

**AUDIT REPORT
OF
COLFAX COUNTY**

JULY 1, 2014 THROUGH JUNE 30, 2015

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Issued on April 22, 2016

COLFAX COUNTY

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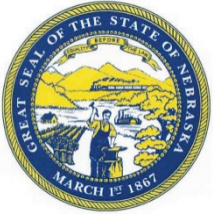
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COLFAX COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jerry Heard	Board of Commissioners	Jan. 2019
Mike Dvorak		Jan. 2017
Gil Wigington		Jan. 2019
Viola Bender	Assessor	Jan. 2019
Denise Kracl	Attorney	Jan. 2019
Rita Mundil	Clerk Election Commissioner Register of Deeds	Jan. 2019
Dori Kroeger	Clerk of the District Court	Jan. 2019
Paul Kruse	Sheriff	Jan. 2019
Marvin Svoboda	Surveyor	Jan. 2019
Janis Kasik	Treasurer	Jan. 2019
Eric Mullally	Veterans' Service Officer	Appointed
John DeBower	Weed Superintendent	Appointed
Mark Arps	Highway Superintendent	Appointed
Becky Lerch	Planning & Zoning	Appointed



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COLFAX COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Colfax County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colfax County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Colfax County as of June 30, 2015, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Report on Supplementary Information

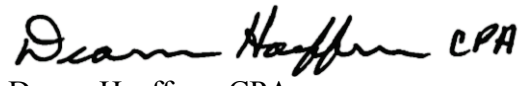
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 19-27, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2016, on our consideration of Colfax County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Colfax County's internal control over financial reporting and compliance.

April 20, 2016


Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

COLFAX COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2015

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 6,566,411
Investments (Note 1.D)	2,857,620
TOTAL ASSETS	\$ 9,424,031
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 6,671
911 Emergency Services	120,844
Drug Education	12,642
Law Enforcement	19,462
Preservation of Records	7,765
Unrestricted	9,256,647
TOTAL NET POSITION	\$ 9,424,031

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, 2015

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	\$ (2,111,556)	\$ 329,538	\$ 17,088	\$ (1,764,930)
Public Safety	(1,744,829)	94,318	919,187	(731,324)
Public Works	(3,728,460)	-	1,258,454	(2,470,006)
Health and Sanitation	-	-	12,976	12,976
Public Assistance	(73,618)	-	-	(73,618)
Culture and Recreation	(31,596)	-	-	(31,596)
Total Governmental Activities	\$ (7,690,059)	\$ 423,856	\$ 2,207,705	(5,058,498)

General Receipts:

Property Taxes	6,495,937
Grants and Contributions Not Restricted to Specific Programs	552,199
Investment Income	22,059
Licenses and Permits	37,001
Miscellaneous	57,994
Total General Receipts	7,165,190
 Increase in Net Position	 2,106,692
Net Position - Beginning of year	7,317,339
Net Position - End of year	\$ 9,424,031

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, 2015

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 2,336,536	\$ 2,503,243	\$ 1,342,793	\$ 383,839	\$ 6,566,411
Investments (Note 1.D)	-	-	2,857,620	-	2,857,620
TOTAL ASSETS	\$ 2,336,536	\$ 2,503,243	\$ 4,200,413	\$ 383,839	\$ 9,424,031
 FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	6,671	6,671
911 Emergency Services	-	-	-	120,844	120,844
Drug Education	-	-	-	12,642	12,642
Law Enforcement	-	-	-	19,462	19,462
Preservation of Records	-	-	-	7,765	7,765
Committed to:					
Road Maintenance	-	2,503,243	-	182,581	2,685,824
Aid and Assistance	-	-	-	33,874	33,874
Assigned to:					
Other Purposes	-	-	4,200,413	-	4,200,413
Unassigned	2,336,536	-	-	-	2,336,536
TOTAL CASH BASIS FUND BALANCES	\$ 2,336,536	\$ 2,503,243	\$ 4,200,413	\$ 383,839	\$ 9,424,031

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, 2015

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$5,449,004	\$ -	\$ 954,329	\$ 92,604	\$ 6,495,937
Licenses and Permits	37,001	-	-	-	37,001
Interest	22,059	-	-	-	22,059
Intergovernmental	451,282	2,268,721	-	39,901	2,759,904
Charges for Services	412,879	-	-	10,977	423,856
Miscellaneous	12,449	33,167	-	12,378	57,994
TOTAL RECEIPTS	<u>6,384,674</u>	<u>2,301,888</u>	<u>954,329</u>	<u>155,860</u>	<u>9,796,751</u>
DISBURSEMENTS					
General Government	2,108,913	-	-	2,643	2,111,556
Public Safety	1,609,122	-	-	135,707	1,744,829
Public Works	35,106	3,242,557	-	450,797	3,728,460
Public Assistance	68,543	-	-	5,075	73,618
Culture and Recreation	25,000	-	-	6,596	31,596
TOTAL DISBURSEMENTS	<u>3,846,684</u>	<u>3,242,557</u>	<u>-</u>	<u>600,818</u>	<u>7,690,059</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,537,990</u>	<u>(940,669)</u>	<u>954,329</u>	<u>(444,958)</u>	<u>2,106,692</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	5,000	2,134,483	-	245,354	2,384,837
Transfers out	(2,334,483)	-	-	(50,354)	(2,384,837)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,329,483)</u>	<u>2,134,483</u>	<u>-</u>	<u>195,000</u>	<u>-</u>
Net Change in Fund Balances	208,507	1,193,814	954,329	(249,958)	2,106,692
CASH BASIS FUND BALANCES - BEGINNING	<u>2,128,029</u>	<u>1,309,429</u>	<u>3,246,084</u>	<u>633,797</u>	<u>7,317,339</u>
CASH BASIS FUND BALANCES - ENDING	<u>\$2,336,536</u>	<u>\$ 2,503,243</u>	<u>\$ 4,200,413</u>	<u>\$ 383,839</u>	<u>\$ 9,424,031</u>

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

COLFAX COUNTY
**STATEMENT OF FIDUCIARY ASSETS AND
 LIABILITIES - CASH BASIS**
FIDUCIARY FUNDS
 June 30, 2015

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 587,916
 LIABILITIES	
Due to other governments	
State	212,898
Schools	163,930
Educational Service Units	2,217
Technical College	16,324
Natural Resource Districts	5,025
Fire Districts	35,442
Municipalities	28,343
Agricultural Society	1,761
Drainage Districts	2,172
Sanitary and Improvement Districts	5,232
Others	114,572
TOTAL LIABILITIES	587,916
 TOTAL NET ASSETS	 \$ -

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

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

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.

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 \$31,579 toward the operation of the Region during fiscal year 2015. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State statute. Financial information for the Region is available in those audit reports.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Health Department – The County has entered into an agreement with 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 2009, Cum. Supp. 2014).

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 2015. 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. 2015). 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 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

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

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

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

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

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

Agency Funds. These funds account for assets held by the County as an agent for various local governments.

The County designates fund balances as follows:

Restricted. The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

Committed. The fund balance has been designated by the County Board for a specific purpose.

Assigned. The fund balance has not been designated by the County Board for a specific purpose, but it has been separated based on the type of revenue.

Unassigned. This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

D. Assets and Net Position

Cash and Cash Equivalents. The County's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments. The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2009) and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

Capital Assets. Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), to be reported in the applicable governmental activities columns in the government-wide financial statements.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 \$167,384 of restricted net position, of which \$147,922 is restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

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

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2009).

At year end, the County's carrying amount of deposits was \$6,566,411 for County funds and \$587,916 for Fiduciary funds. The bank balances for all funds totaled \$7,688,493. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2015, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments is stated at cost, which approximates market. Investments consisted of \$2,857,620 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and they become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

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

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

The levy set in October 2014, for the 2014 taxes, which will be materially collected in May and September 2015, was set at \$.351931/\$100 of assessed valuation. The levy set in October 2013, for the 2013 taxes, which were materially collected in May and September 2014, was set at \$.369000/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. **Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2014, Supp. 2015) 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.

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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. **Retirement System** (Concluded)

For the year ended June 30, 2015, 66 employees contributed \$101,723, and the County contributed \$150,422. Contributions included \$4,307 in cash contributions towards the supplemental law enforcement plan for nine law enforcement employees. Lastly, the County paid \$1,185 directly to 10 retired employees for prior service benefits.

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 80 counties 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 by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, is sent to each county in writing, and each county has 60 days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during such county's period of membership.

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

	<u>NIRMA Coverage</u>	<u>Maximum Coverage</u>
General Liability Claim	\$ 300,000	\$ 5,000,000
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

5. Risk Management (Concluded)

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2016. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

6. Interfund Transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfers to	Transfers from		Total
	General Fund	Nonmajor Funds	
Road Fund	\$ 2,134,483	\$ -	\$ 2,134,483
General Fund	-	5,000	5,000
Nonmajor Funds	200,000	45,354	245,354
Total	\$ 2,334,483	\$ 50,354	\$ 2,384,837

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

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 6,016,622	\$ 6,016,622	\$ 5,449,004	\$ (567,618)
Licenses and Permits	33,125	33,125	37,001	3,876
Interest	15,000	15,000	22,059	7,059
Intergovernmental	132,600	132,600	451,282	318,682
Charges for Services	331,475	331,475	412,879	81,404
Miscellaneous	3,500	3,500	12,449	8,949
TOTAL RECEIPTS	<u>6,532,322</u>	<u>6,532,322</u>	<u>6,384,674</u>	<u>(147,648)</u>
DISBURSEMENTS				
General Government:				
County Board	79,700	79,700	72,423	7,277
County Clerk	119,400	119,400	106,784	12,616
County Treasurer	176,733	176,733	164,283	12,450
County Assessor	175,505	175,505	168,499	7,006
Election Commissioner	66,425	66,425	53,296	13,129
Planning and Zoning	49,750	49,750	37,646	12,104
Clerk of the District Court	132,835	132,835	116,824	16,011
County Court System	26,200	26,200	11,151	15,049
Public Defender	236,600	236,600	151,734	84,866
Building and Grounds	376,400	376,400	255,096	121,304
Agricultural Extension Agent	61,880	61,880	57,936	3,944
Child Support	6,000	6,000	5,977	23
Miscellaneous	1,248,700	1,248,700	907,264	341,436
Public Safety				
County Sheriff	777,490	777,490	692,488	85,002
County Attorney	241,700	241,700	226,848	14,852
Communication Center	714,900	714,900	396,722	318,178
County Jail	437,700	437,700	203,404	234,296
Emergency Management	50,750	50,750	38,760	11,990
Miscellaneous	113,000	113,000	50,900	62,100
Public Works				
County Surveyor	21,950	21,950	15,973	5,977
Noxious Weed Control	37,350	37,350	19,133	18,217
Public Assistance				
Veterans' Service Officer	34,250	34,250	28,495	5,755
Institutions	49,000	49,000	2,184	46,816
Relief	30,000	30,000	2,087	27,913
Miscellaneous	41,650	41,650	35,777	5,873
Culture and Recreation				
Miscellaneous	25,000	25,000	25,000	-
TOTAL DISBURSEMENTS	<u>5,330,868</u>	<u>5,330,868</u>	<u>3,846,684</u>	<u>1,484,184</u>

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	1,201,454	1,201,454	2,537,990	1,336,536
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Transfers out	(2,334,483)	(2,334,483)	(2,334,483)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,329,483)	(2,329,483)	(2,329,483)	-
Net Change in Fund Balance	(1,128,029)	(1,128,029)	208,507	1,336,536
FUND BALANCE - BEGINNING	2,128,029	2,128,029	2,128,029	-
FUND BALANCE - ENDING	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 2,336,536</u>	<u>\$ 1,336,536</u>

(Concluded)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 2,173,238	\$ 2,173,238	\$2,268,721	\$ 95,483
Charges for Services	1,500	1,500	-	(1,500)
Miscellaneous	456,500	456,500	33,167	(423,333)
TOTAL RECEIPTS	<u>2,631,238</u>	<u>2,631,238</u>	<u>2,301,888</u>	<u>(329,350)</u>
DISBURSEMENTS	<u>5,650,150</u>	<u>5,650,150</u>	<u>3,242,557</u>	<u>2,407,593</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(3,018,912)</u>	<u>(3,018,912)</u>	<u>(940,669)</u>	<u>2,078,243</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,134,483	2,134,483	2,134,483	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,134,483</u>	<u>2,134,483</u>	<u>2,134,483</u>	<u>-</u>
Net Change in Fund Balance	(884,429)	(884,429)	1,193,814	2,078,243
FUND BALANCE - BEGINNING	1,309,429	1,309,429	1,309,429	-
FUND BALANCE - ENDING	<u>\$ 425,000</u>	<u>\$ 425,000</u>	<u>\$2,503,243</u>	<u>\$ 2,078,243</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 300,000	\$ 300,000	\$ 954,329	\$ 654,329
TOTAL RECEIPTS	<u>300,000</u>	<u>300,000</u>	<u>954,329</u>	<u>654,329</u>
DISBURSEMENTS	<u>3,546,084</u>	<u>3,546,084</u>	<u>-</u>	<u>3,546,084</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(3,246,084)</u>	<u>(3,246,084)</u>	<u>954,329</u>	<u>4,200,413</u>
Net Change in Fund Balance	(3,246,084)	(3,246,084)	954,329	4,200,413
FUND BALANCE - BEGINNING	3,246,084	3,246,084	3,246,084	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,200,413</u>	<u>\$ 4,200,413</u>

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>VISITOR PROMOTION FUND</u>				
Receipts	\$ 3,952	\$ 3,952	\$ 10,219	\$ 6,267
Disbursements	(7,000)	(7,000)	(6,596)	404
Net Change in Fund Balance	(3,048)	(3,048)	3,623	6,671
Fund Balance - Beginning	3,048	3,048	3,048	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,671</u>	<u>\$ 6,671</u>
<u>REGISTER DEEDS PRESERVATION FUND</u>				
Receipts	\$ 5,000	\$ 5,000	\$ 5,034	\$ 34
Disbursements	(10,374)	(10,374)	(2,643)	7,731
Net Change in Fund Balance	(5,374)	(5,374)	2,391	7,765
Fund Balance - Beginning	5,374	5,374	5,374	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,765</u>	<u>\$ 7,765</u>
<u>VETERANS' AID FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(38,949)	(38,949)	(5,075)	33,874
Net Change in Fund Balance	(38,949)	(38,949)	(5,075)	33,874
Fund Balance - Beginning	38,949	38,949	38,949	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,874</u>	<u>\$ 33,874</u>
<u>DRUG LAW ENFORCEMENT EDUCATION FUND</u>				
Receipts	\$ 4,320	\$ 4,320	\$ 12,378	\$ 8,058
Disbursements	(4,584)	(4,584)	-	4,584
Net Change in Fund Balance	(264)	(264)	12,378	12,642
Fund Balance - Beginning	264	264	264	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,642</u>	<u>\$ 12,642</u>
<u>LAW ENFORCEMENT GRANT FUND</u>				
Receipts	\$ 5,000	\$ 5,000	\$ 12,976	\$ 7,976
Disbursements	(14,694)	(14,694)	(11,478)	3,216
Transfers in	-	-	-	-
Transfers out	(5,000)	(5,000)	(5,000)	-
Net Change in Fund Balance	(14,694)	(14,694)	(3,502)	11,192
Fund Balance - Beginning	16,694	16,694	16,694	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 13,192</u>	<u>\$ 11,192</u>

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ATTORNEY GRANT FUND				
Receipts	\$ 29,980	\$ 29,980	\$ 32,868	\$ 2,888
Disbursements	(39,874)	(39,874)	(38,492)	1,382
Net Change in Fund Balance	(9,894)	(9,894)	(5,624)	4,270
Fund Balance - Beginning	11,894	11,894	11,894	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 6,270</u>	<u>\$ 4,270</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 52,205	\$ 52,205	\$ 52,204	\$ (1)
Disbursements	(52,491)	(52,491)	(23,930)	28,561
Transfers in	-	-	-	-
Transfers out	(45,354)	(45,354)	(45,354)	-
Net Change in Fund Balance	(45,640)	(45,640)	(17,080)	28,560
Fund Balance - Beginning	76,640	76,640	76,640	-
Fund Balance - Ending	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 59,560</u>	<u>\$ 28,560</u>
E911 HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(83,281)	(83,281)	(31,782)	51,499
Transfers in	45,354	45,354	45,354	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(37,927)	(37,927)	13,572	51,499
Fund Balance - Beginning	37,927	37,927	37,927	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,499</u>	<u>\$ 51,499</u>
E911 FUND				
Receipts	\$ 30,000	\$ 30,000	\$ 30,181	\$ 181
Disbursements	(37,629)	(37,629)	(30,025)	7,604
Net Change in Fund Balance	(7,629)	(7,629)	156	7,785
Fund Balance - Beginning	9,629	9,629	9,629	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 9,785</u>	<u>\$ 7,785</u>
ROAD SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(633,378)	(633,378)	(450,797)	182,581
Transfers in	200,000	200,000	200,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(433,378)	(433,378)	(250,797)	182,581
Fund Balance - Beginning	433,378	433,378	433,378	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,581</u>	<u>\$ 182,581</u>

COLFAX COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Visitor Promotion Fund	Register Deeds Preservation Fund	Veterans' Aid Fund	Drug Law Enforcement Education Fund	Law Enforcement Grant Fund
RECEIPTS					
Property Taxes	\$ 10,219	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	12,976
Charges for Services	-	5,034	-	-	-
Miscellaneous	-	-	-	12,378	-
TOTAL RECEIPTS	<u>10,219</u>	<u>5,034</u>	<u>-</u>	<u>12,378</u>	<u>12,976</u>
DISBURSEMENTS					
General Government	-	2,643	-	-	-
Public Safety	-	-	-	-	11,478
Public Works	-	-	-	-	-
Public Assistance	-	-	5,075	-	-
Culture and Recreation	6,596	-	-	-	-
TOTAL DISBURSEMENTS	<u>6,596</u>	<u>2,643</u>	<u>5,075</u>	<u>-</u>	<u>11,478</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>3,623</u>	<u>2,391</u>	<u>(5,075)</u>	<u>12,378</u>	<u>1,498</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(5,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Net Change in Fund Balances	3,623	2,391	(5,075)	12,378	(3,502)
FUND BALANCES - BEGINNING	<u>3,048</u>	<u>5,374</u>	<u>38,949</u>	<u>264</u>	<u>16,694</u>
FUND BALANCES - ENDING	<u>\$ 6,671</u>	<u>\$ 7,765</u>	<u>\$ 33,874</u>	<u>\$ 12,642</u>	<u>\$ 13,192</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	6,671	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	12,642	-
Law Enforcement	-	-	-	-	13,192
Preservation of Records	-	7,765	-	-	-
Committed to:					
Road Maintenance	-	-	-	-	-
Aid and Assistance	-	-	33,874	-	-
TOTAL FUND BALANCES	<u>\$ 6,671</u>	<u>\$ 7,765</u>	<u>\$ 33,874</u>	<u>\$ 12,642</u>	<u>\$ 13,192</u>

(Continued)

COLFAX COUNTY
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Attorney Grant Fund	911 Wireless Service Fund	E911 Holding Fund	E911 Fund	Road Sinking Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$ 52,204	\$ -	\$ 30,181	\$ -	\$ 92,604
Intergovernmental	26,925	-	-	-	-	39,901
Charges for Services	5,943	-	-	-	-	10,977
Miscellaneous	-	-	-	-	-	12,378
TOTAL RECEIPTS	<u>32,868</u>	<u>52,204</u>	<u>-</u>	<u>30,181</u>	<u>-</u>	<u>155,860</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	2,643
Public Safety	38,492	23,930	31,782	30,025	-	135,707
Public Works	-	-	-	-	450,797	450,797
Public Assistance	-	-	-	-	-	5,075
Culture and Recreation	-	-	-	-	-	6,596
TOTAL DISBURSEMENTS	<u>38,492</u>	<u>23,930</u>	<u>31,782</u>	<u>30,025</u>	<u>450,797</u>	<u>600,818</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(5,624)</u>	<u>28,274</u>	<u>(31,782)</u>	<u>156</u>	<u>(450,797)</u>	<u>(444,958)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	45,354	-	200,000	245,354
Transfers out	-	(45,354)	-	-	-	(50,354)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(45,354)</u>	<u>45,354</u>	<u>-</u>	<u>200,000</u>	<u>195,000</u>
Net Change in Fund Balances	(5,624)	(17,080)	13,572	156	(250,797)	(249,958)
FUND BALANCES - BEGINNING	<u>11,894</u>	<u>76,640</u>	<u>37,927</u>	<u>9,629</u>	<u>433,378</u>	<u>633,797</u>
FUND BALANCES - ENDING	<u>\$ 6,270</u>	<u>\$ 59,560</u>	<u>\$ 51,499</u>	<u>\$ 9,785</u>	<u>\$ 182,581</u>	<u>\$ 383,839</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	6,671
911 Emergency Services	-	59,560	51,499	9,785	-	120,844
Drug Education	-	-	-	-	-	12,642
Law Enforcement	6,270	-	-	-	-	19,462
Preservation of Records	-	-	-	-	-	7,765
Committed to:						
Road Maintenance	-	-	-	-	182,581	182,581
Aid and Assistance	-	-	-	-	-	33,874
TOTAL FUND BALANCES	<u>\$ 6,270</u>	<u>\$ 59,560</u>	<u>\$ 51,499</u>	<u>\$ 9,785</u>	<u>\$ 182,581</u>	<u>\$ 383,839</u>

(Concluded)

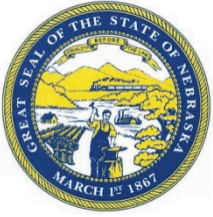
COLFAX COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2015

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	County Planning and Zoning	Total
BALANCES JULY 1, 2014	\$ 4,771	\$ 17,355	\$ 6,415	\$ 1,274	\$ 1,367	\$ -	\$ 31,182
RECEIPTS							
Licenses and Permits	1,480	-	688	-	-	-	2,168
Intergovernmental	-	-	-	-	5,000	-	5,000
Charges for Services	58,000	15,742	25,660	12,723	-	3,575	115,700
Miscellaneous	155	205,921	260	-	1	-	206,337
State Fees	75,431	14,073	-	-	-	-	89,504
Other Liabilities	-	-	15,012	15,857	-	-	30,869
TOTAL RECEIPTS	135,066	235,736	41,620	28,580	5,001	3,575	449,578
DISBURSEMENTS							
Payments to County Treasurer	57,696	15,023	29,210	12,983	-	3,575	118,487
Payments to State Treasurer	70,403	13,802	-	-	-	-	84,205
Other Liabilities	130	188,562	13,348	16,174	-	-	218,214
TOTAL DISBURSEMENTS	128,229	217,387	42,558	29,157	-	3,575	420,906
BALANCES JUNE 30, 2015	<u>\$ 11,608</u>	<u>\$ 35,704</u>	<u>\$ 5,477</u>	<u>\$ 697</u>	<u>\$ 6,368</u>	<u>\$ -</u>	<u>\$ 59,854</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 5,136	\$ 1,722	\$ 5,477	\$ 131	\$ 6,368	\$ -	\$ 18,834
Petty Cash	100	-	-	-	-	-	100
Due to State Treasurer	-	973	-	-	-	-	973
Due to Others	6,372	33,009	-	566	-	-	39,947
BALANCES JUNE 30, 2015	<u>\$ 11,608</u>	<u>\$ 35,704</u>	<u>\$ 5,477</u>	<u>\$ 697</u>	<u>\$ 6,368</u>	<u>\$ -</u>	<u>\$ 59,854</u>

COLFAX COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2015

Item	2010	2011	2012	2013	2014
Tax Certified by Assessor					
Real Estate	\$ 15,619,555	\$ 17,852,519	\$ 19,348,988	\$ 19,987,575	\$ 23,126,583
Personal and Specials	1,290,839	1,428,789	1,030,337	1,139,967	1,575,760
Total	16,910,394	19,281,308	20,379,325	21,127,542	24,702,343
Corrections					
Additions	322,565	3,398	3,371	4,406	1,262
Deductions	(476,373)	(148,573)	(3,593)	(304)	(1,956)
Net Additions/ (Deductions)	(153,808)	(145,175)	(222)	4,102	(694)
Corrected Certified Tax	16,756,586	19,136,133	20,379,103	21,131,644	24,701,649
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2011	9,963,682	-	-	-	-
June 30, 2012	6,776,201	11,294,092	-	-	-
June 30, 2013	6,312	7,825,071	12,258,559	-	-
June 30, 2014	323,261	7,432	8,106,547	12,846,627	-
June 30, 2015	(319,541)	1,749	6,122	8,273,111	15,023,760
Total Net Collections	16,749,915	19,128,344	20,371,228	21,119,738	15,023,760
Total Uncollected Tax	\$ 6,671	\$ 7,789	\$ 7,875	\$ 11,906	\$ 9,677,889
Percentage Uncollected Tax	0.04%	0.04%	0.04%	0.06%	39.18%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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COLFAX COUNTY

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Colfax County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colfax County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Colfax County's basic financial statements, and have issued our report thereon dated April 20, 2016. The report notes the financial statements were prepared on the basis of cash receipts and disbursements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Colfax County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Colfax County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

- The County offices lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colfax County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional Items

We also noted certain matters that we reported to the management of Colfax County in a separate letter dated April 20, 2016.

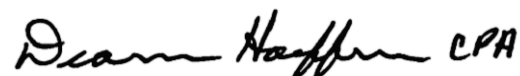
Colfax County's Response to Findings

Colfax County declined to respond to the finding described above.

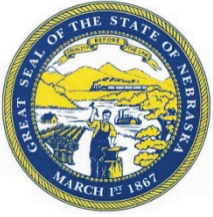
Purpose of this Report

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

April 20, 2016



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska



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April 20, 2016

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, 2015, and have issued our report thereon dated April 20, 2016. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

Segregation of Duties

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

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

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

Unallowable Purchases

During testing of claims and reimbursement of petty cash expenditures, the following was noted:

- County Christmas party expenses of \$700.
- The purchase of cookies and pizza for Board meetings totaling \$22.
- Flower purchase for a former employee's funeral for \$39.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 through 13-2204 (Reissue 2012), specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to counties, among numerous other entities, by both subsections (2) and (3) of § 13-2202. In addition, on September 17, 1993, the Nebraska Accountability and Disclosure Commission issued "A Guideline to the Use of Public Funds by Cities and Villages" (Guideline). This document attempts to answer some commonly asked questions regarding the appropriate use of public funds. Though written principally for the benefit of cities and villages, the advice provided in the Guideline is equally applicable to counties – which, as previously mentioned, are also covered under the Act.

The claims noted above do not represent allowable disbursements of public funds under the Act. Paying for a Christmas party, buying flowers for deceased officials or their relatives, and food for Board meetings are not included among such statutorily approved purchases.

When disbursements are not for allowable disbursements, there is an increased risk of loss or misuse of funds.

We recommend the County implement procedures to ensure purchases are in compliance with the Local Government Miscellaneous Expenditure Act.

COUNTY TREASURER

In Lieu of Tax Distribution

Neb. Rev. Stat. § 70-651.04 (Cum. Supp. 2014) states the following, in relevant part:

All payments which are based on retail revenue from each incorporated city or village shall be divided and distributed by the county treasurer to that city or village, to the school districts located in that city or village, to any learning community located in that city or village, and to the county in which may be located any such incorporated city or village in the proportion that their respective property tax levies in the preceding year bore to the total of such levies

During testing, it was noted the gross revenue retail tax collections were not distributed to all levying funds of the schools and municipalities, resulting in an incorrect distribution. The table below shows a summary by subdivision of the incorrect distribution amount.

Description	Amount
County General Fund	\$ 2,217.05
School District 123	\$ (286.04)
School District 58	\$ (878.79)
School District 70	\$ 1,195.40
City Clarkson	\$ 493.01
Village Howells	\$ (2,832.16)
Village Rogers	\$ 91.53

* Negative figures represent underpayments to those subdivisions while positive figures indicate overpayments.

When tax distributions are not correct, political subdivisions do not receive the appropriate amount of funding.

We recommend the County Treasurer correct the erroneous distributions and implement procedures to ensure all distributions are correctly calculated in the future.

Property Tax Receipt Dates

During testing of property tax receipts, we noted 13 of 30 real property tax receipts did not have adequate supporting documentation to support why interest was not charged. The date on the receipts showed they were collected from 7 to 16 days past due with no interest charged. The County Treasurer claimed the money was collected on time, but the date of the receipt did not indicate the day the collection was actually made.

Neb. Rev. Stat. § 77-207 (Reissue 2009) states, in part, “All delinquent taxes shall draw interest at a rate equal to the maximum rate of interest allowed per annum under section 45-104.01 . . . from the date they become delinquent” Also, good business practices include entering tax receipts in a timely manner and maintaining adequate documentation to support any discrepancies in the date received per the receipt compared to the date the money was actually collected.

When there is no evidence to support tax receipts entered at a later date were, in fact, received prior to becoming due, there is a risk of loss or misuse of funds.

We recommend the County Treasurer keep support for all tax receipts receipted on a day other than when the money was collected.

COUNTY SHERIFF

Balancing and Reconciliation Procedures

We noted the following during our audit:

- A complete and accurate bank reconciliation had not been completed during the audit period. Due to this lack of reconciliation, an accurate listing of outstanding checks or a book balance could not be provided.

- The bank had an unexplained long amount of \$3,929.
- Receipt books recording the collection of handgun permit fees were not maintained from July 1, 2014, through October 3, 2014.
- Receipts were not written for all title inspection monies received.

Sound accounting practices and good internal control require procedures to be in place to ensure adequate reconciliation and balancing procedures are followed. Such procedures should include a reconciliation of office records to bank activity, on at least a monthly basis. Reconciliation and balancing procedures should include the timely identification and resolution of all variances noted and documentation to support balances.

When documentation is not maintained to support balancing procedures, there is an increased risk of loss, theft, or misuse of funds allowing errors to go undetected more easily.

We recommend the County Sheriff implement procedures to ensure adequate records are maintained and reconciled in a timely manner.

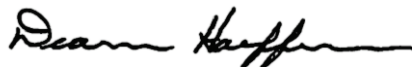
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,



Deann Haeffner
Assistant Deputy Auditor