

**AUDIT REPORT  
OF  
COLFAX COUNTY**

**JULY 1, 2020, THROUGH JUNE 30, 2021**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on June 27, 2022**

# COLFAX COUNTY

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COLFAX COUNTY  
411 E. 11<sup>th</sup> Street  
Schuyler, NE 68661

**LIST OF COUNTY OFFICIALS**  
At June 30, 2021

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Carl Grotelueschen	Jan. 2023
	Jim Mejsrik	Jan. 2023
	Terry Wendt	Jan. 2025
Assessor	Viola Bender	Jan. 2023
Attorney	Denise Kracl	Jan. 2023
Clerk	Rita Mundil	Jan. 2023
Election Commissioner		
Register of Deeds		
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	Mark Arps	Appointed
Emergency Manager		
Planning & Zoning	Sharon Oltmer	Appointed
Public Defender	Jerod Trouba	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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, 2021, 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, 2021, 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, schedule of expenditures of Federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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, schedule of expenditures of Federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and schedule of taxes certified and collected, pages 17-26, 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 June 23, 2022, 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.



Mark Avery, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

June 23, 2022

COLFAX COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
June 30, 2021

	Governmental Activities
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 8,401,244
Investments (Note 1.D)	2,985,497
<b>TOTAL ASSETS</b>	<u><u>\$ 11,386,741</u></u>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 8,682
911 Emergency Services	168,820
Drug Education	631
Law Enforcement	28,717
Preservation of Records	12,823
Federal Relief	1,040,049
Unrestricted	10,127,019
<b>TOTAL NET POSITION</b>	<u><u>\$ 11,386,741</u></u>

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, 2021

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (2,339,873)	\$ 376,115	\$ 30,791	\$ (1,932,967)
Public Safety	(2,099,159)	178,663	394,833	(1,525,663)
Public Works	(6,290,466)	5,253	1,970,056	(4,315,157)
Public Assistance	(29,366)	-	-	(29,366)
Culture and Recreation	(18,631)	-	-	(18,631)
Total Governmental Activities	<u>\$ (10,777,495)</u>	<u>\$ 560,031</u>	<u>\$ 2,395,680</u>	<u>(7,821,784)</u>

General Receipts:

Taxes	6,243,406
Grants and Contributions Not Restricted to Specific Programs	1,581,149
Investment Income	50,382
Licenses and Permits	76,080
Miscellaneous	271,932
Total General Receipts	<u>8,222,949</u>

Increase in Net Position	401,165
Net Position - Beginning of year	10,985,576
Net Position - End of year	<u>\$ 11,386,741</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, 2021

	General Fund	Road Fund	Inheritance Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents (Note 1.D)	\$ 4,046,865	\$ 1,783,677	\$ 1,265,703	\$ 1,304,999	\$ 8,401,244
Investments (Note 1.D)	-	-	2,985,497	-	2,985,497
<b>TOTAL ASSETS</b>	<u>\$ 4,046,865</u>	<u>\$ 1,783,677</u>	<u>\$ 4,251,200</u>	<u>\$ 1,304,999</u>	<u>\$ 11,386,741</u>
<b>FUND BALANCES</b>					
Restricted for:					
Visitor Promotion	-	-	-	8,682	8,682
911 Emergency Services	-	-	-	168,820	168,820
Drug Education	-	-	-	631	631
Law Enforcement	-	-	-	28,717	28,717
Preservation of Records	-	-	-	12,823	12,823
Federal Relief	-	-	-	1,040,049	1,040,049
Committed to:					
Road Maintenance	-	1,783,677	-	16,833	1,800,510
Aid and Assistance	-	-	-	28,444	28,444
Assigned to:					
Other Purposes	-	-	4,251,200	-	4,251,200
Unassigned	4,046,865	-	-	-	4,046,865
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 4,046,865</u>	<u>\$ 1,783,677</u>	<u>\$ 4,251,200</u>	<u>\$ 1,304,999</u>	<u>\$ 11,386,741</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, 2021

	General Fund	Road Fund	Inheritance Fund	Nonmajor Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Taxes	\$5,566,691	\$ -	\$ 584,705	\$ 92,010	\$ 6,243,406
Licenses and Permits	76,080	-	-	-	76,080
Investment Income	50,382	-	-	-	50,382
Intergovernmental	880,103	1,970,085	-	1,126,641	3,976,829
Charges for Services	543,928	5,253	-	10,850	560,031
Miscellaneous	80,475	191,457	-	-	271,932
<b>TOTAL RECEIPTS</b>	<u>7,197,659</u>	<u>2,166,795</u>	<u>584,705</u>	<u>1,229,501</u>	<u>11,178,660</u>
<b>DISBURSEMENTS</b>					
General Government	2,336,488	-	-	3,385	2,339,873
Public Safety	1,848,262	-	-	250,897	2,099,159
Public Works	57,576	6,232,890	-	-	6,290,466
Public Assistance	29,268	-	-	98	29,366
Culture and Recreation	-	-	-	18,631	18,631
<b>TOTAL DISBURSEMENTS</b>	<u>4,271,594</u>	<u>6,232,890</u>	<u>-</u>	<u>273,011</u>	<u>10,777,495</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>2,926,065</u>	<u>(4,066,095)</u>	<u>584,705</u>	<u>956,490</u>	<u>401,165</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	600,000	2,946,200	-	13,536	3,559,736
Transfers out	(2,946,200)	-	(600,000)	(13,536)	(3,559,736)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,346,200)</u>	<u>2,946,200</u>	<u>(600,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	579,865	(1,119,895)	(15,295)	956,490	401,165
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>3,467,000</u>	<u>2,903,572</u>	<u>4,266,495</u>	<u>348,509</u>	<u>10,985,576</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u><u>\$4,046,865</u></u>	<u><u>\$ 1,783,677</u></u>	<u><u>\$4,251,200</u></u>	<u><u>\$ 1,304,999</u></u>	<u><u>\$ 11,386,741</u></u>

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

COLFAX COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**FIDUCIARY FUNDS**  
For the Year Ended June 30, 2021

	Custodial Fund Balances July 1, 2020 (as restated)	Receipts	Disbursements	Custodial Fund Balances June 30, 2021
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 710,922	\$29,579,468	\$ 29,426,724	\$ 863,666
<b>LIABILITIES</b>				
Due to other governments				
State - Collected by County Treasurer	323,665	3,151,688	3,195,246	280,107
State - Collected by Other Offices	7,505	105,137	99,259	13,383
Schools	248,596	20,738,884	20,707,689	279,791
Educational Service Units	3,780	292,917	294,033	2,664
Technical College	23,445	1,803,699	1,810,802	16,342
Natural Resource Districts	7,722	568,580	571,053	5,249
Fire Districts	14,085	655,992	658,334	11,743
Municipalities	36,840	1,434,870	1,399,112	72,598
Agricultural Society	3,000	232,170	233,053	2,117
Drainage Districts	44	3,281	3,276	49
Sanitary and Improvement Districts	10,757	8,450	3,710	15,497
Others - Collected by County Treasurer	12,403	240,301	241,300	11,404
Others - Collected by Other Offices	19,080	343,499	209,857	152,722
<b>TOTAL LIABILITIES</b>	<u>710,922</u>	<u>29,579,468</u>	<u>29,426,724</u>	<u>863,666</u>
<b>TOTAL NET POSITION</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2021

#### 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 \$36,338 toward the operation of the Region during fiscal year 2021. 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 2021. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2021). 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.

## COLFAX COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

The County reports the following major governmental funds:

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

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

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

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

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

**Custodial 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

## COLFAX COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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, certificates of deposits, 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 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 \$1,259,722 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

## COLFAX COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

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

#### 2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$8,401,244 for County funds and \$863,666 for Fiduciary funds. The bank balances for all funds totaled \$9,099,589. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2021, 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 \$2,985,497 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. **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 2020, for the 2020 taxes, which were materially collected in May and September 2021, was set at \$.284748/\$100 of assessed valuation. The levy set in October 2019, for the 2019 taxes, which were materially collected in May and September 2020, was set at \$.284936/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

## COLFAX COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 3. **Taxes** (Concluded)

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.

The tax receipts classification also contains collections from the assessment of inheritance taxes, 911 surcharges, and lodging taxes.

#### 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, 2021, 70 employees contributed \$129,482, and the County contributed \$191,095. Contributions included \$6,253 in cash contributions towards the supplemental law enforcement plan for 12 law enforcement employees. Lastly, the County paid \$1,093 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 104 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 the county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during the 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, 2021, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 2,946,200	\$ -	\$ -	\$ 2,946,200
General Fund	-	600,000	-	600,000
Nonmajor Funds	-	-	13,536	13,536
Total	<u>\$ 2,946,200</u>	<u>\$ 600,000</u>	<u>\$ 13,536</u>	<u>\$ 3,559,736</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. **Long-Term Obligations**

**Capital Leases**

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

## COLFAX COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Concluded)

**7. Long-Term Obligations** (Concluded)

	2017 Dump Truck
Balance July 1, 2020	\$ 44,589
Purchases	-
Payments	21,860
Balance June 30, 2021	<u>\$ 22,729</u>
Future Payments:	
<b>Year</b>	
2022	\$ 23,626
Less Interest	<u>897</u>
Present Value of Future Minimum Lease Payments	<u>\$ 22,729</u>
Carrying Value of the Related Fixed Asset	<u>\$ 128,950</u>

**8. Prior Period Adjustment**

The beginning balances were increased by \$26,585 on the Fiduciary Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances from the balances reported in the County's fiscal year 2020 financial statements. These adjustments were made to report monies held by County officials other than the County Treasurer.

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 5,808,119	\$ 5,808,119	\$ 5,566,691	\$ (241,428)
Licenses and Permits	37,425	37,425	76,080	38,655
Investment Income	75,000	75,000	50,382	(24,618)
Intergovernmental	123,100	123,100	880,103	757,003
Charges for Services	456,050	456,050	543,928	87,878
Miscellaneous	7,750	7,750	80,475	72,725
<b>TOTAL RECEIPTS</b>	<b>6,507,444</b>	<b>6,507,444</b>	<b>7,197,659</b>	<b>690,215</b>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	92,500	92,500	88,938	3,562
County Clerk	135,150	135,150	122,609	12,541
County Treasurer	211,825	211,825	202,883	8,942
County Assessor	237,130	237,130	203,781	33,349
Election Commissioner	75,725	75,725	64,052	11,673
Building and Zoning	32,250	32,250	17,822	14,428
Clerk of the District Court	157,725	157,725	127,899	29,826
County Court System	26,200	26,200	9,056	17,144
Public Defender	246,600	246,600	159,964	86,636
Building and Grounds	648,150	648,150	175,711	472,439
Agricultural Extension Agent	91,340	91,340	58,481	32,859
Child Support	6,000	6,000	2,985	3,015
Miscellaneous	1,605,199	1,605,199	1,102,307	502,892
Public Safety				
County Sheriff	1,081,650	1,081,650	1,029,455	52,195
County Attorney	287,500	287,500	269,303	18,197
Communication Center	360,800	360,800	284,729	76,071
County Jail	451,500	451,500	214,748	236,752
Emergency Management	68,050	68,050	46,091	21,959
Law Enforcement Selectives	18,000	18,000	3,936	14,064
Public Works				
County Surveyor	29,550	29,550	21,368	8,182
Noxious Weed Control	52,150	52,150	36,208	15,942
Public Assistance				
Veterans' Service Officer	34,250	34,250	25,143	9,107
Institutions	49,000	49,000	2,821	46,179
Relief	30,000	30,000	1,304	28,696
<b>TOTAL DISBURSEMENTS</b>	<b>6,028,244</b>	<b>6,028,244</b>	<b>4,271,594</b>	<b>1,756,650</b>

(Continued)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	479,200	479,200	2,926,065	2,446,865
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	600,000	600,000	600,000	-
Transfers out	(2,946,200)	(2,946,200)	(2,946,200)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,346,200)	(2,346,200)	(2,346,200)	-
Net Change in Fund Balance	(1,867,000)	(1,867,000)	579,865	2,446,865
<b>FUND BALANCE - BEGINNING</b>	3,467,000	3,467,000	3,467,000	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 4,046,865</u>	<u>\$ 2,446,865</u>

(Concluded)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
RECEIPTS				
Intergovernmental	2,467,878	2,467,878	1,970,085	(497,793)
Charges for Services	-	-	5,253	5,253
Miscellaneous	10,000	10,000	191,457	181,457
TOTAL RECEIPTS	2,477,878	2,477,878	2,166,795	(311,083)
DISBURSEMENTS	7,422,650	7,422,650	6,232,890	1,189,760
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(4,944,772)	(4,944,772)	(4,066,095)	878,677
OTHER FINANCING SOURCES (USES)				
Transfers in	2,946,200	2,946,200	2,946,200	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,946,200	2,946,200	2,946,200	-
Net Change in Fund Balance	(1,998,572)	(1,998,572)	(1,119,895)	878,677
FUND BALANCE - BEGINNING	2,903,572	2,903,572	2,903,572	-
FUND BALANCE - ENDING	\$ 905,000	\$ 905,000	\$1,783,677	\$ 878,677
<b>INHERITANCE FUND</b>				
RECEIPTS				
Taxes	\$ 150,000	\$ 150,000	\$ 584,705	\$ 434,705
TOTAL RECEIPTS	150,000	150,000	584,705	434,705
DISBURSEMENTS	3,816,495	3,816,495	-	3,816,495
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,666,495)	(3,666,495)	584,705	4,251,200
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(600,000)	(600,000)	(600,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(600,000)	(600,000)	(600,000)	-
Net Change in Fund Balance	(4,266,495)	(4,266,495)	(15,295)	4,251,200
FUND BALANCE - BEGINNING	4,266,495	4,266,495	4,266,495	-
FUND BALANCE - ENDING	\$ -	\$ -	\$4,251,200	\$ 4,251,200

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD SINKING FUND</b>				
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,833</u>	<u>\$ 16,833</u>
<b>VISITOR PROMOTION FUND</b>				
Receipts	\$ 15,764	\$ 15,764	\$ 13,077	\$ (2,687)
Disbursements	(30,000)	(30,000)	(18,631)	11,369
Net Change in Fund Balance	(14,236)	(14,236)	(5,554)	8,682
Fund Balance - Beginning	14,236	14,236	14,236	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,682</u>	<u>\$ 8,682</u>
<b>REGISTER OF DEEDS PRESERVATION FUND</b>				
Receipts	\$ 5,067	\$ 5,067	\$ 6,775	\$ 1,708
Disbursements	(14,500)	(14,500)	(3,385)	11,115
Net Change in Fund Balance	(9,433)	(9,433)	3,390	12,823
Fund Balance - Beginning	9,433	9,433	9,433	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,823</u>	<u>\$ 12,823</u>
<b>VETERANS' AID FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(28,542)	(28,542)	(98)	28,444
Net Change in Fund Balance	(28,542)	(28,542)	(98)	28,444
Fund Balance - Beginning	28,542	28,542	28,542	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,444</u>	<u>\$ 28,444</u>
<b>DRUG LAW ENFORCEMENT &amp; EDUCATION FUND</b>				
Receipts	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Disbursements	(5,884)	(5,884)	(4,253)	1,631
Net Change in Fund Balance	(4,884)	(4,884)	(4,253)	631
Fund Balance - Beginning	4,884	4,884	4,884	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 631</u>	<u>\$ 631</u>

(Continued)

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ATTORNEY GRANT FUND</b>				
Receipts	\$ 78,731	\$ 78,731	\$ 90,667	\$ 11,936
Disbursements	(101,000)	(101,000)	(84,219)	16,781
Net Change in Fund Balance	(22,269)	(22,269)	6,448	28,717
Fund Balance - Beginning	22,269	22,269	22,269	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,717</u>	<u>\$ 28,717</u>
<b>COVID AMERICAN RESCUE PLAN ACT FUND</b>				
Receipts	\$ -	\$ -	\$ 1,040,049	\$ 1,040,049
Disbursements	-	-	-	-
Net Change in Fund Balance	-	-	1,040,049	1,040,049
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040,049</u>	<u>\$ 1,040,049</u>
<b>E911 FUND</b>				
Receipts	\$ 10,000	\$ 10,000	\$ 17,987	\$ 7,987
Disbursements	(64,335)	(64,335)	(9,595)	54,740
Transfers in	-	-	-	-
Transfers out	-	-	(537)	(537)
Net Change in Fund Balance	(54,335)	(54,335)	7,855	62,190
Fund Balance - Beginning	84,335	84,335	84,335	-
Fund Balance - Ending	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 92,190</u>	<u>\$ 62,190</u>
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 55,867	\$ 55,867	\$ 60,946	\$ 5,079
Disbursements	(51,788)	(51,788)	(41,153)	10,635
Transfers in	-	-	537	537
Transfers out	(12,999)	(12,999)	(12,999)	-
Net Change in Fund Balance	(8,920)	(8,920)	7,331	16,251
Fund Balance - Beginning	38,920	38,920	38,920	-
Fund Balance - Ending	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 46,251</u>	<u>\$ 16,251</u>
<b>E911 WIRELESS HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(142,056)	(142,056)	(111,677)	30,379
Transfers in	12,999	12,999	12,999	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(129,057)	(129,057)	(98,678)	30,379
Fund Balance - Beginning	129,057	129,057	129,057	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,379</u>	<u>\$ 30,379</u>

COLFAX COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR FUNDS**  
For the Year Ended June 30, 2021

	Road Sinking Fund	Visitor Promotion Fund	Register of Deeds Preservation Fund	Veterans' Aid Fund	Drug Law Enforcement & Education Fund	Attorney Grant Fund
<b>RECEIPTS</b>						
Taxes	\$ -	\$ 13,077	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	86,592
Charges for Services	-	-	6,775	-	-	4,075
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>13,077</u>	<u>6,775</u>	<u>-</u>	<u>-</u>	<u>90,667</u>
<b>DISBURSEMENTS</b>						
General Government	-	-	3,385	-	-	-
Public Safety	-	-	-	-	4,253	84,219
Public Assistance	-	-	-	98	-	-
Culture and Recreation	-	18,631	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>18,631</u>	<u>3,385</u>	<u>98</u>	<u>4,253</u>	<u>84,219</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>-</u>	<u>(5,554)</u>	<u>3,390</u>	<u>(98)</u>	<u>(4,253)</u>	<u>6,448</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(5,554)	3,390	(98)	(4,253)	6,448
<b>FUND BALANCES - BEGINNING</b>	<u>16,833</u>	<u>14,236</u>	<u>9,433</u>	<u>28,542</u>	<u>4,884</u>	<u>22,269</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 16,833</u>	<u>\$ 8,682</u>	<u>\$ 12,823</u>	<u>\$ 28,444</u>	<u>\$ 631</u>	<u>\$28,717</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	-	8,682	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	631	-
Law Enforcement	-	-	-	-	-	28,717
Preservation of Records	-	-	12,823	-	-	-
Federal Relief	-	-	-	-	-	-
Committed to:						
Road Maintenance	16,833	-	-	-	-	-
Aid and Assistance	-	-	-	28,444	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 16,833</u>	<u>\$ 8,682</u>	<u>\$ 12,823</u>	<u>\$ 28,444</u>	<u>\$ 631</u>	<u>\$28,717</u>

(Continued)



COLFAX COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2021

	COVID American Rescue Plan Act Fund	E911 Fund	911 Wireless Service Fund	E911 Wireless Holding Fund	Total Nonmajor Funds
<b>RECEIPTS</b>					
Taxes	\$ -	\$ 17,987	\$ 60,946	\$ -	\$ 92,010
Intergovernmental	1,040,049	-	-	-	1,126,641
Charges for Services	-	-	-	-	10,850
<b>TOTAL RECEIPTS</b>	<u>1,040,049</u>	<u>17,987</u>	<u>60,946</u>	<u>-</u>	<u>1,229,501</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	3,385
Public Safety	-	9,595	41,153	111,677	250,897
Public Assistance	-	-	-	-	98
Culture and Recreation	-	-	-	-	18,631
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>9,595</u>	<u>41,153</u>	<u>111,677</u>	<u>273,011</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,040,049</u>	<u>8,392</u>	<u>19,793</u>	<u>(111,677)</u>	<u>956,490</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	537	12,999	13,536
Transfers out	-	(537)	(12,999)	-	(13,536)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(537)</u>	<u>(12,462)</u>	<u>12,999</u>	<u>-</u>
Net Change in Fund Balances	1,040,049	7,855	7,331	(98,678)	956,490
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>84,335</u>	<u>38,920</u>	<u>129,057</u>	<u>348,509</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,040,049</u>	<u>\$ 92,190</u>	<u>\$ 46,251</u>	<u>\$ 30,379</u>	<u>\$ 1,304,999</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	8,682
911 Emergency Services	-	92,190	46,251	30,379	168,820
Drug Education	-	-	-	-	631
Law Enforcement	-	-	-	-	28,717
Preservation of Records	-	-	-	-	12,823
Federal Relief	1,040,049	-	-	-	1,040,049
Committed to:					
Road Maintenance	-	-	-	-	16,833
Aid and Assistance	-	-	-	-	28,444
<b>TOTAL FUND BALANCES</b>	<u>\$ 1,040,049</u>	<u>\$ 92,190</u>	<u>\$ 46,251</u>	<u>\$ 30,379</u>	<u>\$ 1,304,999</u>

(Concluded)

COLFAX COUNTY  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2021

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	County Planning and Zoning	Total
BALANCES JULY 1, 2020	\$ 13,110	\$ 21,279	\$ 5,660	\$ 546	\$ 7,350	\$ -	\$ 47,945
RECEIPTS							
Taxes	-	-	-	-	-	-	-
Licenses and Permits	1,483	-	1,202	-	-	2,825	5,510
Intergovernmental	-	-	-	-	-	-	-
Charges for Services	75,337	26,083	15,737	7,140	-	-	124,297
Miscellaneous	231	-	-	-	2	-	233
State Fees	90,392	14,745	-	-	-	-	105,137
Other Liabilities	79	325,756	8,738	8,826	-	100	343,499
TOTAL RECEIPTS	167,522	366,584	25,677	15,966	2	2,925	578,676
DISBURSEMENTS							
Payments to County Treasurer	74,812	25,963	18,787	7,415	-	2,775	129,752
Payments to State Treasurer	84,475	14,784	-	-	-	-	99,259
Petty Cash	231	-	-	-	1,000	-	1,231
Other Liabilities	79	191,940	8,738	9,000	-	100	209,857
TOTAL DISBURSEMENTS	159,597	232,687	27,525	16,415	1,000	2,875	440,099
BALANCES JUNE 30, 2021	\$ 21,035	\$ 155,176	\$ 3,812	\$ 97	\$ 6,352	\$ 50	\$ 186,522
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 8,627	\$ 1,459	\$ 3,812	\$ 17	\$ 6,352	\$ 50	\$ 20,317
Petty Cash	100	-	-	-	-	-	100
Due to State Treasurer	12,308	1,075	-	-	-	-	13,383
Due to Others	-	152,642	-	80	-	-	152,722
BALANCES JUNE 30, 2021	\$ 21,035	\$ 155,176	\$ 3,812	\$ 97	\$ 6,352	\$ 50	\$ 186,522

COLFAX COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2021

Item	2016	2017	2018	2019	2020
Tax Certified by Assessor					
Real Estate	\$ 22,666,089	\$ 23,528,182	\$ 23,611,623	\$ 23,628,363	\$ 24,389,028
Personal and Specials	2,597,455	2,594,597	2,492,428	2,436,304	2,553,200
Total	<u>25,263,544</u>	<u>26,122,779</u>	<u>26,104,051</u>	<u>26,064,667</u>	<u>26,942,228</u>
Corrections					
Additions	2,541	3,933	7,639	268	5,517
Deductions	(2,071)	(1,330)	(456)	(643)	-
Net Additions/ (Deductions)	<u>470</u>	<u>2,603</u>	<u>7,183</u>	<u>(375)</u>	<u>5,517</u>
Corrected Certified Tax	<u>25,264,014</u>	<u>26,125,382</u>	<u>26,111,234</u>	<u>26,064,292</u>	<u>26,947,745</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2017	15,527,918	-	-	-	-
June 30, 2018	9,730,846	16,130,568	-	-	-
June 30, 2019	2,391	9,983,107	15,995,520	-	-
June 30, 2020	841	5,083	10,086,377	15,884,288	-
June 30, 2021	180	4,301	26,890	10,158,860	17,161,810
Total Net Collections	<u>25,262,176</u>	<u>26,123,059</u>	<u>26,108,787</u>	<u>26,043,148</u>	<u>17,161,810</u>
Total Uncollected Tax	<u>\$ 1,838</u>	<u>\$ 2,323</u>	<u>\$ 2,447</u>	<u>\$ 21,144</u>	<u>\$ 9,785,935</u>
Percentage Uncollected Tax	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.08%</u>	<u>36.31%</u>

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

COLFAX COUNTY  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Nebraska Military Department			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	037-99037-00	* \$ 747,887
Emergency Management Performance Grants	97.042	20-SR 8703-01	30,453
Total U.S. Department of Homeland Security			<u>778,340</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Nebraska Department of Health and Human Services			
Child Support Enforcement	93.563	51253 Y3	18,874
Total U.S. Department of Health and Human Services			<u>18,874</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Passed through Nebraska Department of Transportation			
Highway Safety Cluster			
State and Community Highway Safety	20.600	5EVR8	4,974
Total U.S. Department of Transportation			<u>4,974</u>
<b>ELECTION ASSISTANCE COMMISSION</b>			
Passed through Nebraska Secretary of State			
COVID-19 - 2018 HAVA Election Security Grants	90.404	43	5,056
Total U.S. Election Assistance Commission			<u>5,056</u>
<b>DEPARTMENT OF THE TREASURY</b>			
Passed through Nebraska Military Department			
COVID-19 - Coronavirus Relief Fund	21.019	Unavailable	261,849
Total U.S. Department of the Treasury			<u>261,849</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,069,093</u></u>

\* Represents Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

## COLFAX COUNTY

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

**1. Basis of Presentation**

The accompanying schedule of expenditures of Federal awards (Schedule) includes the Federal award activity of Colfax County (County) under programs of the Federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net assets of the County. The County's reporting entity is defined in Note 1.A. to the County's financial statements. Federal awards received directly from Federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective Federal agency.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Colfax County has elected to use the 10 percent de minimis indirect cost rate, as allowed under Uniform Guidance, except for the Child Support Enforcement Program, which used the rate as approved by the pass-through entity.

**3. Disaster Grants – Public Assistance (Presidentially Declared Disasters)**

After a presidentially declared disaster, the Federal Emergency Management Agency (FEMA) provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Assistance Listing 97.036) to reimburse eligible costs associated with the repair, replacement, or restoration of disaster-damaged infrastructure. The Schedule of Expenditures of Federal Awards reports expenditures of \$747,887 for this program, of which \$726,456 was incurred and paid prior to the fiscal year ended June 30, 2021.



## 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, 2021, and the related notes to the financial statements, which collectively comprise Colfax County's basic financial statements, and have issued our report thereon dated June 23, 2022. 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.

*County Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.*

### **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 June 23, 2022.

### **Colfax County's Response to Findings**

Colfax County's response to the findings identified in our audit is described above. Colfax County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



Mark Avery, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

June 23, 2022



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### COLFAX COUNTY

#### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

##### Independent Auditor's Report

Board of Commissioners  
Colfax County, Nebraska

##### **Report on Compliance for Each Major Federal Program**

We have audited Colfax County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Colfax County's major Federal programs for the year ended June 30, 2021. Colfax County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

##### **Management's Responsibility**

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

##### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Colfax County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Colfax County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for the major Federal program. However, our audit does not provide a legal determination of Colfax County's compliance.

##### **Basis for Qualified Opinion on Disaster Grants – Public Assistance (Presidentially Declared Disasters)**

As described in the accompanying Schedule of Findings and Questioned Costs, Colfax County did not comply with requirements regarding Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Assistance Listing Number 97.036), as described in finding number 2021-2 for Allowability. Compliance with such requirements is necessary, in our opinion, for Colfax County to comply with the requirements applicable to that program.

##### **Qualified Opinion on Disaster Grants – Public Assistance (Presidentially Declared Disasters)**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Colfax County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Disaster Grants – Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2021.



## Other Matters

Colfax County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Colfax County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Colfax County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Colfax County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## Report on Internal Control Over Compliance

Management of Colfax County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Colfax County's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Colfax County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-2, that we consider to be a material weakness.

Colfax County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Colfax County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Colfax County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Colfax County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Mark Avery, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

June 23, 2022

COLFAX COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with cash basis of accounting:

**Unmodified**

Internal control over financial reporting:

Material weaknesses identified? ☐ Yes ☒ None Reported

Significant deficiencies identified? ☒ Yes ☐ No

Noncompliance material to financial statements noted? ☐ Yes ☒ None Reported

**Federal Awards**

Internal control over major programs:

Material weaknesses identified? ☒ Yes ☐ None Reported

Significant deficiencies identified? ☐ Yes ☒ None Reported

Type of auditor’s report issued on compliance for major programs:

**Qualified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☒ Yes ☐ No

Major programs: **Disaster Grants – Public Assistance (Presidentially Declared Disasters): AL #97.036**

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

COLFAX COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

**Section II – Financial Statement Findings**

**Finding # 2021-1**

<u>Condition</u> -	There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.
<u>Criteria</u> -	Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.
<u>Context</u> -	Various County offices collect money; most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.
<u>Effect</u> -	This lack of segregation of duties results in an inadequate overall internal control structure design.
<u>Cause</u> -	The County does not employ sufficient office personnel to segregate accounting functions properly.
<u>Recommendation</u> -	The County should be aware of the inherent risks associated with improper segregation of accounting functions. The County should also develop mitigating controls to reduce the risk of errors or fraud associated with the improper segregation of accounting functions.
<u>View of Officials</u> -	The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

**Section III – Federal Award Findings and Questioned Costs**

**Finding # 2021-2**

<u>Program</u> -	AL 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) – Allowability		
<u>Grant Number &amp; Year</u> -	<u>Disaster</u>	<u>Project #</u>	<u>Date</u>
	4420-DR-NE	98604	4/29/2020
	4420-DR-NE	126145	12/1/2020
	4420-DR-NE	126146	8/5/2020
<u>Federal Grantor Agency</u> -	U.S. Department of Homeland Security		
<u>Pass-Through Entity</u> -	Nebraska Military Department		
<u>Criteria</u> -	Title 2 of the U.S. Code of Federal Regulations (CFR) § 200.403 (January 1, 2021) requires costs charged to Federal programs to be reasonable, necessary, and adequately documented.		

COLFAX COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

(Continued)

2 CFR § 200.430(i)(1) (January 1, 2021) states, in relevant part, the following:

*Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*

\* \* \* \*

*(vii) Support the distributions of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal Award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.*

Additionally, good internal controls and sound business practices require procedures to ensure that Federal reimbursement requests are supported by appropriate documentation, such as timesheets, payroll registers, invoices, and receipts, to confirm the amounts requested for reimbursement properly reflect the amounts claimed and paid by the County, and those costs were related to the Federal project.

<u>Condition</u> -	We noted errors in 8 of 25 items tested due to a lack of supporting documentation, an incorrect equipment rate used, and an improperly calculated fringe benefit percentage.
<u>Repeat Finding</u> -	No
<u>Questioned Costs</u> -	\$11,761
<u>Statistical Sample</u> -	No
<u>Context</u> -	<p>During testing of costs submitted for reimbursement, we noted the following issues for 8 of 25 items tested:</p> <ul style="list-style-type: none"><li>• For one item on Project 4420-DR-NE-126145, the County submitted 58 labor hours for reimbursement, totaling \$2,104, for an employee's hours working on a FEMA project site. However, the County could not provide documentation to support that 48 of those hours were worked on a FEMA project site (\$1,741). Additionally, we noted that the County did not correctly calculate the fringe benefit percentage for this employee, resulting in an additional \$27 reimbursed above the amount we calculated. This was due to the County using the same fringe benefit percentage for all employees, rather than calculating an individual fringe benefit percentage based on each employee's actual fringe benefit costs.</li><li>• For four items tested, the County provided documentation for material invoices submitted for reimbursement by the County; however, the County could not provide documentation to support that these materials were used on a FEMA project. These four items included one \$419 invoice for project 126145 and three invoices for project 98604, totaling \$8,596.</li><li>• For one item tested on project 98604, the County submitted 26 hours at \$29.50 per hour for use of a Wheel Loader. However, the equipment operator's timesheet identified the equipment being used was a pickup truck, which has an hourly rate of \$27.50 per hour. The total difference was \$52 (26 hours multiplied by the \$2 per hour variance).</li></ul>

# COLFAX COUNTY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Concluded)

- For two items tested on project 126146, the County was unable to provide timesheets or other supporting documentation for labor costs of \$326 or County equipment usage costs of \$1,907. Therefore, we could not verify that these costs submitted for reimbursement were legitimate.

The amounts included in the narratives above were the County's full cost of these items. Because the Federal reimbursement rate is 90%, these amounts were multiplied by 90% when calculating questioned costs.

Below is a summary of the known questioned costs for each project and each expenditure type:

Project #	Amount	Expenditure Type	Amount
98604	\$ 8,648	Labor	\$ 2,094
126145	\$ 2,187	Equipment	\$ 1,959
126146	\$ 2,233	Material	\$ 9,015
<b>Errors Noted</b>	<b>\$ 13,068</b>	<b>Errors Noted</b>	<b>\$ 13,068</b>
Federal Reimbursement Rate	90%	Federal Reimbursement Rate	90%
<b>Total Questioned Costs</b>	<b>\$ 11,761</b>	<b>Total Questioned Costs</b>	<b>\$ 11,761</b>

We selected the 25 items for testing using a stratified method based on the expenditure type (i.e., labor, equipment, materials, etc.). Therefore, we calculated the potential dollars at risk based on the errors noted for each expenditure type. The projected dollars at risk were \$311,342, as calculated in the following table:

	Labor	Equipment	Materials
Error Noted in Sample	\$ 2,094	\$ 1,959	\$ 9,015
Dollar amount of Sample	\$ 2,832	\$ 3,484	\$ 15,799
<b>Dollar Error Rate for Sample</b>	<b>73.94%</b>	<b>56.23%</b>	<b>57.06%</b>
Total Population	\$ 89,146	\$ 112,146	\$ 380,233
90% Federal Reimbursement Rate	\$ 80,231	\$ 100,931	\$ 342,210
<b>Projected Dollars at Risk</b>	<b>\$ 59,323</b>	<b>\$ 56,754</b>	<b>\$ 195,265</b>
# of Errors Sample	2	2	4
# of Items Tested	3	3	11
<b>Case Error Rate</b>	<b>66.67%</b>	<b>66.67%</b>	<b>36.36%</b>

Cause - Lack of experience and knowledge of compliance requirements applicable to the Federal program; employee turnover.

Effect - Without adequate procedures over Federal funds, there is an increased risk for misuse of Federal funds and noncompliance with Federal regulations.

Recommendation - We recommend the County implements procedures to ensure Federal reimbursement requests are calculated and completed accurately, and supporting documentation is maintained on file for all costs submitted for reimbursement with Federal funds.

View of Officials - The County has implemented a disaster worksheet for all individual damaged sights. All paperwork will be collected on a daily basis. The paperwork will all be legible. Single scale tickets for all truck loads. All fringe benefits shall be calculated on each employee separately.

# COLFAX COUNTY COMMISSIONERS

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Schuyler, NE 68661  
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(402) 352-8515

Terry V. Wendt  
District #1

Carl Grotelueschen  
District #2

Jim Mejschik  
District #3

## CORRECTIVE ACTION PLAN

Year Ended June 30, 2021

The corrective action plan for the findings included in the Schedule of Findings and Questioned Costs are summarized as follows:

### **Finding 2021-1: Segregation of Duties**

Corrective Action Planned: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.

Anticipated Completion Date: Ongoing

Responsible Party: County Board

### **Finding 2021-2: Disaster Grants – Public Assistance - Allowability**

Corrective Action Planned: The County has implemented a disaster worksheet for all individual damaged sights. All paperwork will be collected on a daily basis. The paperwork will all be legible. Single scale tickets for all truck loads. All fringe benefits shall be calculated on each employee separately.

Anticipated Completion Date: Immediately

Responsible Party: County Board



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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June 23, 2022

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, 2021, and have issued our report thereon dated June 23, 2022. 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:

### **CLERK OF THE DISTRICT COURT**

#### **Overdue Case Account Report**

We noted that the District Court was not performing adequate follow-up procedures to resolve the overdue balances on the Overdue Case Account Report (Report). Four of five overdue balances tested, totaling \$4,992, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the overdue balances.

As of June 30, 2021, the Report contained 186 overdue criminal case balances, totaling \$52,786. Only 13 of these cases had an active warrant or suspension issued for nonpayment.

Good internal controls and sound business practices require procedures to ensure a documented review of the Report is completed on an ongoing, timely basis to determine what action, if any, should be taken to collect or otherwise resolve the overdue balances listed therein.

Without such procedures, there is an increased risk that overdue balances may either not have proper follow-up action taken timely, resulting in the District Court not collecting all funds owed to it, or have been resolved previously and should no longer be reflected as overdue in the accounting system.

We recommend the District Court implement procedures to ensure a documented review of the Report is completed on an ongoing, timely basis, and appropriate follow-up action is taken timely. 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 a declaration of certain balances as being uncollectible.

## 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 unknown long of \$2,045 as of June 30, 2021, a decrease of \$2,006 from the prior year's unknown long of \$4,051. The County Sheriff was unable to identify the proper recipient(s) of these funds. The following table provides details regarding how the unknown long was calculated:

<b>Assets:</b>	
Book Balance	\$ 3,543
Accounts Receivable	\$ 269
<b>Total Assets</b>	<b>\$ 3,812</b>
<b>Liabilities:</b>	
Unremitted Fees:	
Service/Mileage Fees	\$ 760
Title Inspections	\$ 650
Handgun Permits	\$ 35
Lab Fees	\$ 75
Photocopies	\$ 12
Fingerprint Fees	\$ 5
Home Detention Fees	\$ 230
<b>Total Liabilities</b>	<b>\$ 1,767</b>
<b>Unknown Long</b>	<b>\$ 2,045</b>

- The County Sheriff did not maintain historical accounts receivable balance information. The County Sheriff's procedures for accounts receivable were to maintain a folder with all of the current outstanding balances. Once an outstanding bill was paid, it was removed from the folder. Consequently, the County Sheriff was unable to provide a listing of outstanding accounts receivable balances as of June 30, 2021. The \$269 accounts receivable balance noted in the table above is the best estimate based on available documentation.

A good internal control plan and sound accounting practices require procedures to ensure the following: 1) office assets (cash on hand, reconciled bank balance, and accounts receivable) agree with office liabilities (unremitted fees, trust accounts, and accounts payable), and any variances noted are resolved timely; and 2) historical accounts receivable balance information is maintained and 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 agree with office liabilities, and any variances are resolved timely;  
and 2) historical accounts receivable balance information is maintained and reviewed for accuracy.

## COUNTY TREASURER

### Office Procedures

During the fiscal year ended June 30, 2021, we noted the following concerns related to the financial activity recorded by the County Treasurer:



- On May 12, 2021, the County Treasurer receipted \$7,814 received from the State of Nebraska for Emergency Management Performance Grant funds. On June 2, 2021, the County Treasurer issued a duplicate receipt for this same payment; however, this error was not identified and corrected until August 12, 2021, or 71 days after the original duplicate receipt was issued.
- On June 1, 2021, \$56,717 was received from the State of Nebraska for Homestead Exemption. This money was not receipted by the County Treasurer until July 23, 2021, or 52 days after the payment was originally received. Consequently, this money was also not paid out to all the political subdivisions it was owed to until August 2021, or a month after the statutory deadline to disburse collections to the political subdivisions they are owed to.
- In March 2021, the County Treasurer received \$110,143 from the Loup Power District for the 2020 5% Gross-In Lieu tax payment. This payment was neither deposited to the bank account nor receipted into the County Treasurer's records until June 2021. Consequently, this money was not paid out to the political subdivisions it was owed to until July 2021.
- The County Treasurer used Fund 3910 to record the receipts and disbursements related to the Platte Valley Drainage District. Per the "Nebraska Auditor of Public Accounts Accounting and Budgeting System for Nebraska Counties," established by this office pursuant to Neb. Rev. Stat. § 23-1611 (Reissue 2012), activity related to Drainage Districts should be recorded using a Fund number between 8450 and 8499.
- Lodging taxes of \$1,553 received by the County Treasurer in January 2021 were receipted into the Attorney Grant Fund, rather than the Visitor Promotion Fund. As of audit fieldwork in April 2022, this error had not been corrected.

Neb. Rev. Stat. § 23-1601(4)(a) (Supp. 2021) provides the following, in relevant part:

*On or before the fifteenth day of each month, the county treasurer (i) shall pay to each city, village, school district, educational service unit, county agricultural society, rural or suburban fire protection district, and township located within the county the amount of all funds collected or received for the city, village, school district, educational service unit, county agricultural society, rural or suburban fire protection district, and township the previous calendar month . . .*

Good internal controls and sound business practices require procedures to ensure that monies received are receipted into the accounting system and deposited to the bank timely, and any corrections necessary are identified and completed in a timely manner. Such procedures further require that funds collected by the County Treasurer on behalf of other political subdivisions are paid to them within the timeframe required by State statute, and the Fund numbers used by the County Treasurer are in accordance with the "Accounting and Budgeting System for Nebraska Counties" prescribed by this office.

Without such procedures, there is an increased risk of loss, misuse, or theft of County funds. Additionally, when money received by the County Treasurer on behalf of the County's political subdivisions is not receipted and distributed within the statutory timeframe, the County Treasurer is not in compliance with State statute, and the County's political subdivisions do not receive money owed to them in a timely manner.

A similar finding related to receipt timeliness was also noted during the prior audit.

We recommend the County Treasurer implement procedures to ensure 1) all money received by the County is receipted into the accounting system and deposited to the bank timely; 2) necessary corrections are identified and completed in a timely manner; 3) monies received on behalf of the County's political subdivisions are paid to them within the timeframe required by State statute; and 4) the fund numbers used by the County Treasurer are consistent with those established by the "Accounting and Budgeting System for Nebraska Counties," prescribed by the Auditor of Public Accounts.

## COUNTY OVERALL

### Segregation of Duties

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 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.

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.

*County Response: The County has discussed the finding but must consider the cost of adequate segregation of duties when determining the use of tax money.*

\* \* \* \* \*

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,



Mark Avery, CPA  
Assistant Deputy Auditor