

**AUDIT REPORT
OF
COLFAX COUNTY**

JULY 1, 2021, THROUGH JUNE 30, 2022

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the Auditor of Public Accounts.**

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Issued on March 23, 2023

COLFAX COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Fiduciary Funds	9
Notes to Financial Statements	10 - 17
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	18 - 19
Budgetary Comparison Schedule - Budget and Actual - Major Funds	20 - 21
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	22 - 23
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Funds	24 - 25
Schedule of Office Activities	26
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	27
Schedule of Expenditures of Federal Awards	28
Notes to the Schedule of Expenditures of Federal Awards	29
Government Auditing Standards Section	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30 - 31
Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	32 - 34
Schedule of Findings and Questioned Costs	35 - 37
Auditee Section	
Schedule of Prior Audit Findings	38
Corrective Action Plan	39

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

LIST OF COUNTY OFFICIALS
At June 30, 2022

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Terry Wendt Carl Grotelueschen Jim Mejsrik	Jan. 2025 Jan. 2023 Jan. 2023
Assessor	Viola Bender	Jan. 2023
Attorney	Denise Kracl	Jan. 2023
Clerk Election Commissioner Register of Deeds	Rita Mundil	Jan. 2023
Clerk of the District Court	Mary Kay Bailey	Jan. 2023
Sheriff	Shawn Messerlie	Jan. 2023
Treasurer	Janis Kasik	Jan. 2023
Surveyor	Marvin Svoboda	Jan. 2023
Veterans' Service Officer	Eric Mullally	Appointed
Weed Superintendent	Tony Zakrzewski	Appointed
Highway Superintendent Emergency Manager	Mark Arps	Appointed
Public Defender	Jerod Trouba	Appointed
Planning & Zoning	Nancy Marty	Appointed



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COLFAX COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Colfax County, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 the aggregate remaining fund information of Colfax County as of June 30, 2022, and the respective changes in cash-basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter - 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that 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, pages 18-28, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Colfax County's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Jeff Schreier". The signature is written in a cursive, flowing style.

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

March 14, 2023

COLFAX COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2022

	Governmental Activities
	<u> </u>
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 11,336,184
Investments (Note 1.D)	1,737,793
TOTAL ASSETS	<u><u>\$ 13,073,977</u></u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 6,834
911 Emergency Services	164,686
Drug Education	631
Law Enforcement	19,443
Preservation of Records	15,949
Federal Relief	2,080,098
Unrestricted	10,786,336
TOTAL NET POSITION	<u><u>\$ 13,073,977</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, 2022

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (2,481,343)	\$ 372,427	\$ 14,779	\$ (2,094,137)
Public Safety	(2,172,405)	199,557	132,973	(1,839,875)
Public Works	(6,073,183)	5,067	3,130,232	(2,937,884)
Public Assistance	(37,584)	-	-	(37,584)
Culture and Recreation	(19,969)	-	-	(19,969)
Total Governmental Activities	<u>\$ (10,784,484)</u>	<u>\$ 577,051</u>	<u>\$ 3,277,984</u>	<u>(6,929,449)</u>

General Receipts:

Taxes	6,592,135
Grants and Contributions Not Restricted to Specific Programs	1,574,352
Investment Income	28,984
Licenses and Permits	73,166
Miscellaneous	348,048
Total General Receipts	<u>8,616,685</u>
Change in Net Position	1,687,236
Net Position - Beginning of year	11,386,741
Net Position - End of year	<u>\$ 13,073,977</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, 2022

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>COVID American Rescue Plan Act Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 3,536,066	\$2,591,999	\$ 2,880,333	\$ 2,080,098	\$ 247,688	\$ 11,336,184
Investments (Note 1.D)	-	-	1,737,793	-	-	1,737,793
TOTAL ASSETS	<u>\$ 3,536,066</u>	<u>\$2,591,999</u>	<u>\$ 4,618,126</u>	<u>\$ 2,080,098</u>	<u>\$ 247,688</u>	<u>\$ 13,073,977</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	6,834	6,834
911 Emergency Services	-	-	-	-	164,686	164,686
Drug Education	-	-	-	-	631	631
Law Enforcement	-	-	-	-	19,443	19,443
Preservation of Records	-	-	-	-	15,949	15,949
Federal Relief	-	-	-	2,080,098	-	2,080,098
Committed to:						
Road Maintenance	-	2,591,999	-	-	16,833	2,608,832
Aid and Assistance	-	-	-	-	23,312	23,312
Assigned to:						
Other Purposes	-	-	4,618,126	-	-	4,618,126
Unassigned	3,536,066	-	-	-	-	3,536,066
TOTAL CASH BASIS FUND BALANCES	<u>\$ 3,536,066</u>	<u>\$2,591,999</u>	<u>\$ 4,618,126</u>	<u>\$ 2,080,098</u>	<u>\$ 247,688</u>	<u>\$ 13,073,977</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, 2022

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Act Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS						
Taxes	\$5,532,946	\$ -	\$ 966,926	\$ -	\$ 92,263	\$ 6,592,135
Licenses and Permits	73,166	-	-	-	-	73,166
Investment Income	28,984	-	-	-	-	28,984
Intergovernmental	593,000	3,130,261	-	1,040,049	89,026	4,852,336
Charges for Services	561,756	5,067	-	-	10,228	577,051
Miscellaneous	19,052	328,996	-	-	-	348,048
TOTAL RECEIPTS	<u>6,808,904</u>	<u>3,464,324</u>	<u>966,926</u>	<u>1,040,049</u>	<u>191,517</u>	<u>12,471,720</u>
DISBURSEMENTS						
General Government	2,477,941	-	-	-	3,402	2,481,343
Public Safety	1,992,129	-	-	-	180,276	2,172,405
Public Works	47,284	6,025,899	-	-	-	6,073,183
Public Assistance	32,452	-	-	-	5,132	37,584
Culture and Recreation	-	-	-	-	19,969	19,969
TOTAL DISBURSEMENTS	<u>4,549,806</u>	<u>6,025,899</u>	<u>-</u>	<u>-</u>	<u>208,779</u>	<u>10,784,484</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,259,098</u>	<u>(2,561,575)</u>	<u>966,926</u>	<u>1,040,049</u>	<u>(17,262)</u>	<u>1,687,236</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	600,000	3,369,897	-	-	19,321	3,989,218
Transfers out	(3,369,897)	-	(600,000)	-	(19,321)	(3,989,218)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,769,897)</u>	<u>3,369,897</u>	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(510,799)	808,322	366,926	1,040,049	(17,262)	1,687,236
CASH BASIS FUND BALANCES - BEGINNING						
	<u>4,046,865</u>	<u>1,783,677</u>	<u>4,251,200</u>	<u>1,040,049</u>	<u>264,950</u>	<u>11,386,741</u>
CASH BASIS FUND BALANCES - ENDING						
	<u><u>\$3,536,066</u></u>	<u><u>\$2,591,999</u></u>	<u><u>\$4,618,126</u></u>	<u><u>\$2,080,098</u></u>	<u><u>\$247,688</u></u>	<u><u>\$13,073,977</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, 2022

	Custodial Fund Balances July 1, 2021	Receipts	Disbursements	Custodial Fund Balances June 30, 2022
ASSETS				
Cash and Cash Equivalents	\$ 863,666	\$ 29,834,327	\$ 30,035,639	\$ 662,354
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	280,107	3,068,033	3,077,233	270,907
State - Collected by Other Offices	13,383	115,000	122,553	5,830
Schools	279,791	20,850,842	20,921,621	209,012
Educational Service Units	2,664	292,932	293,729	1,867
Technical College	16,342	1,794,355	1,799,270	11,427
Natural Resource Districts	5,249	554,773	556,550	3,472
Fire Districts	11,743	696,501	693,867	14,377
Municipalities	72,598	1,547,952	1,581,834	38,716
Agricultural Society	2,117	232,193	232,828	1,482
Drainage Districts	49	2,958	2,964	43
Sanitary and Improvement Districts	15,497	8,442	5,059	18,880
Others - Collected by County Treasurer	11,404	417,143	411,722	16,825
Others - Collected by Other Offices	152,722	253,203	336,409	69,516
TOTAL LIABILITIES	863,666	29,834,327	30,035,639	662,354
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ -

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, 2022

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 \$27,435 toward the operation of the Region during fiscal year 2022. 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 2022. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2022). 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.

COVID American Rescue Plan Act Fund. This fund is used to account for aid received from the Federal government through the American Rescue Plan Act and will be used as allowed by Federal regulations, and approved by the County Board.

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 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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand, certificates of deposit, 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 \$2,287,641 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 and County Budget Act of 1937. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

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

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

2. **Deposits and Investments**

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

At year end, the County's carrying amount of deposits was \$11,336,184 for County funds and 662,354 for Fiduciary funds. The bank balances for all funds totaled \$12,764,284. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2022, 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 \$1,737,793 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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Taxes** (Concluded)

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 2021, for the 2021 taxes, which will be materially collected in May and September 2022, was set at \$.284883/\$100 of assessed valuation. 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 amount collected for the motor vehicle tax is outlined in State statute.

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

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 (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2022) 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, 2022, 76 employees contributed \$132,244, and the County contributed \$195,333. Contributions included \$6,066 in cash contributions towards the supplemental law enforcement plan for 15 law enforcement employees. Lastly, the County paid \$1,093 directly to 10 retired employees for prior service benefits.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 106 counties and local governments throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed for an additional contribution. Each county remains liable for such assessments, regardless of 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, 2022, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 3,369,897	\$ -	\$ -	\$ 3,369,897
General Fund	-	600,000	-	600,000
Nonmajor Funds	-	-	19,321	19,321
Total	\$ 3,369,897	\$ 600,000	\$ 19,321	\$ 3,989,218

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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

7. **Long-Term Obligations**

Lease-Purchase Agreements

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

	2017 Dump Truck
Balance July 1, 2021	\$ 22,729
Purchases	-
Payments	22,729
Balance June 30, 2022	<u>\$ -</u>

8. **Contingent Liabilities**

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

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 5,889,457	\$ 5,889,457	\$ 5,532,946	\$ (356,511)
Licenses and Permits	47,025	47,025	73,166	26,141
Investment Income	30,000	30,000	28,984	(1,016)
Intergovernmental	195,100	195,100	593,000	397,900
Charges for Services	445,550	445,550	561,756	116,206
Miscellaneous	14,750	14,750	19,052	4,302
TOTAL RECEIPTS	6,621,882	6,621,882	6,808,904	187,022
DISBURSEMENTS				
General Government:				
County Board	95,500	95,500	92,902	2,598
County Clerk	140,400	140,400	120,054	20,346
County Treasurer	222,405	222,405	201,698	20,707
County Assessor	236,550	236,550	209,306	27,244
Election Commissioner	79,475	79,475	61,590	17,885
Building and Zoning	28,600	28,600	20,288	8,312
Clerk of the District Court	168,865	168,865	143,463	25,402
County Court System	26,200	26,200	10,805	15,395
Public Defender	246,600	246,600	206,683	39,917
Building and Grounds	648,150	648,150	174,353	473,797
Agricultural Extension Agent	115,255	115,255	114,543	712
Child Support	6,000	6,000	2,600	3,400
Miscellaneous	1,747,700	1,747,700	1,119,656	628,044
Public Safety				
County Sheriff	1,151,000	1,151,000	999,333	151,667
County Attorney	301,700	301,700	297,012	4,688
Communication Center	395,500	395,500	313,173	82,327
County Jail	351,500	351,500	266,424	85,076
Emergency Management	89,300	89,300	82,036	7,264
Law Enforcement Selectives	18,000	18,000	3,475	14,525
County Sheriff K-9	31,000	31,000	30,676	324
Public Works				
County Surveyor	30,500	30,500	21,129	9,371
Noxious Weed Control	55,400	55,400	26,155	29,245
Public Assistance				
Veterans' Service Officer	34,250	34,250	27,029	7,221
Institutions	49,000	49,000	2,563	46,437
Relief	30,000	30,000	2,860	27,140
TOTAL DISBURSEMENTS	6,298,850	6,298,850	4,549,806	1,749,044

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	323,032	323,032	2,259,098	1,936,066
OTHER FINANCING SOURCES (USES)				
Transfers in	600,000	600,000	600,000	-
Transfers out	(3,369,897)	(3,369,897)	(3,369,897)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,769,897)	(2,769,897)	(2,769,897)	-
Net Change in Fund Balance	(2,446,865)	(2,446,865)	(510,799)	1,936,066
FUND BALANCE - BEGINNING	4,046,865	4,046,865	4,046,865	-
FUND BALANCE - ENDING	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 3,536,066</u>	<u>\$ 1,936,066</u>

(Concluded)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 2,533,726	\$ 2,533,726	\$ 3,130,261	\$ 596,535
Charges for Services	-	-	5,067	5,067
Miscellaneous	10,000	10,000	328,996	318,996
TOTAL RECEIPTS	<u>2,543,726</u>	<u>2,543,726</u>	<u>3,464,324</u>	<u>920,598</u>
DISBURSEMENTS	<u>6,792,300</u>	<u>6,792,300</u>	<u>6,025,899</u>	<u>766,401</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(4,248,574)</u>	<u>(4,248,574)</u>	<u>(2,561,575)</u>	<u>1,686,999</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,369,897	3,369,897	3,369,897	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,369,897</u>	<u>3,369,897</u>	<u>3,369,897</u>	<u>-</u>
Net Change in Fund Balance	(878,677)	(878,677)	808,322	1,686,999
FUND BALANCE - BEGINNING	<u>1,783,677</u>	<u>1,783,677</u>	<u>1,783,677</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 905,000</u>	<u>\$ 905,000</u>	<u>\$ 2,591,999</u>	<u>\$ 1,686,999</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 149,800	\$ 149,800	\$ 966,926	\$ 817,126
TOTAL RECEIPTS	<u>149,800</u>	<u>149,800</u>	<u>966,926</u>	<u>817,126</u>
DISBURSEMENTS	<u>3,801,000</u>	<u>3,801,000</u>	<u>-</u>	<u>3,801,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(3,651,200)</u>	<u>(3,651,200)</u>	<u>966,926</u>	<u>4,618,126</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(600,000)	(600,000)	(600,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Net Change in Fund Balance	(4,251,200)	(4,251,200)	366,926	4,618,126
FUND BALANCE - BEGINNING	<u>4,251,200</u>	<u>4,251,200</u>	<u>4,251,200</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,618,126</u>	<u>\$ 4,618,126</u>

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COVID AMERICAN RESCUE PLAN				
ACT FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 1,040,049	\$ 1,040,049
TOTAL RECEIPTS	-	-	1,040,049	1,040,049
DISBURSEMENTS	1,040,049	1,040,049	-	1,040,049
Net Change in Fund Balance	(1,040,049)	(1,040,049)	1,040,049	2,080,098
FUND BALANCE - BEGINNING	1,040,049	1,040,049	1,040,049	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 2,080,098	\$ 2,080,098

(Concluded)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(16,833)	(16,833)	-	16,833
Net Change in Fund Balance	(16,833)	(16,833)	-	16,833
Fund Balance - Beginning	16,833	16,833	16,833	-
Fund Balance - Ending	\$ -	\$ -	\$ 16,833	\$ 16,833
VISITOR PROMOTION FUND				
Receipts	\$ 15,318	\$ 15,318	\$ 18,121	\$ 2,803
Disbursements	(24,000)	(24,000)	(19,969)	4,031
Net Change in Fund Balance	(8,682)	(8,682)	(1,848)	6,834
Fund Balance - Beginning	8,682	8,682	8,682	-
Fund Balance - Ending	\$ -	\$ -	\$ 6,834	\$ 6,834
REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 6,177	\$ 6,177	\$ 6,528	\$ 351
Disbursements	(19,000)	(19,000)	(3,402)	15,598
Net Change in Fund Balance	(12,823)	(12,823)	3,126	15,949
Fund Balance - Beginning	12,823	12,823	12,823	-
Fund Balance - Ending	\$ -	\$ -	\$ 15,949	\$ 15,949
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(28,444)	(28,444)	(5,132)	23,312
Net Change in Fund Balance	(28,444)	(28,444)	(5,132)	23,312
Fund Balance - Beginning	28,444	28,444	28,444	-
Fund Balance - Ending	\$ -	\$ -	\$ 23,312	\$ 23,312
DRUG LAW ENFORCEMENT & EDUCATION FUND				
Receipts	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Disbursements	(1,631)	(1,631)	-	1,631
Net Change in Fund Balance	(631)	(631)	-	631
Fund Balance - Beginning	631	631	631	-
Fund Balance - Ending	\$ -	\$ -	\$ 631	\$ 631

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ATTORNEY GRANT FUND				
Receipts	\$ 91,283	\$ 91,283	\$ 92,726	\$ 1,443
Disbursements	(120,000)	(120,000)	(102,000)	18,000
Net Change in Fund Balance	(28,717)	(28,717)	(9,274)	19,443
Fund Balance - Beginning	28,717	28,717	28,717	-
Fund Balance - Ending	\$ -	\$ -	\$ 19,443	\$ 19,443
E911 FUND				
Receipts	\$ 9,810	\$ 9,810	\$ 18,275	\$ 8,465
Disbursements	(72,000)	(72,000)	(23,051)	48,949
Transfers in	-	-	-	-
Transfers out	-	-	(8,686)	(8,686)
Net Change in Fund Balance	(62,190)	(62,190)	(13,462)	48,728
Fund Balance - Beginning	92,190	92,190	92,190	-
Fund Balance - Ending	\$ 30,000	\$ 30,000	\$ 78,728	\$ 48,728
911 WIRELESS SERVICE FUND				
Receipts	\$ 55,867	\$ 55,867	\$ 55,867	\$ -
Disbursements	(61,483)	(61,483)	(55,225)	6,258
Transfers in	-	-	-	-
Transfers out	(10,635)	(10,635)	(10,635)	-
Net Change in Fund Balance	(16,251)	(16,251)	(9,993)	6,258
Fund Balance - Beginning	46,251	46,251	46,251	-
Fund Balance - Ending	\$ 30,000	\$ 30,000	\$ 36,258	\$ 6,258
E911 WIRELESS HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(41,014)	(41,014)	-	41,014
Transfers in	10,635	10,635	19,321	8,686
Transfers out	-	-	-	-
Net Change in Fund Balance	(30,379)	(30,379)	19,321	49,700
Fund Balance - Beginning	30,379	30,379	30,379	-
Fund Balance - Ending	\$ -	\$ -	\$ 49,700	\$ 49,700

(Concluded)

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

For the Year Ended June 30, 2022

	Road Sinking Fund	Visitor Promotion Fund	Register of Deeds Preservation Fund	Veterans' Aid Fund	Drug Law Enforcement & Education Fund
RECEIPTS					
Taxes	\$ -	\$ 18,121	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	6,528	-	-
TOTAL RECEIPTS	<u>-</u>	<u>18,121</u>	<u>6,528</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS					
General Government	-	-	3,402	-	-
Public Safety	-	-	-	-	-
Public Assistance	-	-	-	5,132	-
Culture and Recreation	-	19,969	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>19,969</u>	<u>3,402</u>	<u>5,132</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>-</u>	<u>(1,848)</u>	<u>3,126</u>	<u>(5,132)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(1,848)	3,126	(5,132)	-
FUND BALANCES - BEGINNING	<u>16,833</u>	<u>8,682</u>	<u>12,823</u>	<u>28,444</u>	<u>631</u>
FUND BALANCES - ENDING	<u>\$16,833</u>	<u>\$ 6,834</u>	<u>\$ 15,949</u>	<u>\$ 23,312</u>	<u>\$ 631</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	6,834	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	631
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	15,949	-	-
Committed to:					
Road Maintenance	16,833	-	-	-	-
Aid and Assistance	-	-	-	23,312	-
TOTAL FUND BALANCES	<u>\$16,833</u>	<u>\$ 6,834</u>	<u>\$ 15,949</u>	<u>\$ 23,312</u>	<u>\$ 631</u>

(Continued)

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

NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Attorney Grant Fund	E911 Fund	911 Wireless Service Fund	E911 Wireless Holding Fund	Total Nonmajor Funds
RECEIPTS					
Taxes	\$ -	\$ 18,275	\$ 55,867	\$ -	\$ 92,263
Intergovernmental	89,026	-	-	-	89,026
Charges for Services	3,700	-	-	-	10,228
TOTAL RECEIPTS	<u>92,726</u>	<u>18,275</u>	<u>55,867</u>	<u>-</u>	<u>191,517</u>
DISBURSEMENTS					
General Government	-	-	-	-	3,402
Public Safety	102,000	23,051	55,225	-	180,276
Public Assistance	-	-	-	-	5,132
Culture and Recreation	-	-	-	-	19,969
TOTAL DISBURSEMENTS	<u>102,000</u>	<u>23,051</u>	<u>55,225</u>	<u>-</u>	<u>208,779</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(9,274)</u>	<u>(4,776)</u>	<u>642</u>	<u>-</u>	<u>(17,262)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	19,321	19,321
Transfers out	-	(8,686)	(10,635)	-	(19,321)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(8,686)</u>	<u>(10,635)</u>	<u>19,321</u>	<u>-</u>
Net Change in Fund Balances	(9,274)	(13,462)	(9,993)	19,321	(17,262)
FUND BALANCES - BEGINNING	<u>28,717</u>	<u>92,190</u>	<u>46,251</u>	<u>30,379</u>	<u>264,950</u>
FUND BALANCES - ENDING	<u>\$ 19,443</u>	<u>\$ 78,728</u>	<u>\$ 36,258</u>	<u>\$ 49,700</u>	<u>\$ 247,688</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	6,834
911 Emergency Services	-	78,728	36,258	49,700	164,686
Drug Education	-	-	-	-	631
Law Enforcement	19,443	-	-	-	19,443
Preservation of Records	-	-	-	-	15,949
Committed to:					
Road Maintenance	-	-	-	-	16,833
Aid and Assistance	-	-	-	-	23,312
TOTAL FUND BALANCES	<u>\$ 19,443</u>	<u>\$ 78,728</u>	<u>\$ 36,258</u>	<u>\$ 49,700</u>	<u>\$ 247,688</u>

(Concluded)

COLFAX COUNTY
SCHEDULE OF OFFICE ACTIVITIES

For the Year Ended June 30, 2022

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	County Planning and Zoning	Total
BALANCES JULY 1, 2021	\$ 21,035	\$ 155,176	\$ 3,812	\$ 97	\$ 6,352	\$ 50	\$ 186,522
RECEIPTS							
Licenses and Permits	1,584	-	-	-	-	3,000	4,584
Intergovernmental	-	-	-	-	5,000	-	5,000
Charges for Services	73,349	19,785	17,235	7,910	-	-	118,279
Miscellaneous	36	-	-	-	-	-	36
State Fees	99,811	15,189	-	-	-	-	115,000
Other Liabilities	-	233,143	6,968	13,092	-	-	253,203
TOTAL RECEIPTS	174,780	268,117	24,203	21,002	5,000	3,000	496,102
DISBURSEMENTS							
Payments to County Treasurer	79,190	18,503	16,990	7,300	-	3,050	125,033
Payments to State Treasurer	107,810	14,743	-	-	-	-	122,553
Petty Cash & Other Payments	36	-	-	-	1,500	-	1,536
Other Liabilities	-	316,519	6,968	12,922	-	-	336,409
TOTAL DISBURSEMENTS	187,036	349,765	23,958	20,222	1,500	3,050	585,531
BALANCES JUNE 30, 2022	<u>\$ 8,779</u>	<u>\$ 73,528</u>	<u>\$ 4,057</u>	<u>\$ 877</u>	<u>\$ 9,852</u>	<u>\$ -</u>	<u>\$ 97,093</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 4,370	\$ 2,741	\$ 4,057	\$ 627	\$ 9,852	\$ -	\$ 21,647
Petty Cash	100	-	-	-	-	-	100
Due to State Treasurer	4,309	1,521	-	-	-	-	5,830
Due to Others	-	69,266	-	250	-	-	69,516
BALANCES JUNE 30, 2022	<u>\$ 8,779</u>	<u>\$ 73,528</u>	<u>\$ 4,057</u>	<u>\$ 877</u>	<u>\$ 9,852</u>	<u>\$ -</u>	<u>\$ 97,093</u>

COLFAX COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2022

Item	2017	2018	2019	2020	2021
Tax Certified by Assessor					
Real Estate	\$ 23,528,182	\$ 23,611,623	\$ 23,628,363	\$ 24,389,028	\$ 24,439,177
Personal and Specials	2,594,597	2,492,428	2,436,304	2,553,200	2,605,912
Total	26,122,779	26,104,051	26,064,667	26,942,228	27,045,089
Corrections					
Additions	3,933	7,639	2,688	5,517	-
Deductions	(1,331)	(457)	(643)	-	-
Net Additions/ (Deductions)	2,602	7,182	2,045	5,517	-
Corrected Certified Tax	26,125,381	26,111,233	26,066,712	26,947,745	27,045,089
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2018	16,130,568	-	-	-	-
June 30, 2019	9,983,107	15,995,520	-	-	-
June 30, 2020	5,083	10,086,377	15,884,288	-	-
June 30, 2021	4,301	26,890	10,158,860	17,161,810	-
June 30, 2022	129	236	20,741	9,774,177	17,545,022
Total Net Collections	26,123,188	26,109,023	26,063,889	26,935,987	17,545,022
Total Uncollected Tax	\$ 2,193	\$ 2,210	\$ 2,823	\$ 11,758	\$ 9,500,067
Percentage Uncollected Tax	0.01%	0.01%	0.01%	0.04%	35.13%

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, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE			
Emergency Watershed Protection Program	10.923	Not Applicable	\$ 246,755
Total U.S. Department of Agriculture			<u>246,755</u>
DEPARTMENT OF HOMELAND SECURITY			
Passed through Nebraska Military Department			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	037-99037-00	743,130
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	037-99037-00	9,849
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			* <u>752,979</u>
Emergency Management Performance Grants	97.042	21-SR 8703-01	29,838
Total U.S. Department of Homeland Security			<u>782,817</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services			
Child Support Enforcement	93.563	51253 Y3	22,008
Total U.S. Department of Health and Human Services			<u>22,008</u>
DEPARTMENT OF TRANSPORTATION			
Passed through Nebraska Department of Transportation			
Highway Safety Cluster			
State and Community Highway Safety	20.600	5EVR8	2,167
Total U.S. Department of Transportation			<u>2,167</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,053,747</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, 2022

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, 2022. 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 Colfax 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 not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 14, 2023. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional Items

We also noted certain matters that we reported to the management of Colfax County in a separate letter dated March 14, 2023.

Colfax County’s Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the County’s response to the finding identified in our audit and described previously. The County’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

March 14, 2023



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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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

Opinion on 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, 2022. 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.

In our opinion, Colfax County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Colfax County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of Colfax County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Colfax County's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Colfax County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Colfax County's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Colfax County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Colfax County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Colfax County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Colfax County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Colfax County's response was not subjected to the other 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.

March 14, 2023

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

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

COLFAX COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

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 X None Reported

Significant deficiencies identified?

X Yes ___ No

Noncompliance material to financial statements noted?

___ Yes X None Reported

Federal Awards

Internal control over major programs:

Material weaknesses identified?

___ Yes X None Reported

Significant deficiencies identified?

X Yes ___ None Reported

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

Unmodified

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

X 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 X No

COLFAX COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

Section II – Financial Statement Findings

Finding # 2022-001

- Condition - There is a lack of segregation of accounting functions among various County offices and personnel. This is a continuing item from the prior year.
- Criteria - Authorization or approval of transactions, recording of transactions, and custody of assets should normally be segregated from each other.
- Context - Various County offices collect money; most of those offices employ one or two individuals. The offices remit the money to the County Treasurer.
- Effect - This lack of segregation of duties results in an inadequate overall internal control structure design.
- Cause - The County does not employ sufficient office personnel to properly segregate accounting functions.
- Recommendation - 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.
- View of Officials - 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 # 2022-002

- Program - Various, including AL 97.036 – Disaster Grants - Public Assistance (Presidentially Declared Disasters); AL 10.923 – Emergency Watershed Protection Program; and AL 93.563 – Child Support Enforcement - Reporting
- Grant Number & Year - Various
- Federal Grantor Agency - Various, including U.S. Department of Homeland Security; U.S. Department of Agriculture; and U.S. Department of Health and Human Services
- Pass-Through Entity - Various, including Nebraska Military Department and Nebraska Department of Health and Human Services
- Criteria - Title 2 CFR § 200.510(b) (January 1, 2022) states, in part, the following:

The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502.

COLFAX COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Concluded)

Title 2 CFR § 200.303 (January 1, 2022) states the following, in relevant part:

The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in ‘Standards for Internal Control in the Federal Government’ issued by the Comptroller General of the United States or the ‘Internal Control Integrated Framework’, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A good internal control plan requires adequate procedures to ensure the Schedule of Expenditures of Federal Awards (SEFA) is properly presented and includes all Federal expenditures made by the County during the fiscal year.

Condition - Colfax County does not have adequate procedures in place to ensure the Schedule of Expenditures of Federal Awards (SEFA) is completed accurately, and includes all Federal expenditures paid by the County.

Specifically, we noted that expenditures of \$27,831 for Assistance Listing # 10.923 were omitted from the County's fiscal year ending June 30, 2021, SEFA. This was not considered a material error, and it would not have impacted major program determination for the fiscal year 2021 audit.

Repeat Finding - No

Questioned Costs - None

Statistical Sample - No

Cause - Administration of Federal awards is decentralized with each County office operating independently without any centralized reporting procedures in place to ensure all Federal expenditures of the County are accurately reported on the SEFA. Additionally, there is an overall lack of knowledge by County personnel related to Federal reporting and compliance requirements.

Effect - Increased risk for the SEFA to be inaccurate, which could lead to Federal sanctions or failure to audit programs that should be audited.

Recommendation - We recommend the County establish written procedures to ensure the SEFA is complete and accurate. Such procedures may include, among other things, a requirement that all offices in the County responsible for administering a Federal grant report their grant expenditures, and related information, to a single individual in the County with overall responsibility for Federal reporting requirements. That individual should be knowledgeable of Federal reporting and compliance requirements, and review expenditures provided by each office to ensure all amounts are accurate and include all Federal expenditures of the County.

View of Officials - The County will develop a Schedule of Expenditures of Federal Awards (SEFA) chart and designate the County Clerk to coordinate the collection of information from individual county offices on Federal awards expenditures.

COLFAX COUNTY COMMISSIONERS

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Terry V. Wendt
District #1

Carl Grotelueschen
District #2

Jim Mejschik
District #3

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2022

Finding 2021-1 (Since 2021) Segregation of Duties

Status: On-going

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

Finding 2021-2 (Since 2021) Disaster Grants – Public Assistance - Allowability

Status: Corrected- June 15, 2022



Carl Grotelueschen, County Board Chairperson

COLFAX COUNTY COMMISSIONERS

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COLFAX COUNTY CORRECTIVE ACTION PLAN

Year Ended June 30, 2022

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

I. Findings Related to the Financial Statements:

Finding 2022-001: 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:

Carl Grotelueschen, County Board Chair

II. Findings Relating to Federal Awards:

Finding 2022-002:

Program:

Various, including AL 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters); AL 10.923 Emergency Watershed Protection Program; and AL 93.563 – Child Support Enforcement – Reporting.

Corrective Action Planned:

The County will develop a Schedule of Expenditures of Federal Awards (SEFA) chart and designate the County Clerk to coordinate the collection of information from individual county offices on Federal awards expenditures.

Anticipated Completion Date:

March 30, 2023

Responsible Party:

Carl Grotelueschen, County Board Chair



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 14, 2023

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, 2022, and have issued our report thereon dated March 14, 2023. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY TREASURER

Background

Prior to beginning the fiscal year 2022 audit, the Auditor of Public Accounts (APA) received concerns from various individuals, including the County Treasurer herself, related to the timeliness of activities performed by the County Treasurer, as well as concerns regarding the daily balancing of office transactions, and reconciliations of the County Treasurer's bank accounts.

Due to these initial concerns received by the APA, we expanded the scope of our audit to include the period July through December 2022 to review whether or not the County Treasurer was completing her daily balancing and bank reconciliations timely as well as determining if she was completing the following timely: 1) receipting money into the accounting records; 2) depositing that money to the bank; and 3) properly disbursing collections to the County's political subdivisions within the timeframe mandated by Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2022). That subsection of statute requires collections received by the County Treasurer during the previous calendar month be paid out to the political subdivisions to which the funds are owed by the fifteenth of the following month.

As outlined in the following comments and recommendations, these initial concerns appear to be warranted, as there were several areas of concern noted during our audit, including daily balancing of office transactions not completed timely, bank reconciliations not completed timely, excess cash kept on hand in the office, bank deposits not made timely, receipts not issued timely, and numerous other issues.

The County Treasurer is in control of millions of dollars on a daily basis, making it imperative for that office to have appropriate policies, procedures, and internal controls in place to ensure that taxpayer’s money is protected and accounted for timely and accurately. During the fiscal year ended June 30, 2022, the County Treasurer recorded receipts of \$41,937,844, illustrating the substantial amount of public funds for which the County Treasurer is responsible.

Unreceipted Collections & Daily Balancing Procedures

The Auditor of Public Accounts (APA) conducted a surprise cash count of the County Treasurer’s office on January 25, 2023. During that cash count, significant concerns were noted regarding the County Treasurer’s daily balancing procedures – or, as the case may be, lack thereof. We specifically noted the following:

- The County Treasurer does not deposit cash and checks to the bank until the daily balancing for that day is completed. Consequently, at the time the cash count was conducted, there was cash, totaling \$45,756, and checks, totaling \$294,911, dating back to January 11, 2023, still on hand in the County Treasurer’s office. Considering the size of Colfax County, this is a significant amount of money to maintain in the County Treasurer’s office.
- We observed 18 checks, totaling \$21,674, that had not yet been receipted by the County Treasurer into the accounting records of the office. The oldest check on hand was dated January 2, 2023. Additionally, none of these checks were restrictively endorsed. Because the County Treasurer lacks good procedures for immediately receipting all money received by her office, we were unable to verify definitively that there was no other cash or checks in the office that we did not count.

We also noted seven additional checks, totaling \$46,787, that were not restrictively endorsed.

- As of January 25, 2023, the County Treasurer was working on balancing the daily activity from January 10, 2023 – meaning that the County Treasurer was approximately two weeks behind balancing the daily activity of her office.
- For seven out of nine business days counted by the APA, the amount of cash and checks counted was either long or short in comparison to the amount reflected in the accounting system. For four of those days, the APA calculated a different long/short than that calculated by the County Treasurer. Although there may be reasonable explanations for the differences between the conflicting calculations, the mere existence of such differences demonstrates the deficiencies in the County Treasurer's daily reconciliation procedures. If adequate procedures were in place, reconciling the daily activity of the County Treasurer’s office would be much less difficult and time consuming.

Date	APA Long/(Short)	Treasurer Long/(Short)	Variance
1/12/2023	\$469.00	\$209.00	\$260.00
1/13/2023	(75.90)	2.00	(77.90)
1/17/2023	55.99	(229.91)	285.90
1/18/2023	(1.99)	(1.99)	0.00
1/19/2023	65.00	65.00	0.00
1/20/2023	(76.50)	(76.50)	0.00
1/23/2023	10.50	\$20.50	(10.00)

- When attempting to reconcile the January 20, 2023, daily activity, the APA noted one check, totaling \$2,598, that had been receipted for real estate taxes; however, the check could not be located in the County Treasurer’s office during the cash count. The County Treasurer was subsequently able to locate the check and provided a copy of it to the APA on January 28, 2023. Although the County Treasurer was ultimately able locate this check, the time and effort required to do so supports further the dire need for process improvements in the County Treasurer’s office to allow for the timely balancing of daily activity.

- Due to concerns pertaining to the untimeliness of the County Treasurer’s daily balancing and depositing of collections, not only during the audit period but also through the time of audit fieldwork in January 2023, we tested 25 days, between July and December 2022, and found similar instances of untimely bank deposits. For the days tested, the County Treasurer was consistently delayed in making bank deposits. The shortest time lag between collection and bank deposit was 2 business days, and the longest was 16 business days.

Neb. Rev. Stat. § 23-1601 (Reissue 2022) provides the following, in relevant part:

(1) It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. . . .

* * * *

(4)(a) 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, including bond fund money when requested by any city of the first class under section 16-731. . . .

Neb. Rev. Stat. § 23-1611 (Reissue 2022) provides the following, as is relevant:

The Auditor of Public Accounts shall establish a uniform system of accounting for all county officers. The system, when established, shall be installed and used by all county officers, except that any county with a population of one hundred thousand or more inhabitants may use an accounting system that utilizes generally accepted accounting principles.

Chapter 1 of the “Accounting and Budgeting System for Nebraska Counties,” promulgated by the APA pursuant to § 23-1611, provides the following regarding balancing requirements:

Each county office that collects or handles county or fiduciary funds is required to accurately account for such funds at all times. This includes all cash, bank accounts, investments, petty cash funds, or any other assets in the custody of or responsibility of the county office or department. Accurate accountability includes:

1. *Reconciling bank records to financial records at least monthly*
2. *Reconciling daily receipts/disbursements to general financial records at least daily for County Treasurer and monthly for other offices or departments*
3. *Reconciling subsidiary financial records to general financial records at least monthly*
4. *Reconciling petty cash on hand or in the bank to the authorized petty cash amount at least monthly*

Reconciling includes maintaining documentation to support any variances identified between the records.

(Emphasis added.) Additionally, good internal controls and sound accounting procedures require: 1) money collected by the County Treasurer to be receipted and deposited timely; 2) daily balancing procedures to be completed timely to ensure that money collected was properly receipted into the accounting records, and the correct amount of money was received for the transactions processed; and 3) checks to be restrictively endorsed immediately upon receipt to safeguard them from possible misappropriation.

When money received by the County Treasurer is not receipted and deposited timely, there is an increased likelihood that it will not be distributed as directed by law. This likelihood is increased further when daily balancing procedures are not completed timely to ensure all money collected by the County Treasurer was properly receipted into the accounting records, and the correct amount of money was received for the transactions processed.

Furthermore, when significant amounts of cash are maintained in the office without timely daily balancing procedures being completed, there is a significantly increased risk for not only the theft or misappropriation of that money but also the failure to detect such illicit activity.

We recommend the County Treasurer immediately review current office procedures and seek efficiencies in those processes to ensure: 1) collections are received timely into the accounting records of the office; 2) daily balancing procedures can be completed in a timely manner; 3) collections are deposited to the bank in a timely manner; and 4) checks are restrictively endorsed immediately upon receipt. These procedures are essential to ensuring that taxpayer dollars are protected and accounted for properly. **It is unacceptable for the County Treasurer to allow the public funds under her control to remain unreconciled for weeks, if not months, at a time.**

Bank Reconciliations

During our audit and expanded testing through December 2022, we noted that the last time the County Treasurer completed an accurate reconciliation of her bank and investment accounts was March 2022. Therefore, as of audit fieldwork in January 2023, the County Treasurer had not reconciled her accounts for nine months. According to the County Treasurer, she did not have enough time to complete bank reconciliations due to her other responsibilities and the significant staff turnover in the Treasurer's office.

During testing, we noted the following errors – all of which would have been identified had the County Treasurer been performing timely bank reconciliations. It should be noted that this list does not necessarily encompass all errors, as we reconciled only the County Treasurer's accounts through June 2022; we did not fully reconcile the accounts through December 2022.

- \$188 was remitted to the State of Nebraska in October 2022 for Overload Fines and In-Lieu taxes. A duplicate payment was made to the State of Nebraska in November 2022. Additionally, neither the original payment nor the improper duplicate payment were recorded as a disbursement in the County Treasurer's accounting records.
- June 7, 2022, credit card collections of \$1,702 were added to the wrong account on the County Treasurer's Daily Balance Sheet. These collections were improperly added to the Pinnacle Bank checking account balance instead of to the Homestead Bank credit card account balance.
- April 2022 interest of \$281 earned on the Homestead Bank credit card account was improperly posted to the Investments account on the Daily Balance Sheet instead of to the Homestead Bank credit card account.
- In June 2022, the County Treasurer incorrectly recorded a \$5.85 disbursement to the State of Nebraska for all-terrain vehicle (ATV) sales tax; however, the County Treasurer never issued this payment to the State. Furthermore, the County Treasurer never actually collected this money in the first place and, therefore, should not have recorded the disbursement originally. Finally, the County Treasurer attempted to correct this error in November 2022 by reducing the amount paid to the State by \$5.85. Because the erroneous payment was never actually made, the County Treasurer should not have reduced the November 2022 payment. Consequently, as of audit fieldwork in January 2023, the State of Nebraska was underpaid by \$5.85.
- During the fiscal year 2021 audit, we noted that the County Treasurer improperly recorded duplicate interest receipts of \$219 for investment accounts. This was not corrected during fiscal year 2022.
- On July 27, 2022, the County Treasurer receipted \$1,061 from the State of Nebraska for May 2022 lodging taxes. Then, on August 31, 2022, the County Treasurer recorded a duplicate receipt for this same payment.
- On August 12, 2022, the County Treasurer receipted \$15,752 from the State of Nebraska for grant funds from the Nebraska Crime Commission. Then, on October 28, 2022, the County Treasurer recorded a duplicate receipt for this same payment.

- On October 3, 2022, \$5,079 was direct deposited to the County Treasurer’s bank account for E911 money from the Nebraska Public Service Commission. As of audit fieldwork in January 2023, this payment had yet to be receipted into the County Treasurer’s accounting records.

Good internal controls require procedures to ensure that complete and accurate bank reconciliations are prepared on a monthly basis, and any errors identified are corrected in a timely manner. Furthermore, as noted in the previous comment (“Unreceipted Collections & Daily Balancing Procedures”), Chapter 1 of the “Accounting and Budgeting System for Nebraska Counties,” established by the APA pursuant to § 23-1611, requires monthly reconciliations of bank records to financial records.

Without such procedures, there is a significantly increased risk for not only the loss, theft, or misuse of public funds but also errors occurring and remaining uncorrected. **This already significant risk is exacerbated by the related lack of daily balancing procedures discussed in the previous comment (“Unreceipted Collections & Daily Balancing Procedures”).**

We recommend the County Treasurer implement and update procedures to ensure financial transactions are recorded accurately in the accounting records of her office, and bank balances are reconciled to book balances monthly.

Motor Vehicle Pro-Rate Distribution

On June 30, 2022, the County Treasurer received a direct deposit of \$18,731 from the State of Nebraska for Motor Vehicle Pro-Rate. As of audit fieldwork in January 2023, this payment had still not been receipted into the accounting records of the County Treasurer’s office, much less distributed to the political subdivisions to which the money was owed. The “June 30, 2022” column in the following table details how much each political subdivision in the County is still owed.

Additionally, we noted that \$9,872 was direct deposited to the County Treasurer’s bank account on September 22, 2022; however, it was neither receipted into the accounting records until October 28, 2022, nor paid out to the political subdivisions to which the money was owed until November 2022, or one month after the timeframe mandated by State law. The delayed payments are noted in the “September 22, 2022” column in the following table.

Entity	June 30, 2022	September 22, 2022	Total
Colfax County	\$3,499	\$1,844	\$5,343
Schuyler Community Schools	9,200	4,849	14,049
Leigh Community Schools	868	458	1,326
Clarkson Public Schools	1,240	654	1,894
Howells Dodge Consolidated Schools	980	12	992
North Bend Central Public Schools	23	517	540
Pathways 2 Tomorrow	1	5	6
Educational Service Unit 2	184	1	185
Educational Service Unit 7	1,128	97	1,225
Central Community College	147	594	741
Lower Elkhorn NRD	199	78	277
Lower Platte North NRD	33	105	138
Clarkson Rural Fire District	7	17	24
Dodge Rural Fire District 4	51	4	55
Howells Rural Fire District 4	28	27	55
Leigh Rural Fire District	138	14	152
Schuyler Rural Fire District 3	9	72	81
Platte Valley Drainage District Colfax County	2	1	3

Entity	June 30, 2022	September 22, 2022	Total
Village of Howells	115	60	175
Village of Leigh	78	41	119
Village of Richland	7	4	11
Village of Rogers	10	5	15
City of Schuyler	549	289	838
Colfax County Agricultural Society	147	78	225
Total	\$18,731	\$9,872	\$28,603

Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2022) 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, including bond fund money when requested by any city of the first class under section 16-731. . . .

Good internal controls and sound business practices require procedures to ensure that monies received are receipted timely into the accounting records and paid out to the political subdivisions to which the funds are owed within the timeframe mandated by State law.

Without such procedures, there is an increased risk of the County Treasurer not complying with State statute and the County’s political subdivisions not receiving money owed to them in a timely manner.

We recommend the County Treasurer implement procedures to ensure Motor Vehicle Pro-Rate money received is receipted timely into the accounting records and distributed to the political subdivisions to which the funds are owed within the timeframe mandated by State law.

5% Gross In-Lieu Distribution

The County Treasurer received \$108,337 from Loup River Public Power District and \$3,821 from Omaha Public Power District for 5% Gross In-Lieu taxes. The check from Loup River Public Power District was dated March 21, 2022, but was neither deposited to the bank account nor receipted into the County Treasurer’s accounting records until May 18, 2022. We were unable to determine exactly when this check was received by the County Treasurer, but it would be reasonable to presume that it was received in April 2022 at the latest. Consequently, this money was not paid out to the political subdivisions to which it was owed until June 2022 – or, at a minimum, one month after the statutory deadline, or two months if the money was received by the County Treasurer in March 2022.

Further, the payment from Omaha Public Power District was direct deposited to the County Treasurer’s bank account on April 1, 2022, but was not receipted into the County Treasurer’s accounting records until May 18, 2022. Consequently, this money was not paid out to the political subdivisions to which it was owed until June 2022, or one month after the statutory deadline.

The following table details how much each political subdivision did not receive in a timely manner.

Entity	Amount
Colfax County	\$ 19,913
Schuyler Community Schools	5,758
Leigh Community Schools	14,292
Clarkson Public Schools	18,859
Howells Dodge Consolidated Schools	15,110
City of Clarkson	11,942
Village of Howells	15,962

Entity	Amount
Village of Leigh	8,626
Village of Richland	759
Village of Rogers	937
Total	\$ 112,158

Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2022) 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, including bond fund money when requested by any city of the first class under section 16-731. . . .

Good internal controls and sound business practices require procedures to ensure that monies received are receipted timely into the accounting records, deposited to the bank timely, and paid out to the political subdivision to which the funds are owed within the timeframe mandated by State law.

Without such procedures, there is an increased risk of the County Treasurer failing to comply with State statute and the County’s political subdivisions not receiving money owed to them in a timely manner.

A similar finding was noted during the prior audit.

We recommend the County Treasurer implement procedures to ensure 5% Gross In-Lieu taxes received are receipted timely into the accounting records and deposited timely to the bank to allow for their distribution to the political subdivisions to which the funds are owed within the timeframe mandated by State law.

Homestead Exemption Distribution

The County Treasurer received a direct deposit of \$59,562 from the State of Nebraska on March 1, 2022, for Homestead Exemption monies owed to the County’s political subdivisions. This payment was not receipted into the County Treasurer’s accounting records until April 4, 2022. Consequently, the money was not paid out to the political subdivisions to which it was owed until May 2022, or one month after the deadline directed by law.

The County Treasurer was similarly late with two other Homestead Exemption payments. On June 1, 2021, \$56,717 was received, but it was not receipted until July 23, 2021, or paid out to the subdivisions until August 2021. Finally, \$53,134 was received on July 1, 2021, but not receipted until August 19, 2021, and paid out to the subdivisions until September 2021.

The following table details how much each political subdivision did not receive in a timely manner.

Entity	June 1, 2021	July 1, 2021	March 1, 2022	Total
Colfax County	\$9,552	\$8,952	\$9,971	\$28,475
Schuyler Community Schools	26,350	24,831	27,047	78,228
Leigh Community Schools	1,304	1,101	1,672	4,077
Clarkson Public Schools	3,251	3,171	3,402	9,824
Howells Dodge Consolidated Schools	1,856	1,713	1,781	5,350
Pathways 2 Tomorrow	21	19	17	57
Educational Service Unit 7	473	443	494	1,410
Central Community College	2,903	2,716	3,022	8,641
Lower Elkhorn NRD	245	231	242	718
Lower Platte North NRD	727	678	753	2,158

Entity	June 1, 2021	July 1, 2021	March 1, 2022	Total
Clarkson Rural Fire District	34	34	34	102
Dodge Rural Fire District 4	6	6	6	18
Howells Rural Fire District 4	74	68	74	216
Leigh Rural Fire District	41	33	49	123
Schuyler Rural Fire District 3	443	412	464	1,319
Platte Valley Drainage District Colfax County	3	4	4	11
City of Clarkson	1,283	1,280	1,266	3,829
Village of Howells	840	748	1,435	3,023
Village of Leigh	815	662	989	2,466
Village of Richland	161	161	127	449
Village of Rogers	151	150	128	429
City of Schuyler	5,805	5,366	6,190	17,361
Colfax County Agricultural Society	379	355	395	1,129
Total	\$56,717	\$53,134	\$59,562	\$169,413

Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2022) 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, including bond fund money when requested by any city of the first class under section 16-731. . .

Good internal controls and sound business practices require procedures to ensure that monies received are receipted timely into the accounting records and paid out to the political subdivision to which the funds are owed within the timeframe mandated by State law.

Without such procedures, there is an increased risk of the County Treasurer not complying with State statute and the County's political subdivisions not receiving money owed to them in a timely manner.

We recommend the County Treasurer implement procedures to ensure Homestead Exemption money received is receipted timely into the accounting records and distributed to the political subdivisions to which the funds are owed within the timeframe mandated by State law.

Fines and License Distribution

On August 1, 2022, the Colfax County Court and District Court remitted a total of \$10,272 in fines to the County Treasurer; however, the County Treasurer did not receipt this money into the accounting records until August 31, 2022, or 30 days after the checks were originally issued by the Courts. Furthermore, these checks were not deposited to the bank until September 15, 2022, or 45 days after the checks were issued, and 15 days after the checks were receipted into the accounting records. Finally, the County Treasurer did not allocate this money to the school districts' funds until September 20, 2022. Consequently, this money was not paid out to the school districts to which it was owed until October 2022, or one month after the statutory deadline.

The following table details how much each school district did not receive in a timely manner.

Entity	Amount
Schuyler Community Schools	\$8,361
Leigh Community Schools	577
Clarkson Public Schools	729
Howells Dodge Consolidated Schools	605
Total	\$10,272

Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2022) 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, including bond fund money when requested by any city of the first class under section 16-731. . .

Good internal controls and sound business practices require procedures to ensure that monies received are received timely into the accounting records and paid out to the political subdivisions to which the funds are owed within the timeframe mandated by State law.

Without such procedures, there is an increased risk of the County Treasurer not complying with State statute and the County’s political subdivisions not receiving money owed to them in a timely manner.

We recommend the County Treasurer implement procedures to ensure fines and license money received is received timely into the accounting records and distributed to the political subdivisions to which the funds are owed within the timeframe mandated by State law.

Receipt Timeliness

We noted several payments that were direct deposited into the County Treasurer’s bank account but were not receipted into the accounting records in a timely manner – specifically, within one month after the direct deposit. Due to the issues identified during the audit period, we expanded our testing to review also whether payments received between July and December 2022 were receipted timely.

The following table provides details of the items noted:

Received for:	Amount	Deposit Date	Receipt Date	Days between Deposit & Receipt Date
Crime Commission Grant	\$7,373	9/22/2022	10/28/2022	36
Lodging Tax	2,556	9/22/2022	10/28/2022	36
Crime Commission Grant	2,454	10/25/2022	11/30/2022	36
Lodging Tax	775	8/22/2022	9/30/2022	39
Lodging Tax	1,683	10/21/2022	11/30/2022	40
FEMA Disaster Grant	516,150	9/19/2022	10/31/2022	42
FEMA Disaster Grant	28,675	9/19/2022	10/31/2022	42
Lower Platte NRD 2021/2022 NDA-RVMTF Grant	1,900	3/14/2022	5/6/2022	53
USDA Emergency Watershed Reimbursement	274,586	12/10/2021	2/4/2022	56
Emergency Management Performance Grant	835	10/4/2022	11/30/2022	57
June 2022 Interest - Homestead Bank Short Term Invest. Acct	112	6/30/2022	8/30/2022	61
June 2022 Interest Pinnacle Bank Savings Acct & CD's	467	6/30/2022	8/31/2022	62
Carline Tax	4,819	8/25/2022	10/28/2022	64
Airline Tax	1,322	8/25/2022	10/28/2022	64
Insurance Premium Tax	33,124	5/31/2022	8/12/2022	73
Child Support Enforcement	5,807	8/1/2022	10/31/2022	91
Total	\$882,638			

The \$4,819 Carline Tax payment noted in the table above was required to be distributed to various political subdivisions in the County. Because the County Treasurer did not receipt this money in a timely manner, the political subdivisions to which the funds were owed did not receive their respective portions of them within the timeframe mandated by State law. These funds should have been paid to the subdivisions in September 2022; however, they were not actually paid to the subdivisions until November 2022, or two months late.

The following table outlines how much each entity did not receive in a timely manner.

Entity	Carline August 2022
Colfax County	\$834
Schuyler Community Schools	3,328
Educational Service Unit #7	44
Central Community College	269
Lower Platte North NRD	98
Schuyler Rural Fire District 3	59
Village of Richland	13
Village of Rogers	41
City of Schuyler	98
Colfax County Agricultural Society	35
Total	\$4,819

Finally, it should be noted that the “Unreceipted Collections & Daily Balancing Procedures,” “Bank Reconciliations,” “Motor Vehicle Pro-Rate Distribution,” “5% Gross In-Lieu Distribution,” “Homestead Exemption Distribution,” “Fines and License Distribution,” and “Office Procedures – TIF Property Tax Credit” comments herein also address instances of the County Treasurer not receipting and distributing funds received timely.

Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2022) 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, including bond fund money when requested by any city of the first class under section 16-731. . . .

Good internal controls and sound business practices require procedures to ensure that monies received are receipted timely into the accounting records and paid out to the political subdivisions to which the funds are owed within the timeframe mandated by State law.

Without such procedures, there is an increased risk of the County Treasurer not complying with State statute and the County’s political subdivisions not receiving money owed to them in a timely manner. Additionally, when County funds are not receipted timely, the accounting records of the County Treasurer’s office will not reflect accurately the amount of money actually held and available for use by the County.

We recommend the County Treasurer implement procedures to ensure all money received is receipted timely into the accounting records and distributed to the political subdivisions to which the funds are owed within the timeframe mandated by State law.

Office Procedures

During the audit, including our expanded testing of the period subsequent to the fiscal year ending June 30, 2022, we also noted other areas of concern related to the operations of the County Treasurer’s office, as described below:

Partial Payment Follow-Up

As of June 30, 2022, we noted that the County Treasurer was holding two partial payment balances, totaling \$545, that were not active, and the County Treasurer had not completed adequate follow-up to collect the remaining property taxes due or otherwise resolve the partial payment balances held. In April 2016, \$85 was received, and \$460 was received in April 2021.

TIF Property Tax Credit

The County Treasurer's normal procedure was to hold Property Tax Credit money received from the State of Nebraska for Tax Increment Financing (TIF) funds and not pay this money out to the City of Schuyler (City) until the related property tax payment was made by the taxpayer. Consequently, we noted that Property Tax Credit, totaling \$4,400, was received in February and April 2022, but it had not been paid out to the City as of June 30, 2022. As of audit fieldwork in January 2023, \$1,409 of this amount had still not been paid to the City. In September 2022, \$2,991 was paid to the City.

As noted previously, Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2022) requires the County Treasurer to pay out all funds collected or received during the prior calendar month by the fifteenth of the following month.

Overload Fine Distribution

In September 2022, the County Treasurer received \$150 from the County Court for Overload fines. All of this money was remitted to the State of Nebraska rather than being split 75% to the State and 25% to the County, as required by Article VII, § 5 of the Nebraska Constitution. Consequently, the County did not receive \$37.50 to which it was entitled.

Coding Errors

We noted that the following transactions which were not coded correctly in the accounting records of the County Treasurer's office:

- Payments, totaling \$14,779, received from the State of Nebraska for Child Support Enforcement were coded to account code 382.01. 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 2022), Child Support Enforcement activity should be recorded using an account code between 331.01 and 331.04.
- \$2,700 received from the Columbus Area United Way was coded to a State Grants account code, which does not appear proper given that the funds were not received from the State of Nebraska.

Delinquent Interest

During testing of property tax receipts, we noted that 8 of 25 parcels tested had property tax payments receipted by the County Treasurer after the delinquency date; however, the County Treasurer did not charge any interest on the apparent late payments. Per the County Treasurer, these payments were received before the delinquency date; however, there was a delay in receipting them into the system. The County Treasurer claims to keep envelopes to support the date that each property tax payment was postmarked. When asked to provide the APA with the envelopes for the payments tested, though, the County Treasurer failed to do so. Therefore, we were unable to determine whether the delinquent interest should have been charged.

Neb. Rev. Stat. § 77-207 (Reissue 2018) states the following:

All delinquent taxes shall draw interest at a rate equal to the maximum rate of interest allowed per annum under section 45-104.01, as such rate may from time to time be adjusted by the Legislature, from the date they become delinquent, and the interest shall be collected the same as the tax upon which the interest accrues.

Good internal controls require the following: 1) partial payment balances are followed up on timely to collect the remaining amount due or otherwise resolve the balance held; 2) property tax credit monies are paid to the City timely; 3) overload fines are distributed in accordance with the Nebraska Constitution; 4) transactions are coded correctly in the accounting records; and 5) delinquent interest is charged in accordance with State statute, or other supporting documentation is made readily available to validate why no such interest was charged.

Without such procedures, there is an increased risk for the loss, theft, or misuse of public funds, in addition to the statutory compliance issues addressed herein.

We recommend the County Treasurer implement procedures to ensure the following: 1) partial payment balances are followed up on timely to collect the remaining amount due or otherwise resolve the balance held; 2) property tax credit monies are paid to the City timely; 3) overload fines are distributed in accordance with the Nebraska Constitution; 4) transactions are coded correctly in the accounting records; and 5) delinquent interest is charged in accordance with State statute, or other supporting documentation is made readily available to validate why no such interest was charged.

CLERK OF THE DISTRICT COURT

Fines Remitted to General Fund

During the fiscal year ending June 30, 2022, we noted that the County Clerk of the District Court remitted fines, totaling \$1,300, to the County General Fund, not to the Fines and Licenses Fund. Consequently, the fines were not subsequently remitted to the various County School Funds, as required by the Nebraska Constitution and State statute.

Article VII, § 5, of the Nebraska Constitution provides, in relevant part, the following:

(1) Except as provided in subsections (2) and (3) of this section, all fines, penalties, and license money arising under the general laws of the state, except fines and penalties for violation of laws prohibiting the overloading of vehicles used upon the public roads and highways of this state, shall belong and be paid over to the counties respectively where the same may be levied or imposed, and all fines, penalties, and license money arising under the rules, bylaws, or ordinances of cities, villages, precincts, or other municipal subdivision less than a county shall belong and be paid over to the same respectively. All such fines, penalties, and license money shall be appropriated exclusively to the use and support of the common schools in the respective subdivisions where the same may accrue, except that all fines and penalties for violation of laws prohibiting the overloading of vehicles used upon the public roads and highways shall be placed as follows: Seventy-five per cent in a fund for state highways and twenty-five per cent to the county general fund where the fine or penalty is paid.

(Emphasis added.) Likewise, Neb. Rev. Stat. § 29-2708 (Reissue 2016) states, as is relevant, “All money arising from fines and recognizance shall be credited by the county treasurer to the county school fund except as provided by Article VII, Section 5, Constitution of Nebraska”

A good internal control plan requires procedures to ensure that fines are remitted to the Fines and Licenses Fund for subsequent remittance to the County schools. Those same procedures should ensure also that corrections are made for any monies that were remitted to the wrong fund.

Without such procedures, there is an increased risk of not only fines being remitted to the wrong fund, preventing them from being subsequently remitted to the County School Funds but also noncompliance with State statute, as well as the greater possibility of loss or misuse of funds.

We recommend the Clerk of the District Court implement procedures to ensure that fines are remitted properly to the Fines and Licenses Fund for subsequent remittance to the County School Funds. We further recommend the Clerk of the District Court work with the County Treasurer to correct the previous errors noted.

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 \$2,945 as of June 30, 2022, an increase of \$900 from the prior year’s unknown long of \$2,045. The County Sheriff was unable to identify to whom these excess funds were owed. The following table provides details regarding how the unknown long was calculated:

Assets:	
Book Balance	\$ 3,618
Accounts Receivable	439
Total Assets	\$ 4,057
Liabilities:	
Unremitted Fees:	
Service/Mileage Fees	\$ 531
Title Inspections	510
Handgun Permits	55
Photo Copies	6
Fingerprint Fees	10
Total Liabilities	\$ 1,112
Unknown Long	\$ 2,945

- 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, 2022. The \$439 accounts receivable balance noted in the table above is a 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 identified 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 identified are resolved timely; and 2) historical accounts receivable balance information is maintained and reviewed for accuracy.

COUNTY OVERALL

Segregation of Duties

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

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

This was also noted in prior audits.

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

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.

County Board's Overall Response: Thank you for your management letter concerning matters involving internal controls over financial reporting and other operational matters. We appreciate the efforts of your audit manager and deputies to identify areas to improve internal controls and result in operational efficiencies in Colfax County.

In the letter, the Office of the Colfax County Treasurer was identified as experiencing procedural deficiencies and issues of timeliness of activities to include receipting money, depositing money, and disbursing collections, as well as concerns related to account reconciliation.

As you know, the County Treasurer's resignation was accepted by the Board on March 14, 2023, effective May 1, 2023. The Board will take immediate action to fill the vacancy. Additionally, the Board will timely prepare a corrective action checklist for each of the enumerated deficiencies identified in the letter to help guide the managerial transition and assure continued financial integrity. Implementation of this corrective action will be on-going.

The letter notes that the Clerk of the District Court remitted fines totaling \$1,300 to the County General Fund rather than to the Fines and Licenses Fund. This accounting mistake has been corrected, and the funds properly directed.

The letter also notes an on-going accounting deficiency in the Office of the Colfax County Sheriff related to conducting a monthly asset-to-liability reconciliation to address a \$2,945 asset-to-liability variance. The Sheriff will be encouraged to implement internal control procedures in this regard.

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

Draft copies of this report were furnished to the County to provide management with an opportunity to review the report and to respond to the comments and recommendations included herein. 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,



Jeff Schreier, CPA
Audit Manager