	\$ 4,923	\$ 27,215	\$ 10,180,259
Percentage Uncollected Tax	0.01%	0.01%	0.02%	0.10%	39.06%

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, 2020, 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 23, 2021. 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.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- 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 23, 2021.

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.



Zachary Wells, CPA, CISA
Audit Manager
Lincoln, Nebraska

April 23, 2021



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 23, 2021

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, 2020, and have issued our report thereon dated April 23, 2021. 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 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 \$4,051 as of June 30, 2020, an increase of \$338 from the prior year's unknown long of \$3,713. The County Sheriff was unable to designate the proper recipient(s) of these funds.
- An accurate accounts receivable listing was not maintained, and some accounts dating back to 2015 remain uncollected. Some follow-up procedures have been performed to collect on the outstanding balances; however, the outstanding balances have not been resolved.

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; and 2) accounts receivables are reviewed to ensure accuracy.

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 report.

We recommend the County Sheriff implement procedures to ensure the following: 1) office assets are in agreement with office liabilities, and any variances are resolved timely; and 2) accounts receivable are reviewed for accuracy, and any discrepancies are resolved in a timely manner.

COUNTY TREASURER

5% Gross In Lieu Distribution

During testing, we noted that the distribution of \$16,613 due to the Howells-Dodge 70 School District (Fund 6120) was inadvertently distributed to Schuyler Central High 123 School District (Fund 6102). The County Treasurer’s calculation incorrectly had the Schuyler Central High 123 School District general fund listed twice, resulting in an overpayment to this school district.

Neb. Rev. Stat. § 70-651.04 (Reissue 2018) states the following:

All payments which are based on retail revenue from each incorporated city or village shall be divided and distributed by the county treasurer to that city or village, to the school districts located in that city or village, to any learning community located in that city or village for payments distributed prior to September 1, 2017, and to the county in which may be located any such incorporated city or village in the proportion that their respective property tax levies in the preceding year bore to the total of such levies, except that the only learning community levies to be included are the common levies for which the proceeds are distributed to member school districts pursuant to section 79-1073.

Good internal controls require procedures to ensure that 5% Gross In Lieu distributions are calculated and distributed correctly.

Without such procedures, there is an increased risk of not only political subdivisions failing to receive the appropriate amount of funding but also loss or misuse of funds.

We recommend the County Treasurer correct the erroneous 5% Gross In Lieu distribution. Additionally, we recommend the County Treasurer implement procedures to ensure future distributions are calculated and distributed correctly.

Receipt Timeliness

During fiscal year 2020, the County Treasurer received two ACH payments, totaling \$12,004, that were not received in a timely manner. The table below summarizes these revenues.

Description	Date Received	Date Receipted	Days from Received to Receipt Date	Amount
E911 Surcharges	05/27/20	07/28/20	62	\$ 5,079
Emergency Management Performance Grants	05/21/20	07/14/20	54	\$ 6,925
Total				\$ 12,004

Good internal controls and sound business practices require procedures to ensure that funds received are receipted into the accounting system in a timely manner.

Without such procedures, there is an increased risk of loss, misuse, or theft of County funds.

We recommend the County Treasurer implement procedures to ensure all monies received by the County Treasurer are receipted into the accounting system in a timely manner.

CLERK OF THE DISTRICT COURT

Case Balances Follow-Up

We noted that the Clerk of the District Court was not adequately following up on balances held related to cases. For two of three cases, totaling \$947, selected from the June 30, 2020, Monthly Case Balance Report, the balances were not paid out appropriately in a timely manner. Further details of these cases are provided below:

- On June 18, 2019, the District Court filed a Certificate of Cancellation of Tax Sale Certificate, which included an overpayment of \$697 due to the defendant. As of fieldwork in mid-March 2021, the District Court was still holding these funds. Upon our inquiry, the District Court stated that the defendant had not claimed the overpayment; however, the District Court was unable to provide documentation supporting that the defendant had been notified of such overpayment.
- On September 6, 2019, the District Court received \$250 for restitution; however, these funds were not paid out until March 10, 2021, after our inquiry.

Neb. Rev. Stat. § 77-1916 (Reissue 2018) states, in relevant part, the following:

If a surplus remains after satisfying all costs and taxes against any particular item of real property, the excess shall be applied in the manner provided by law for the disposition of the surplus in the foreclosure of mortgages on real property

Neb. Rev. Stat. § 25-2146 (Reissue 2016) states the following:

The proceeds of every sale made under a decree in equity shall be applied to the discharge of the debt adjudged by such court to be due, and of the costs awarded, and if there be any surplus, it shall be brought into court for the use of the defendant, or of the persons entitled thereto, subject to the order of the court.

Furthermore, Neb. Rev. Stat. § 25-2147 (Reissue 2016) states the following:

If such surplus, or any part thereof, shall remain in the court for the term of three months without being applied for, the court may direct the same to be put out at interest under the direction of the court for the benefit of the defendant, his representative or assigns, to be paid to them by the order of such court.

Good internal control and sound business practices require procedures to ensure case balances are adequately followed up on and resolved, and appropriately paid out, if necessary, in a timely manner. Without such procedures, there is an increased risk for loss, misuse, or theft of funds.

We recommend the District Court implement procedures to ensure case balances are adequately followed up on and resolved and appropriately paid out, if necessary, in a timely manner.

Clerk of District Court's Response: Case No. C118-90 is a Foreclosure – Other which involves Tax Sale Certificate No. 10388. Our office issued the Certificate of Cancellation of Tax Sale Certificate which reflected an overpayment of \$697.23. At the direction of the Justice Help Desk, our office was instructed to maintain the overpayment of \$697.23 in said case until the funds are claimed by the Defendant. It is the practice of our office to send a copy of the filings to the attorneys on the case so I have every confidence that was done at the time.

COUNTY OVERALL

Segregation of Duties

We noted that 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.

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.

This was also noted in prior audits.

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.

* * * * *

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.

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.

Sincerely,



Zachary Wells, CPA, CISA
Audit Manager