

**AUDIT REPORT
OF
COLFAX COUNTY**

JULY 1, 2022, THROUGH JUNE 30, 2023

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the Auditor of Public Accounts.**

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Issued on March 8, 2024

COLFAX COUNTY

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COLFAX COUNTY

411 E. 11th Street
Schuyler, NE 68661

LIST OF COUNTY OFFICIALS

At June 30, 2023

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Carl Grotelueschen	Jan. 2027
	Jim Mejsrik	Jan. 2027
	Terry Wendt	Jan. 2025
Assessor	Bill White	Jan. 2027
Attorney	Bruce Prenda	Jan. 2027
Clerk	Rita Mundil	Jan. 2027
Election Commissioner		
Register of Deeds		
Clerk of the District Court	Minda McKitrick	Jan. 2027
Sheriff	Shawn Messerlie	Jan. 2027
Treasurer	Aleisha Bohaboj	Jan. 2027
Surveyor	Marvin Svoboda	Jan. 2027
Veterans' Service Officer	Eric Mullally	Appointed
Weed Superintendent	Rod Boss	Appointed
Highway Superintendent	Justin Laudenklos	Appointed
Planning & Zoning	Nancy Marty	Appointed
Public Defender	Jerod Trouba	Appointed
Emergency Manager	Mark Arps	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, 2023, 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, 2023, 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 17-27, 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 February 27, 2024, 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".

Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

February 27, 2024

COLFAX COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2023

	Governmental Activities
<hr/>	
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 10,253,613
Investments (Note 1.D)	3,077,909
TOTAL ASSETS	<u>\$ 13,331,522</u>
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 9,821
911 Emergency Services	98,203
Drug Education / Enforcement	6,578
Law Enforcement	32,367
Preservation of Records	17,145
Federal Relief	1,023,854
Unrestricted	12,143,554
TOTAL NET POSITION	<u>\$ 13,331,522</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, 2023

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	\$ (2,789,774)	\$ 426,661	\$ 33,276	\$ (2,329,837)
Public Safety	(2,512,296)	218,121	114,899	(2,179,276)
Public Works	(4,596,377)	4,164	2,573,367	(2,018,846)
Public Assistance	(33,063)	-	-	(33,063)
Culture and Recreation	(17,713)	-	-	(17,713)
Total Governmental Activities	<u>\$ (9,949,223)</u>	<u>\$ 648,946</u>	<u>\$ 2,721,542</u>	<u>(6,578,735)</u>

General Receipts:

Taxes:	
Property	5,574,685
Motor Vehicle	437,863
Inheritance	394,206
Other	183,337
Grants and Contributions Not Restricted to Specific Programs	15,234
Investment Income	166,847
Miscellaneous	64,108
Total General Receipts	<u>6,836,280</u>
Change in Net Position	257,545
Net Position - Beginning of year	13,073,977
Net Position - End of year	<u>\$ 13,331,522</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, 2023

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Act Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ 3,842,202	\$ 3,842,204	\$ 1,334,423	\$ 1,023,854	\$ 210,930	\$ 10,253,613
Investments (Note 1.D)	-	-	3,077,909	-	-	3,077,909
TOTAL ASSETS	<u>\$ 3,842,202</u>	<u>\$ 3,842,204</u>	<u>\$ 4,412,332</u>	<u>\$ 1,023,854</u>	<u>\$ 210,930</u>	<u>\$ 13,331,522</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	9,821	9,821
911 Emergency Services	-	-	-	-	98,203	98,203
Drug Education / Enforcement	-	-	-	-	6,578	6,578
Law Enforcement	-	-	-	-	32,367	32,367
Preservation of Records	-	-	-	-	17,145	17,145
Federal Relief	-	-	-	1,023,854	-	1,023,854
Committed to:						
Law Enforcement	-	-	-	-	6,775	6,775
Road Maintenance	-	3,842,204	-	-	16,833	3,859,037
Aid and Assistance	-	-	-	-	23,208	23,208
Assigned to:						
Other Purposes	-	-	4,412,332	-	-	4,412,332
Unassigned	3,842,202	-	-	-	-	3,842,202
TOTAL CASH BASIS FUND BALANCES	<u>\$ 3,842,202</u>	<u>\$ 3,842,204</u>	<u>\$ 4,412,332</u>	<u>\$ 1,023,854</u>	<u>\$ 210,930</u>	<u>\$ 13,331,522</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, 2023

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Act Fund	Nonmajor Funds	Total Governmental Funds
RECEIPTS						
Taxes:						
Property	\$5,574,685	\$ -	\$ -	\$ -	\$ -	\$ 5,574,685
Motor Vehicle	437,863	-	-	-	-	437,863
Inheritance	-	-	394,206	-	-	394,206
Other	101,220	15	-	-	82,102	183,337
Investment Income	166,847	-	-	-	-	166,847
Intergovernmental	632,660	2,028,542	-	-	75,574	2,736,776
Charges for Services	634,462	4,164	-	-	10,320	648,946
Miscellaneous	19,096	39,065	-	-	5,947	64,108
TOTAL RECEIPTS	7,566,833	2,071,786	394,206	-	173,943	10,206,768
DISBURSEMENTS						
General Government	2,784,657	-	-	1,668	3,449	2,789,774
Public Safety	2,160,198	-	-	156,117	195,981	2,512,296
Public Works	35,057	3,662,861	-	898,459	-	4,596,377
Public Assistance	32,959	-	-	-	104	33,063
Culture and Recreation	-	-	-	-	17,713	17,713
TOTAL DISBURSEMENTS	5,012,871	3,662,861	-	1,056,244	217,247	9,949,223
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	2,553,962	(1,591,075)	394,206	(1,056,244)	(43,304)	257,545
OTHER FINANCING SOURCES (USES)						
Transfers in	600,000	2,841,280	-	-	12,805	3,454,085
Transfers out	(2,847,826)	-	(600,000)	-	(6,259)	(3,454,085)
TOTAL OTHER FINANCING SOURCES (USES)	(2,247,826)	2,841,280	(600,000)	-	6,546	-
Net Change in Fund Balances	306,136	1,250,205	(205,794)	(1,056,244)	(36,758)	257,545
CASH BASIS FUND BALANCES - BEGINNING	3,536,066	2,591,999	4,618,126	2,080,098	247,688	13,073,977
CASH BASIS FUND BALANCES - ENDING	\$3,842,202	\$3,842,204	\$4,412,332	\$ 1,023,854	\$ 210,930	\$13,331,522

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, 2023

	Custodial Fund Balances July 1, 2022	Receipts	Disbursements	Custodial Fund Balances June 30, 2023
ASSETS				
Cash and Cash Equivalents	\$ 662,354	\$ 29,843,421	\$ 29,677,332	\$ 828,443
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	270,907	3,355,701	3,332,519	294,089
State - Collected by Other Offices	5,830	85,935	85,741	6,024
Schools	209,012	20,773,296	20,711,855	270,453
Educational Service Units	1,867	295,123	294,396	2,594
Technical College	11,427	1,785,673	1,781,486	15,614
Natural Resource Districts	3,472	540,396	539,146	4,722
Fire Districts	14,377	700,265	696,671	17,971
Municipalities	38,716	1,635,556	1,636,211	38,061
Agricultural Society	1,482	233,932	233,353	2,061
Drainage Districts	43	3,153	3,139	57
Sanitary and Improvement Districts	18,880	8,643	4,342	23,181
Others - Collected by County Treasurer	16,825	98,100	105,076	9,849
Others - Collected by Other Offices	69,516	327,648	253,397	143,767
TOTAL LIABILITIES	<u>662,354</u>	<u>29,843,421</u>	<u>29,677,332</u>	<u>828,443</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

Colfax County, Nebraska, (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

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

Joint Organization.

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$20,603 toward the operation of the Region during fiscal year 2023. 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 2023. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2023). Financial information for the Department is available in that report.

B. Basis of Presentation

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

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.

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

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include the following: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

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

The County reports the following major governmental funds:

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 \$1,187,968 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 County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 30, 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 \$10,253,613 for County funds and \$828,443 for Fiduciary funds. The bank balances for all funds totaled \$11,109,317. For purposes of classifying categories of custodial credit risk, the bank balances of the County's deposits, as of June 30, 2023, 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 \$3,077,909 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 20 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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

The levy set in October 2022, for the 2022 taxes, which will be materially collected in May and September 2023, was set at \$.280353/\$100 of assessed valuation. The levy set in October 2021, for the 2021 taxes, which were materially collected in May and September 2022, was set at \$.284883/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Taxes** (Concluded)

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

4. **Retirement System**

The Retirement System for Nebraska Counties (Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2022, Supp. 2023) 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, 2023, 81 employees contributed \$140,358, and the County contributed \$207,196. Contributions included \$6,684 in cash contributions towards the supplemental law enforcement plan for 16 law enforcement employees. Lastly, the County paid \$1,220 directly to 12 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 107 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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

5. Risk Management (Concluded)

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

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 500,000	\$ 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, 2023, consisted of the following:

	Transfers from			
Transfers to	General Fund	Inheritance Fund	Nonmajor Funds	Total
Road Fund	\$ 2,841,280	\$ -	\$ -	\$ 2,841,280
General Fund	-	600,000	-	600,000
Nonmajor Funds	6,546	-	6,259	12,805
Total	<u>\$ 2,847,826</u>	<u>\$ 600,000</u>	<u>\$ 6,259</u>	<u>\$ 3,454,085</u>

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

7. 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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 6,108,882	\$ 6,108,882	\$ 6,113,768	\$ 4,886
Investment Income	20,000	20,000	166,847	146,847
Intergovernmental	68,000	68,000	632,660	564,660
Charges for Services	556,525	556,525	634,462	77,937
Miscellaneous	18,750	18,750	19,096	346
TOTAL RECEIPTS	6,772,157	6,772,157	7,566,833	794,676
DISBURSEMENTS				
General Government:				
County Board	102,000	102,000	100,700	1,300
County Clerk	147,275	147,275	128,819	18,456
County Treasurer	226,400	226,400	207,569	18,831
County Assessor	259,815	259,815	230,935	28,880
Election Commissioner	83,975	83,975	74,572	9,403
Building and Zoning	28,600	28,600	15,805	12,795
Clerk of the District Court	178,495	178,495	154,124	24,371
County Court System	26,200	26,200	10,130	16,070
Public Defender	246,600	246,600	159,348	87,252
Building and Grounds	550,400	550,400	202,318	348,082
Agricultural Extension Agent	120,383	120,383	113,885	6,498
Child Support	6,000	6,000	3,693	2,307
Miscellaneous	1,766,204	1,766,204	1,382,759	383,445
Public Safety				
County Sheriff	1,286,900	1,286,900	1,176,506	110,394
County Attorney	327,200	327,200	286,207	40,993
Communication Center	395,500	395,500	314,965	80,535
County Jail	414,000	414,000	288,348	125,652
Emergency Management	93,600	93,600	88,410	5,190
K-9 Fund	14,200	14,200	5,762	8,438
Law Enforcement Selectives	18,000	18,000	-	18,000
Public Works				
County Surveyor	30,500	30,500	22,917	7,583
Noxious Weed Control	44,900	44,900	12,140	32,760
Public Assistance				
Veterans' Service Officer	34,250	34,250	28,978	5,272
Institutions	39,000	39,000	2,497	36,503
Relief	20,000	20,000	1,484	18,516
TOTAL DISBURSEMENTS	6,460,397	6,460,397	5,012,871	1,447,526
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	311,760	311,760	2,553,962	2,242,202

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	600,000	600,000	600,000	-
Transfers out	(2,847,826)	(2,847,826)	(2,847,826)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,247,826)</u>	<u>(2,247,826)</u>	<u>(2,247,826)</u>	<u>-</u>
Net Change in Fund Balance	(1,936,066)	(1,936,066)	306,136	2,242,202
FUND BALANCE - BEGINNING	<u>3,536,066</u>	<u>3,536,066</u>	<u>3,536,066</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 3,842,202</u>	<u>\$ 2,242,202</u>
				(Concluded)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Taxes	\$ -	\$ -	\$ 15	\$ 15
Intergovernmental	2,028,671	2,028,671	2,028,542	(129)
Charges for Services	-	-	4,164	4,164
Miscellaneous	50,000	50,000	39,065	(10,935)
TOTAL RECEIPTS	2,078,671	2,078,671	2,071,786	(6,885)
DISBURSEMENTS	6,606,950	6,606,950	3,662,861	2,944,089
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,528,279)	(4,528,279)	(1,591,075)	2,937,204
OTHER FINANCING SOURCES (USES)				
Transfers in	2,841,280	2,841,280	2,841,280	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,841,280	2,841,280	2,841,280	-
Net Change in Fund Balance	(1,686,999)	(1,686,999)	1,250,205	2,937,204
FUND BALANCE - BEGINNING	2,591,999	2,591,999	2,591,999	-
FUND BALANCE - ENDING	\$ 905,000	\$ 905,000	\$ 3,842,204	\$ 2,937,204
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 381,874	\$ 381,874	\$ 394,206	\$ 12,332
TOTAL RECEIPTS	381,874	381,874	394,206	12,332
DISBURSEMENTS	4,400,000	4,400,000	-	4,400,000
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,018,126)	(4,018,126)	394,206	4,412,332
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(600,000)	(600,000)	(600,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(600,000)	(600,000)	(600,000)	-
Net Change in Fund Balance	(4,618,126)	(4,618,126)	(205,794)	4,412,332
FUND BALANCE - BEGINNING	4,618,126	4,618,126	4,618,126	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 4,412,332	\$ 4,412,332

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
COVID AMERICAN RESCUE PLAN ACT FUND				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	2,080,098	2,080,098	1,056,244	1,023,854
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,080,098)	(2,080,098)	(1,056,244)	1,023,854
Net Change in Fund Balance	(2,080,098)	(2,080,098)	(1,056,244)	1,023,854
FUND BALANCE - BEGINNING	2,080,098	2,080,098	2,080,098	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023,854</u>	<u>\$ 1,023,854</u>
				(Concluded)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	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	\$ 18,166	\$ 18,166	\$ 20,700	\$ 2,534
Disbursements	(25,000)	(25,000)	(17,713)	7,287
Net Change in Fund Balance	(6,834)	(6,834)	2,987	9,821
Fund Balance - Beginning	6,834	6,834	6,834	-
Fund Balance - Ending	\$ -	\$ -	\$ 9,821	\$ 9,821
REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 6,551	\$ 6,551	\$ 4,645	\$ (1,906)
Disbursements	(22,500)	(22,500)	(3,449)	19,051
Net Change in Fund Balance	(15,949)	(15,949)	1,196	17,145
Fund Balance - Beginning	15,949	15,949	15,949	-
Fund Balance - Ending	\$ -	\$ -	\$ 17,145	\$ 17,145
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(23,312)	(23,312)	(104)	23,208
Net Change in Fund Balance	(23,312)	(23,312)	(104)	23,208
Fund Balance - Beginning	23,312	23,312	23,312	-
Fund Balance - Ending	\$ -	\$ -	\$ 23,208	\$ 23,208
DRUG LAW ENFORCEMENT & EDUCATION FUND				
Receipts	\$ 7,900	\$ 7,900	\$ -	\$ (7,900)
Disbursements	(8,531)	(8,531)	-	8,531
Net Change in Fund Balance	(631)	(631)	-	631
Fund Balance - Beginning	631	631	631	-
Fund Balance - Ending	\$ -	\$ -	\$ 631	\$ 631
ATTORNEY GRANT FUND				
Receipts	\$ 108,057	\$ 108,057	\$ 80,793	\$ (27,264)
Disbursements	(127,500)	(127,500)	(67,869)	59,631
Net Change in Fund Balance	(19,443)	(19,443)	12,924	32,367
Fund Balance - Beginning	19,443	19,443	19,443	-
Fund Balance - Ending	\$ -	\$ -	\$ 32,367	\$ 32,367

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
E911 FUND				
Receipts	\$ 9,272	\$ 9,272	\$ 17,843	\$ 8,571
Disbursements	(68,000)	(68,000)	(21,561)	46,439
Net Change in Fund Balance	(58,728)	(58,728)	(3,718)	55,010
Fund Balance - Beginning	78,728	78,728	78,728	-
Fund Balance - Ending	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 75,010</u>	<u>\$ 55,010</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 55,867	\$ 55,867	\$ 43,559	\$ (12,308)
Disbursements	(65,867)	(65,867)	(56,455)	9,412
Transfers in	-	-	-	-
Transfers out	(6,258)	(6,258)	(6,259)	(1)
Net Change in Fund Balance	(16,258)	(16,258)	(19,155)	(2,897)
Fund Balance - Beginning	36,258	36,258	36,258	-
Fund Balance - Ending	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 17,103</u>	<u>\$ (2,897)</u>
E911 WIRELESS HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(55,958)	(55,958)	(49,869)	6,089
Transfers in	6,258	6,258	6,259	1
Transfers out	-	-	-	-
Net Change in Fund Balance	(49,700)	(49,700)	(43,610)	6,090
Fund Balance - Beginning	49,700	49,700	49,700	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,090</u>	<u>\$ 6,090</u>
DRUG COURT FUND				
Receipts	\$ -	\$ -	\$ 456	\$ 456
Disbursements	(6,546)	(6,546)	(227)	6,319
Transfers in	6,546	6,546	6,546	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	6,775	6,775
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,775</u>	<u>\$ 6,775</u>
OPIOID SETTLEMENT FUND				
Receipts	\$ 1,500	\$ 1,500	\$ 5,947	\$ 4,447
Disbursements	(1,500)	(1,500)	-	1,500
Net Change in Fund Balance	-	-	5,947	5,947
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,947</u>	<u>\$ 5,947</u>

(Concluded)

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

For the Year Ended June 30, 2023

	Road Sinking Fund	Visitor Promotion Fund	Register of Deeds Preservation Fund	Veterans' Aid Fund	Drug Law Enforcement & Education Fund	Attorney Grant Fund
RECEIPTS						
Taxes:						
Other	\$ -	\$ 20,700	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	75,574
Charges for Services	-	-	4,645	-	-	5,219
Miscellaneous	-	-	-	-	-	-
TOTAL RECEIPTS	-	20,700	4,645	-	-	80,793
DISBURSEMENTS						
General Government	-	-	3,449	-	-	-
Public Safety	-	-	-	-	-	67,869
Public Assistance	-	-	-	104	-	-
Culture and Recreation	-	17,713	-	-	-	-
TOTAL DISBURSEMENTS	-	17,713	3,449	104	-	67,869
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	-	2,987	1,196	(104)	-	12,924
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
Net Change in Fund Balances	-	2,987	1,196	(104)	-	12,924
FUND BALANCES - BEGINNING	16,833	6,834	15,949	23,312	631	19,443
FUND BALANCES - ENDING	\$ 16,833	\$ 9,821	\$ 17,145	\$ 23,208	\$ 631	\$ 32,367
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	9,821	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education / Enforcement	-	-	-	-	631	-
Law Enforcement	-	-	-	-	-	32,367
Preservation of Records	-	-	17,145	-	-	-
Committed to:						
Law Enforcement	-	-	-	-	-	-
Road Maintenance	16,833	-	-	-	-	-
Aid and Assistance	-	-	-	23,208	-	-
TOTAL FUND BALANCES	\$ 16,833	\$ 9,821	\$ 17,145	\$ 23,208	\$ 631	\$ 32,367

(Continued)

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

For the Year Ended June 30, 2023

	E911 Fund	911 Wireless Service Fund	E911 Wireless Holding Fund	Drug Court Fund	Opioid Settlement Fund	Total Nonmajor Funds
RECEIPTS						
Taxes:						
Other	\$ 17,843	\$ 43,559	\$ -	\$ -	\$ -	\$ 82,102
Intergovernmental	-	-	-	-	-	75,574
Charges for Services	-	-	-	456	-	10,320
Miscellaneous	-	-	-	-	5,947	5,947
TOTAL RECEIPTS	<u>17,843</u>	<u>43,559</u>	<u>-</u>	<u>456</u>	<u>5,947</u>	<u>173,943</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	3,449
Public Safety	21,561	56,455	49,869	227	-	195,981
Public Assistance	-	-	-	-	-	104
Culture and Recreation	-	-	-	-	-	17,713
TOTAL DISBURSEMENTS	<u>21,561</u>	<u>56,455</u>	<u>49,869</u>	<u>227</u>	<u>-</u>	<u>217,247</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(3,718)</u>	<u>(12,896)</u>	<u>(49,869)</u>	<u>229</u>	<u>5,947</u>	<u>(43,304)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	6,259	6,546	-	12,805
Transfers out	-	(6,259)	-	-	-	(6,259)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(6,259)</u>	<u>6,259</u>	<u>6,546</u>	<u>-</u>	<u>6,546</u>
Net Change in Fund Balances	(3,718)	(19,155)	(43,610)	6,775	5,947	(36,758)
FUND BALANCES - BEGINNING	<u>78,728</u>	<u>36,258</u>	<u>49,700</u>	<u>-</u>	<u>-</u>	<u>247,688</u>
FUND BALANCES - ENDING	<u>\$ 75,010</u>	<u>\$ 17,103</u>	<u>\$ 6,090</u>	<u>\$ 6,775</u>	<u>\$ 5,947</u>	<u>\$ 210,930</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	9,821
911 Emergency Services	75,010	17,103	6,090	-	-	98,203
Drug Education / Enforcement	-	-	-	-	5,947	6,578
Law Enforcement	-	-	-	-	-	32,367
Preservation of Records	-	-	-	-	-	17,145
Committed to:						
Law Enforcement	-	-	-	6,775	-	6,775
Road Maintenance	-	-	-	-	-	16,833
Aid and Assistance	-	-	-	-	-	23,208
TOTAL FUND BALANCES	<u>\$ 75,010</u>	<u>\$ 17,103</u>	<u>\$ 6,090</u>	<u>\$ 6,775</u>	<u>\$ 5,947</u>	<u>\$ 210,930</u>

(Concluded)

COLFAX COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2023

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Planning & Zoning	Veterans' Service Officer	Total
BALANCES JULY 1, 2022	\$ 8,779	\$ 73,528	\$ 4,057	\$ 877	\$ -	\$ 9,852	\$ 97,093
RECEIPTS							
Charges for Services	55,146	19,819	17,876	7,601	2,325	-	102,767
Miscellaneous	115	-	-	-	-	-	115
State Fees	71,976	13,959	-	-	-	-	85,935
Other Liabilities	-	314,475	7,374	5,799	-	-	327,648
TOTAL RECEIPTS	127,237	348,253	25,250	13,400	2,325	-	516,465
DISBURSEMENTS							
Payments to County Treasurer	55,437	21,236	17,644	7,628	2,325	-	104,270
Payments to State Treasurer	71,614	14,127	-	-	-	-	85,741
Petty Cash & Other Payments	115	-	-	-	-	500	615
Other Liabilities	-	240,028	7,374	5,995	-	-	253,397
TOTAL DISBURSEMENTS	127,166	275,391	25,018	13,623	2,325	500	444,023
BALANCES JUNE 30, 2023	\$ 8,850	\$ 146,390	\$ 4,289	\$ 654	\$ -	\$ 9,352	\$ 169,535
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 4,079	\$ 1,324	\$ 4,289	\$ 600	\$ -	\$ 9,352	\$ 19,644
Petty Cash	100	-	-	-	-	-	100
Due to State Treasurer	4,671	1,353	-	-	-	-	6,024
Due to Others	-	143,713	-	54	-	-	143,767
BALANCES JUNE 30, 2023	\$ 8,850	\$ 146,390	\$ 4,289	\$ 654	\$ -	\$ 9,352	\$ 169,535

COLFAX COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2023

Item	2018	2019	2020	2021	2022
Tax Certified by Assessor					
Real Estate	\$ 23,611,623	\$ 23,628,363	\$ 24,389,028	\$ 24,439,177	\$ 25,013,252
Personal and Specials	2,492,428	2,436,304	2,553,200	2,605,912	2,906,514
Total	<u>26,104,051</u>	<u>26,064,667</u>	<u>26,942,228</u>	<u>27,045,089</u>	<u>27,919,766</u>
Corrections					
Additions	7,639	3,824	9,459	-	-
Deductions	<u>(757)</u>	<u>(980)</u>	<u>(355)</u>	<u>(484)</u>	<u>(5,666)</u>
Net Additions/ (Deductions)	<u>6,882</u>	<u>2,844</u>	<u>9,104</u>	<u>(484)</u>	<u>(5,666)</u>
Corrected Certified Tax	<u>26,110,933</u>	<u>26,067,511</u>	<u>26,951,332</u>	<u>27,044,605</u>	<u>27,914,100</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2019	15,995,520	-	-	-	-
June 30, 2020	10,086,377	15,884,288	-	-	-
June 30, 2021	26,890	10,158,860	17,161,810	-	-
June 30, 2022	236	20,741	9,774,177	17,545,022	-
June 30, 2023	<u>112</u>	<u>1,829</u>	<u>12,247</u>	<u>9,492,716</u>	<u>17,846,728</u>
Total Net Collections	<u>26,109,135</u>	<u>26,065,718</u>	<u>26,948,234</u>	<u>27,037,738</u>	<u>17,846,728</u>
Total Uncollected Tax	<u>\$ 1,798</u>	<u>\$ 1,793</u>	<u>\$ 3,098</u>	<u>\$ 6,867</u>	<u>\$ 10,067,372</u>
Percentage Uncollected Tax	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.03%</u>	<u>36.07%</u>

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

COLFAX COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY			
Passed through Nebraska Military Department			
Emergency Management Performance Grants	97.042	22EMPG703	\$ 38,490
Total U.S. Department of Homeland Security			<u>38,490</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Nebraska Department of Health and Human Services			
Child Support Enforcement	93.563	51253 Y3	16,191
Total U.S. Department of Health and Human Services			<u>16,191</u>
DEPARTMENT OF THE TREASURY			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Applicable *	1,056,244
Total U.S. Department of the Treasury			1,056,244
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,110,925</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, 2023

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, 2023. 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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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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 27, 2024. 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 February 27, 2024.

Colfax County's Response to Findings

Government Auditing Standards requires 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

February 27, 2024



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COLFAX COUNTY INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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, 2023. 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, 2023.

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding #2023-002. Our opinion on each major Federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Colfax County's response to the noncompliance findings 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.

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 Finding # 2023-002. 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 findings 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 subject 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.



Jeff Schreier, CPA
Audit Manager
Lincoln, Nebraska

February 27, 2024

COLFAX COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

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 No

Significant deficiencies identified?

X Yes ___ None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

___ Yes X No

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: **Covid-19 – Coronavirus State and Local Fiscal Recovery Funds: AL #21.027**

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 # 2023-001

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 segregate properly 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 # 2023-002

Program: AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Suspension & Debarment

Grant Number & Year: SLFRP2375, March 3, 2021, through December 31, 2024

Federal Grantor Agency: U.S. Department of the Treasury

Criteria: Title 2 of the U.S. Code of Federal Regulations (CFR) § 200.303 (January 1, 2023) 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).

2 CFR § 200.214 (January 1, 2023) states the following:

Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

COLFAX COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Concluded)

The U.S. Department of the Treasury adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR § 1000.10 (January 1, 2023), which states the following:

Except for the deviations set forth elsewhere in this Part, the Department of the Treasury adopts the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200.

2 CFR § 180.300 (January 1, 2023) requires non-Federal entities to verify that an entity is not excluded or disqualified prior to entering into a covered transaction by “(a) Checking SAM Exclusions; or (b) Collecting a certification from that . . . [entity]; or (c) Adding a clause or condition to the covered transaction with that . . . [entity].”

A good internal control plan requires the County to have proper procedures in place to verify that contractors paid with Federal funds are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities.

Condition: Colfax County could not provide documentation to support that the County implemented effective internal controls to ensure that suspension and debarment requirements were followed and adequately documented.

We noted the County used Coronavirus State and Local Fiscal Recovery Funds to pay three entities over \$25,000 each, totaling \$1,054,577, during the fiscal year ended June 30, 2023. The County failed to ensure that these entities were not excluded or disqualified prior to entering into these covered transactions.

We reviewed SAM.gov, and noted that none of these entities were suspended, debarred, or otherwise excluded from participation in Federal programs or activities as of the date testing was performed.

Repeat Finding: No

Questioned Costs: None

Statistical Sample: No

Context: The following table provides details of the covered transactions noted:

Entity	Amount
Herbst Construction Inc	\$ 898,460
Howells Rural Fire Protection District	56,117
Schuyler Fire Protection District	100,000
Total	\$ 1,054,577

Cause: Lack of procedures to ensure the County’s review of SAM.gov was documented and maintained on file for subsequent review

Effect: Without adequate procedures to ensure contractors are not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, there is an increased risk for the misuse of Federal funds and noncompliance with Federal regulations, leading to possible Federal sanctions.

Recommendation: We recommend the County implement procedures to ensure, prior to entering into a covered transaction, that a contractor is not suspended, debarred, or otherwise excluded from or ineligible for participation in Federal programs or activities, and those procedures are adequately documented.

View of Officials: Procedures implemented to print the page of Sam.gov website

COLFAX COUNTY COMMISSIONERS

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(402) 352-8515

Terry V. Wendt
District #1

Carl Grotelueschen
District #2

Jim Mejsrik
District #3

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2023

Finding 2022-001 (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 2022-002 (Since 2022) SEFA Preparation

Status: Corrected-Schedule of Expenditures of Federal Awards (SEFA)
chart completed for year end of June 2023



Jim Mejsrik, County Board Chairperson

COLFAX COUNTY COMMISSIONERS

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District #2

Jim Mejschik
District #3

CORRECTIVE ACTION PLAN

Year Ended June 30, 2023

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 2023-001: 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:

Jim Mejschik, Colfax County Board Chairman

II. Findings Related to Federal Awards

Finding 2023-002:

Program:

AL 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Suspension and Debarment

Corrective Action Planned:

A procedure implemented to print the page of Sam.gov website.

Anticipated Completion Date:

Immediate

Responsible Party:

Jim Mejschik, Colfax County Board Chairman



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February 27, 2024

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, 2023, and have issued our report thereon dated February 27, 2024. 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

Fund Balance Reconciliation

The current County Treasurer was appointed in May 2023. The former County Treasurer was not current on reconciling her bank accounts or reconciling the total fund balances, as reflected in the accounting system, to the bank balances. Therefore, when the newly appointed County Treasurer took office, she adjusted the "book balances" for the County Treasurer's various bank accounts to equal the April 30, 2023, balance per the bank statement, less interest earned in April 2023. Despite making the bank accounts appear to be reconciled, this adjustment resulted in an unknown variance of \$63,547, as of June 30, 2023, between the total assets of the County Treasurer's office and the total fund balances reflected in the accounting system, as shown in the table below:

As of June 30, 2023	
Bank Balances	\$ 14,032,786
Cash on Hand	9,570
Checks on Hand	31,363
Total Assets	\$ 14,073,719
Total Fund Balances	14,010,172
Unknown Variance	\$ 63,547

The County Treasurer was unable to identify the specific errors causing this variance, which requires corrective action.

The County Treasurer provided the fund balance reconciliation as of January 31, 2024, which stated that the unknown variance was reduced to \$6,081. We did not audit this reconciliation to determine its accuracy.

Good internal controls and sound accounting practices require procedures to ensure that the total assets of the County Treasurer's office agree with the total fund balances reflected in the accounting system.

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

We recommend the County Treasurer continue to review any remaining unknown variances and take corrective action to address the errors identified. If an unknown variance remains that cannot be identified, we recommend the County Treasurer, with the approval of the County Board, record a receipt or disbursement, depending on the circumstance, to the County General Fund to reconcile total assets with total fund balances.

Bank Reconciliation Issues

Homestead Bank and Pinnacle Bank Credit Card Accounts

For the period April 2023 and prior, all credit card and online payments were collected through one account with Homestead Bank. The former County Treasurer had not completed accurate bank reconciliations for this account since March 2022.

In May 2023, the current County Treasurer took office and opened a second credit card account with Pinnacle Bank. Once the County Treasurer opened this new bank account, credit card and online payments received by the office were recorded to separate holding accounts, titled "Certified Credit Cards" and "Online," on the daily balance sheet (DBS) used by the County Treasurer to reconcile total assets to total fund balances, rather than being recorded to the specific bank account to which the money was deposited.

Additionally, bank reconciliations were not performed for either of these two accounts. As of June 30, 2023, there was an unknown variance of \$16,084 between the balance reflected on the DBS for these accounts and the reconciled bank balance. The County Treasurer was unable to identify the specific reconciling items causing the variance.

As of June 30, 2023, the DBS included a balance of \$89,945 for the Homestead Bank account, no balance for the Pinnacle Bank account, a \$92,550 balance for the Certified Credit Cards account, and a \$32,569 balance for the Online account. Therefore, the DBS indicated a total book balance of \$215,064 between these two credit card bank accounts. The following table identifies how the \$16,084 unknown variance was calculated:

As of June 30, 2023	
Pinnacle Bank Balance	\$ 18,124
Homestead Bank Balance	210,562
Known Deposits in Transit	2,983
June 2023 Interest	(521)
Reconciled Bank Balance	\$ 231,148
DBS Balance	215,064
Unknown Variance	\$ 16,084

It should be noted that these accounts are used primarily for property tax payments and motor vehicle registrations paid via credit card. If the County Treasurer fails to record properly a property tax payment by a taxpayer, the system used by the County Treasurer will indicate that such taxpayer is delinquent when, in fact, he or she is not. Eventually, if the payments received, but not recorded by the County Treasurer, are not identified due to the lack of bank reconciliations, the County Treasurer may improperly sell the erroneous delinquent taxes at tax sale, exposing the County to potential lawsuits and other liability concerns.

Homestead Bank Checking Account

The June 2023 bank reconciliation performed for the Homestead Bank Checking account identified a deposit variance of \$1,312, which had yet to be corrected as of audit fieldwork completed in January 2024.

Pinnacle Bank Checking Account

The June 2023 bank reconciliation performed for the Pinnacle Bank Checking account identified a “Bank Order” withdrawal of \$147, which had yet to be corrected as of audit fieldwork completed in January 2024.

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

The Auditor of Public Accounts [APA] 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.

Good internal controls and sound accounting practices require procedures to ensure that complete and accurate bank reconciliations are prepared on at least a monthly basis, and any errors identified are corrected in a timely manner to protect taxpayer dollars.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of public funds but also errors occurring and remaining uncorrected.

A similar finding was noted in the prior audit.

We recommend the County Treasurer implement procedures to ensure that complete and accurate bank reconciliations are prepared on at least a monthly basis, and any errors identified are corrected in a timely manner to protect taxpayer dollars.

Child Support Enforcement Coding Errors

Payments, totaling \$20,702, received from the State of Nebraska for Child Support Enforcement were coded to account code 382.01 during fiscal year 2023. Per the “Nebraska Auditor of Public Accounts Accounting and Budgeting System for Nebraska Counties,” promulgated 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.

Additionally, we noted payments, totaling \$11,256, received during fiscal year 2024 that were also coded to account code 382.01.

Good internal controls and sound accounting practices require procedures to ensure that transactions are coded correctly in the accounting records.

Without such procedures, there is an increased risk for not only material financial statement misstatement but also noncompliance with State statute.

We recommend the County Treasurer implement procedures to ensure transactions are coded correctly in the accounting records.

County Treasurer Response: I have corrected the Child Support Enforcement coding errors as of 2/22/2024 as well as the Pinnacle Bank checking account claim for \$147.61 as of 2/26/2024.

COUNTY SHERIFF

Office Procedures

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 \$2,747 as of June 30, 2023. 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	\$ 3,639
Accounts Receivable	650
Total Assets	\$ 4,289
Liabilities:	
Unremitted Fees:	
Service/Mileage Fees	\$ 556
Title Inspections	650
Handgun Permits	75
Lab Fees	225
Photo Copies	36
Total Liabilities	\$ 1,542
Unknown Long	\$ 2,747

- 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, 2023.

The \$650 accounts receivable balance noted in the table above were the outstanding invoices that were billed by June 30, 2023, or before but still outstanding as of audit fieldwork in January 2024. The County Sheriff was unable to provide any documentation of accounts receivable balances that were outstanding as of June 30, 2023, but paid and consequently removed from the folder, between July 2023 and January 2024.

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, including loss, theft, or misuse of funds, occurring and remaining undetected.

A similar comment has been noted continuously since the fiscal year 2015 audit.

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.

* * * * *

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

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Jeff Schreier, CPA
Audit Manager