

**AUDIT REPORT
OF
COLFAX COUNTY**

JULY 1, 2015, THROUGH JUNE 30, 2016

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Issued on April 3, 2017

COLFAX COUNTY

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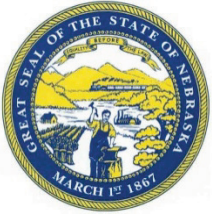
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COLFAX COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2016

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Jerry Heard Mike Dvorak Gil Wigington	Jan. 2019 Jan. 2017 Jan. 2019
Assessor	Viola Bender	Jan. 2019
Attorney	Denise Kracl	Jan. 2019
Clerk Election Commissioner Register of Deeds	Rita Mundil	Jan. 2019
Clerk of the District Court	Dori Kroeger	Jan. 2019
Sheriff	Paul Kruse	Jan. 2019
Surveyor	Marvin Svoboda	Jan. 2019
Treasurer	Janis Kasik	Jan. 2019
Veterans' Service Officer	Eric Mullally	Appointed
Weed Superintendent	John DeBower	Appointed
Highway Superintendent	Mark Arps	Appointed
Planning & Zoning	Becky Lerch	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, 2016, 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, 2016, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

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

Report on Supplementary Information

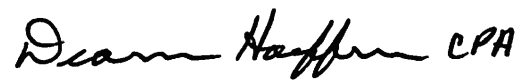
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes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

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 18-27, 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 March 22, 2017, 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.

March 22, 2017



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

COLFAX COUNTY
STATEMENT OF NET POSITION - CASH BASIS
June 30, 2016

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 6,825,939
Investments (Note 1.D)	2,858,663
TOTAL ASSETS	\$ 9,684,602
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 9,967
911 Emergency Services	164,730
Drug Education	3,590
Law Enforcement	38,803
Preservation of Records	9,699
Unrestricted	9,457,813
TOTAL NET POSITION	\$ 9,684,602

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, 2016

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	\$ (2,104,915)	\$ 342,098	\$ 21,624	\$ (1,741,193)
Public Safety	(1,581,530)	96,421	80,365	(1,404,744)
Public Works	(5,312,794)	25	1,337,893	(3,974,876)
Public Assistance	(73,422)	-	-	(73,422)
Culture and Recreation	(34,973)	-	-	(34,973)
Total Governmental Activities	<u>\$ (9,107,634)</u>	<u>\$ 438,544</u>	<u>\$ 1,439,882</u>	<u>(7,229,208)</u>

General Receipts:

Property Taxes	6,469,173
Grants and Contributions Not Restricted to Specific Programs	891,296
Investment Income	26,562
Licenses and Permits	37,695
Miscellaneous	65,053
Total General Receipts	<u>7,489,779</u>
Increase in Net Position	260,571
Net Position - Beginning of year	9,424,031
Net Position - End of year	<u>\$ 9,684,602</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, 2016

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 2,832,599	\$ 1,896,132	\$ 1,607,789	\$ 489,419	\$ 6,825,939
Investments (Note 1.D)	-	-	2,858,663	-	2,858,663
TOTAL ASSETS	\$ 2,832,599	\$ 1,896,132	\$ 4,466,452	\$ 489,419	\$ 9,684,602
 FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	9,967	9,967
911 Emergency Services	-	-	-	164,730	164,730
Drug Education	-	-	-	3,590	3,590
Law Enforcement	-	-	-	38,803	38,803
Preservation of Records	-	-	-	9,699	9,699
Committed to:					
Road Maintenance	-	1,896,132	-	228,855	2,124,987
Aid and Assistance	-	-	-	33,775	33,775
Assigned to:					
Other Purposes	-	-	4,466,452	-	4,466,452
Unassigned	2,832,599	-	-	-	2,832,599
TOTAL CASH BASIS FUND BALANCES	\$ 2,832,599	\$ 1,896,132	\$ 4,466,452	\$ 489,419	\$ 9,684,602

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, 2016

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 5,908,616	\$ -	\$ 466,039	\$ 94,518	\$ 6,469,173
Licenses and Permits	37,695	-	-	-	37,695
Investment Income	26,555	-	-	7	26,562
Intergovernmental	506,000	1,770,831	-	54,347	2,331,178
Charges for Services	426,918	25	-	11,601	438,544
Miscellaneous	14,646	50,407	-	-	65,053
TOTAL RECEIPTS	<u>6,920,430</u>	<u>1,821,263</u>	<u>466,039</u>	<u>160,473</u>	<u>9,368,205</u>
DISBURSEMENTS					
General Government	2,101,058	-	-	3,857	2,104,915
Public Safety	1,486,892	-	-	94,638	1,581,530
Public Works	38,381	5,093,187	-	181,226	5,312,794
Public Assistance	73,323	-	-	99	73,422
Culture and Recreation	25,000	-	-	9,973	34,973
TOTAL DISBURSEMENTS	<u>3,724,654</u>	<u>5,093,187</u>	<u>-</u>	<u>289,793</u>	<u>9,107,634</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>3,195,776</u>	<u>(3,271,924)</u>	<u>466,039</u>	<u>(129,320)</u>	<u>260,571</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	200,000	2,664,813	-	272,519	3,137,332
Transfers out	(2,899,713)	-	(200,000)	(37,619)	(3,137,332)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,699,713)</u>	<u>2,664,813</u>	<u>(200,000)</u>	<u>234,900</u>	<u>-</u>
Net Change in Fund Balances	496,063	(607,111)	266,039	105,580	260,571
CASH BASIS FUND BALANCES - BEGINNING					
	<u>2,336,536</u>	<u>2,503,243</u>	<u>4,200,413</u>	<u>383,839</u>	<u>9,424,031</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$ 2,832,599</u>	<u>\$ 1,896,132</u>	<u>\$ 4,466,452</u>	<u>\$ 489,419</u>	<u>\$ 9,684,602</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, 2016

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 585,144
 LIABILITIES	
Due to other governments	
State	196,843
Schools	194,736
Educational Service Units	2,153
Technical College	13,958
Natural Resource Districts	4,732
Fire Districts	42,555
Municipalities	56,178
Agricultural Society	1,708
Drainage Districts	3,982
Sanitary and Improvement Districts	5,062
Others	63,237
TOTAL LIABILITIES	585,144
 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, 2016

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 \$33,697 toward the operation of the Region during fiscal year 2016. 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. 2016).

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 2016. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2016). 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

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

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

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** (Concluded)

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 \$226,789 of restricted net position, which is fully restricted by enabling legislation.

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

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

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.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 \$6,825,939 for County funds and \$585,144 for Fiduciary funds. The bank balances for all funds totaled \$8,080,038. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2016, 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 \$2,858,663 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.

The levy set in October 2015, for the 2015 taxes, which will be materially collected in May and September 2016, was set at \$.331790/\$100 of assessed valuation. The levy set in October 2014, for the 2014 taxes, which were materially collected in May and September 2015, was set at \$.351931/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System**

The Retirement System for Nebraska Counties (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. 2016) 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.

For the year ended June 30, 2016, 73 employees contributed \$105,422, and the County contributed \$155,766. Contributions included \$4,732 in cash contributions towards the supplemental law enforcement plan for 10 law enforcement employees. Lastly, the County paid \$1,312 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 80 counties throughout Nebraska.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

5. **Risk Management** (Concluded)

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed 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.

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

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2017. 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, 2016, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
Road Fund	\$ 2,664,813	\$ -	\$ -	\$ 2,664,813
General Fund	-	200,000	-	200,000
Nonmajor Funds	234,900	-	37,619	272,519
Total	<u>\$ 2,899,713</u>	<u>\$ 200,000</u>	<u>\$ 37,619</u>	<u>\$ 3,137,332</u>

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

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 6,268,984	\$ 6,268,984	\$ 5,908,616	\$ (360,368)
Licenses and Permits	33,025	33,025	37,695	4,670
Interest	15,000	15,000	26,555	11,555
Intergovernmental	140,600	140,600	506,000	365,400
Charges for Services	341,500	341,500	426,918	85,418
Miscellaneous	3,500	3,500	14,646	11,146
TOTAL RECEIPTS	6,802,609	6,802,609	6,920,430	117,821
DISBURSEMENTS				
General Government:				
County Board	80,865	80,865	75,144	5,721
County Clerk	126,525	126,525	108,777	17,748
County Treasurer	178,777	178,777	167,803	10,974
County Assessor	189,715	189,715	174,878	14,837
Election Commissioner	69,175	69,175	40,552	28,623
Planning and Zoning	46,900	46,900	39,620	7,280
Clerk of the District Court	135,300	135,300	114,911	20,389
County Court System	26,200	26,200	9,720	16,480
Public Defender	236,600	236,600	204,567	32,033
Building and Grounds	340,400	340,400	219,677	120,723
Agricultural Extension Agent	87,700	87,700	77,159	10,541
Child Support	6,000	6,000	4,699	1,301
Miscellaneous	1,138,200	1,138,200	863,551	274,649
Public Safety				
County Sheriff	774,900	774,900	665,373	109,527
County Attorney	253,800	253,800	246,041	7,759
Communication Center	408,700	408,700	271,561	137,139
County Jail	444,300	444,300	250,207	194,093
Emergency Management	48,200	48,200	38,527	9,673
Miscellaneous	107,000	107,000	15,183	91,817
Public Works				
County Surveyor	22,425	22,425	17,563	4,862
Noxious Weed Control	37,850	37,850	20,818	17,032
Public Assistance				
Veterans' Service Officer	34,250	34,250	24,733	9,517
Institutions	49,000	49,000	13,765	35,235
Miscellaneous	41,650	41,650	33,697	7,953
Relief	30,000	30,000	1,128	28,872
Miscellaneous	25,000	25,000	25,000	-
TOTAL DISBURSEMENTS	4,939,432	4,939,432	3,724,654	1,214,778

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,863,177</u>	<u>1,863,177</u>	<u>3,195,776</u>	<u>1,332,599</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	200,000	-
Transfers out	<u>(2,899,713)</u>	<u>(2,899,713)</u>	<u>(2,899,713)</u>	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,699,713)</u>	<u>(2,699,713)</u>	<u>(2,699,713)</u>	-
Net Change in Fund Balance	(836,536)	(836,536)	496,063	1,332,599
FUND BALANCE - BEGINNING	2,336,536	2,336,536	2,336,536	-
FUND BALANCE - ENDING	<u><u>\$ 1,500,000</u></u>	<u><u>\$ 1,500,000</u></u>	<u><u>\$ 2,832,599</u></u>	<u><u>\$ 1,332,599</u></u>

(Concluded)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Intergovernmental	\$ 1,429,412	\$ 1,429,412	\$ 1,770,831	\$ 341,419
Charges for Services	400	400	25	(375)
Miscellaneous	310,500	310,500	50,407	(260,093)
TOTAL RECEIPTS	<u>1,740,312</u>	<u>1,740,312</u>	<u>1,821,263</u>	<u>80,951</u>
DISBURSEMENTS	<u>6,103,368</u>	<u>6,103,368</u>	<u>5,093,187</u>	<u>1,010,181</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(4,363,056)</u>	<u>(4,363,056)</u>	<u>(3,271,924)</u>	<u>1,091,132</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,664,813	2,664,813	2,664,813	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,664,813</u>	<u>2,664,813</u>	<u>2,664,813</u>	<u>-</u>
Net Change in Fund Balance	(1,698,243)	(1,698,243)	(607,111)	1,091,132
FUND BALANCE - BEGINNING	2,503,243	2,503,243	2,503,243	-
FUND BALANCE - ENDING	<u>\$ 805,000</u>	<u>\$ 805,000</u>	<u>\$ 1,896,132</u>	<u>\$ 1,091,132</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 300,000	\$ 300,000	\$ 466,039	\$ 166,039
TOTAL RECEIPTS	<u>300,000</u>	<u>300,000</u>	<u>466,039</u>	<u>166,039</u>
DISBURSEMENTS	<u>4,300,413</u>	<u>4,300,413</u>	<u>-</u>	<u>4,300,413</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(4,000,413)</u>	<u>(4,000,413)</u>	<u>466,039</u>	<u>4,466,452</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(200,000)	(200,000)	(200,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net Change in Fund Balance	(4,200,413)	(4,200,413)	266,039	4,466,452
FUND BALANCE - BEGINNING	4,200,413	4,200,413	4,200,413	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,466,452</u>	<u>\$ 4,466,452</u>

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR PROMOTION FUND				
Receipts	\$ 7,674	\$ 7,674	\$ 13,269	\$ 5,595
Disbursements	(14,345)	(14,345)	(9,973)	4,372
Net Change in Fund Balance	(6,671)	(6,671)	3,296	9,967
Fund Balance - Beginning	6,671	6,671	6,671	-
Fund Balance - Ending	\$ -	\$ -	\$ 9,967	\$ 9,967

**REGISTER OF DEEDS PRESERVATION
FUND**

Receipts	\$ 4,985	\$ 4,985	\$ 5,791	\$ 806
Disbursements	(12,750)	(12,750)	(3,857)	8,893
Net Change in Fund Balance	(7,765)	(7,765)	1,934	9,699
Fund Balance - Beginning	7,765	7,765	7,765	-
Fund Balance - Ending	\$ -	\$ -	\$ 9,699	\$ 9,699

VETERANS' AID FUND

Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(33,874)	(33,874)	(99)	33,775
Net Change in Fund Balance	(33,874)	(33,874)	(99)	33,775
Fund Balance - Beginning	33,874	33,874	33,874	-
Fund Balance - Ending	\$ -	\$ -	\$ 33,775	\$ 33,775

**DRUG LAW ENFORCEMENT EDUCATION
FUND**

Receipts	\$ -	\$ -	\$ 6	\$ 6
Disbursements	(3,584)	(3,584)	-	3,584
Transfers in	-	-	-	-
Transfers out	(9,058)	(9,058)	(9,058)	-
Net Change in Fund Balance	(12,642)	(12,642)	(9,052)	3,590
Fund Balance - Beginning	12,642	12,642	12,642	-
Fund Balance - Ending	\$ -	\$ -	\$ 3,590	\$ 3,590

LAW ENFORCEMENT GRANT FUND

Receipts	\$ 5,000	\$ 5,000	\$ 17,286	\$ 12,286
Disbursements	(18,192)	(18,192)	(11,534)	6,658
Net Change in Fund Balance	(13,192)	(13,192)	5,752	18,944
Fund Balance - Beginning	13,192	13,192	13,192	-
Fund Balance - Ending	\$ -	\$ -	\$ 18,944	\$ 18,944

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ATTORNEY GRANT FUND				
Receipts	\$ 38,065	\$ 38,065	\$ 42,871	\$ 4,806
Disbursements	(49,735)	(49,735)	(39,946)	9,789
Transfers in	7,400	7,400	7,400	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(4,270)	(4,270)	10,325	14,595
Fund Balance - Beginning	6,270	6,270	6,270	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 16,595</u>	<u>\$ 14,595</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 52,036	\$ 52,036	\$ 52,035	\$ (1)
Disbursements	(52,035)	(52,035)	(28,624)	23,411
Transfers in	-	-	-	-
Transfers out	(28,561)	(28,561)	(28,561)	-
Net Change in Fund Balance	(28,560)	(28,560)	(5,150)	23,410
Fund Balance - Beginning	59,560	59,560	59,560	-
Fund Balance - Ending	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 54,410</u>	<u>\$ 23,410</u>
E911 HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(80,060)	(80,060)	-	80,060
Transfers in	28,561	28,561	28,561	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(51,499)	(51,499)	28,561	80,060
Fund Balance - Beginning	51,499	51,499	51,499	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,060</u>	<u>\$ 80,060</u>
E911 FUND				
Receipts	\$ 25,000	\$ 25,000	\$ 29,214	\$ 4,214
Disbursements	(32,785)	(32,785)	(8,739)	24,046
Net Change in Fund Balance	(7,785)	(7,785)	20,475	28,260
Fund Balance - Beginning	9,785	9,785	9,785	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 30,260</u>	<u>\$ 28,260</u>

(Continued)

COLFAX COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(410,081)	(410,081)	(181,226)	228,855
Transfers in	227,500	227,500	227,500	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(182,581)	(182,581)	46,274	228,855
Fund Balance - Beginning	182,581	182,581	182,581	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,855</u>	<u>\$ 228,855</u>

**FEDERAL DRUG LAW ENFORCEMENT
FUND**

Receipts	\$ -	\$ -	\$ 1	\$ 1
Disbursements	(9,058)	(9,058)	(5,795)	3,263
Transfers in	9,058	9,058	9,058	-
Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	3,264	3,264
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,264</u>	<u>\$ 3,264</u>

(Concluded)

COLFAX COUNTY
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Visitor Promotion Fund	Register of Deeds Preservation Fund	Veterans' Aid Fund	Drug Law Enforcement Education Fund	Law Enforcement Grant Fund	Attorney Grant Fund
RECEIPTS						
Property Taxes	\$ 13,269	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	6	-	-
Intergovernmental	-	-	-	-	17,286	37,061
Charges for Services	-	5,791	-	-	-	5,810
TOTAL RECEIPTS	<u>13,269</u>	<u>5,791</u>	<u>-</u>	<u>6</u>	<u>17,286</u>	<u>42,871</u>
DISBURSEMENTS						
General Government	-	3,857	-	-	-	-
Public Safety	-	-	-	-	11,534	39,946
Public Works	-	-	-	-	-	-
Public Assistance	-	-	99	-	-	-
Culture and Recreation	9,973	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>9,973</u>	<u>3,857</u>	<u>99</u>	<u>-</u>	<u>11,534</u>	<u>39,946</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>3,296</u>	<u>1,934</u>	<u>(99)</u>	<u>6</u>	<u>5,752</u>	<u>2,925</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	7,400
Transfers out	-	-	-	(9,058)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,058)</u>	<u>-</u>	<u>7,400</u>
Net Change in Fund Balances	3,296	1,934	(99)	(9,052)	5,752	10,325
FUND BALANCES - BEGINNING	<u>6,671</u>	<u>7,765</u>	<u>33,874</u>	<u>12,642</u>	<u>13,192</u>	<u>6,270</u>
FUND BALANCES - ENDING	<u>\$ 9,967</u>	<u>\$ 9,699</u>	<u>\$ 33,775</u>	<u>\$ 3,590</u>	<u>\$ 18,944</u>	<u>\$ 16,595</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	9,967	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	3,590	-	-
Law Enforcement	-	-	-	-	18,944	16,595
Preservation of Records	-	9,699	-	-	-	-
Committed to:						
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	33,775	-	-	-
TOTAL FUND BALANCES	<u>\$ 9,967</u>	<u>\$ 9,699</u>	<u>\$ 33,775</u>	<u>\$ 3,590</u>	<u>\$ 18,944</u>	<u>\$ 16,595</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, 2016

	911 Wireless Service Fund	E911 Holding Fund	E911 Fund	Road Sinking Fund	Federal Drug Law Enforcement Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$52,035	\$ -	\$29,214	\$ -	\$ -	\$ 94,518
Investment Income	-	-	-	-	1	7
Intergovernmental	-	-	-	-	-	54,347
Charges for Services	-	-	-	-	-	11,601
TOTAL RECEIPTS	<u>52,035</u>	<u>-</u>	<u>29,214</u>	<u>-</u>	<u>1</u>	<u>160,473</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	3,857
Public Safety	28,624	-	8,739	-	5,795	94,638
Public Works	-	-	-	181,226	-	181,226
Public Assistance	-	-	-	-	-	99
Culture and Recreation	-	-	-	-	-	9,973
TOTAL DISBURSEMENTS	<u>28,624</u>	<u>-</u>	<u>8,739</u>	<u>181,226</u>	<u>5,795</u>	<u>289,793</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>23,411</u>	<u>-</u>	<u>20,475</u>	<u>(181,226)</u>	<u>(5,794)</u>	<u>(129,320)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	28,561	-	227,500	9,058	272,519
Transfers out	(28,561)	-	-	-	-	(37,619)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(28,561)</u>	<u>28,561</u>	<u>-</u>	<u>227,500</u>	<u>9,058</u>	<u>234,900</u>
Net Change in Fund Balances	(5,150)	28,561	20,475	46,274	3,264	105,580
FUND BALANCES - BEGINNING	<u>59,560</u>	<u>51,499</u>	<u>9,785</u>	<u>182,581</u>	<u>-</u>	<u>383,839</u>
FUND BALANCES - ENDING	<u>\$54,410</u>	<u>\$80,060</u>	<u>\$30,260</u>	<u>\$ 228,855</u>	<u>\$ 3,264</u>	<u>\$ 489,419</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	9,967
911 Emergency Services	54,410	80,060	30,260	-	-	164,730
Drug Education	-	-	-	-	-	3,590
Law Enforcement	-	-	-	-	3,264	38,803
Preservation of Records	-	-	-	-	-	9,699
Committed to:						
Road Maintenance	-	-	-	228,855	-	228,855
Aid and Assistance	-	-	-	-	-	33,775
TOTAL FUND BALANCES	<u>\$54,410</u>	<u>\$80,060</u>	<u>\$30,260</u>	<u>\$ 228,855</u>	<u>\$ 3,264</u>	<u>\$ 489,419</u>

(Concluded)

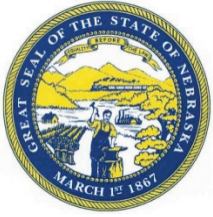
COLFAX COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2016

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	County Planning and Zoning	Total
BALANCES JULY 1, 2015	\$ 11,608	\$ 35,704	\$ 5,477	\$ 697	\$ 6,368	\$ -	\$ 59,854
RECEIPTS							
Licenses and Permits	1,864	-	810	-	-	-	2,674
Charges for Services	61,575	14,932	24,485	11,830	-	4,050	116,872
Miscellaneous	-	-	2,060	-	1	-	2,061
State Fees	68,471	15,876	-	-	-	-	84,347
Other Liabilities	-	244,359	15,719	21,386	-	-	281,464
TOTAL RECEIPTS	131,910	275,167	43,074	33,216	1	4,050	487,418
DISBURSEMENTS							
Payments to County Treasurer	61,937	15,319	25,097	11,760	-	4,050	118,163
Payments to State Treasurer	67,839	15,747	-	-	-	-	83,586
Other Liabilities	-	231,804	15,675	21,752	634	-	269,865
TOTAL DISBURSEMENTS	129,776	262,870	40,772	33,512	634	4,050	471,614
BALANCES JUNE 30, 2016	<u>\$ 13,742</u>	<u>\$ 48,001</u>	<u>\$ 7,779</u>	<u>\$ 401</u>	<u>\$ 5,735</u>	<u>\$ -</u>	<u>\$ 75,658</u>
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 6,638	\$ 1,336	\$ 7,735	\$ 201	\$ 5,735	\$ -	\$ 21,645
Petty Cash	100	-	-	-	-	-	100
Due to State Treasurer	7,004	1,102	-	-	-	-	8,106
Due to Others	-	45,563	44	200	-	-	45,807
BALANCES JUNE 30, 2016	<u>\$ 13,742</u>	<u>\$ 48,001</u>	<u>\$ 7,779</u>	<u>\$ 401</u>	<u>\$ 5,735</u>	<u>\$ -</u>	<u>\$ 75,658</u>

COLFAX COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2016

Item	2011	2012	2013	2014	2015
Tax Certified by Assessor					
Real Estate	\$ 17,852,519	\$ 19,348,988	\$ 19,987,575	\$ 23,126,583	\$ 23,978,239
Personal and Specials	1,428,789	1,030,337	1,139,967	1,575,760	1,535,978
Total	19,281,308	20,379,325	21,127,542	24,702,343	25,514,217
Corrections					
Additions	3,398	3,371	4,406	2,104	97
Deductions	(148,573)	(3,593)	(304)	(1,956)	(70)
Net Additions/ (Deductions)	(145,175)	(222)	4,102	148	27
Corrected Certified Tax	19,136,133	20,379,103	21,131,644	24,702,491	25,514,244
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2012	11,294,092	-	-	-	-
June 30, 2013	7,825,071	12,258,559	-	-	-
June 30, 2014	7,432	8,106,547	12,846,627	-	-
June 30, 2015	1,749	6,122	8,273,111	15,023,760	-
June 30, 2016	1,003	1,220	5,515	9,664,753	15,693,155
Total Net Collections	19,129,347	20,372,448	21,125,253	24,688,513	15,693,155
Total Uncollected Tax	\$ 6,786	\$ 6,655	\$ 6,391	\$ 13,978	\$ 9,821,089
Percentage Uncollected Tax	0.04%	0.03%	0.03%	0.06%	38.49%

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, 2016, and the related notes to the financial statements, which collectively comprise Colfax County's basic financial statements, and have issued our report thereon dated March 22, 2017. 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

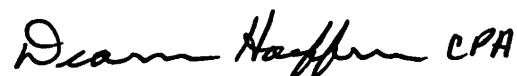
We also noted certain matters that we reported to the management of Colfax County in a separate letter dated March 22, 2017.

Colfax County's Response to Findings

Colfax County declined to respond to the finding described above.

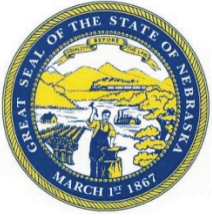
Purpose of this Report

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.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

March 22, 2017



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March 22, 2017

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, 2016, and have issued our report thereon dated March 22, 2017. 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.

COUNTY TREASURER

Receipting Procedures

The County Treasurer did not have procedures in place to ensure money received electronically from the State of Nebraska and banks was receipted in a timely manner. During the audit, we noted the following:

Payment Type	Amount	Date Payment Issued to County	County Receipt Date	Date County Distributed to Entity Funds	Number of Days to Issue Receipt	Number of Days to Distribute to Entity Funds
Motor Vehicle ProRate	\$ 7,833	9/30/15	11/17/15	11/30/15	48	61
Motor Vehicle ProRate	\$ 14,132	12/31/15	3/22/16	4/28/16	82	119
Motor Vehicle ProRate	\$ 25,729	3/31/16	4/28/16	5/31/16	28	61
Motor Vehicle ProRate	\$ 14,628	6/30/16	7/27/16	7/29/16	27	29
Homestead	\$ 47,822	2/1/16	3/30/16	3/31/16	58	59
Homestead	\$ 48,306	3/1/16	4/13/16	4/28/16	43	58
Homestead	\$ 48,306	4/1/16	5/6/16	5/31/16	35	60
Homestead	\$ 48,306	5/2/16	6/7/16	6/30/16	36	59
Homestead	\$ 48,306	6/1/16	7/27/16	7/29/16	56	58
Property Tax Credit	\$ 774,816	1/29/16	2/5/16	3/31/16	7	62
Property Tax Credit	\$ 774,816	4/1/16	5/6/16	5/31/16	35	60
Homestead Bank Interest	\$ 232	6/30/16	9/26/16	N/A	88	N/A
Pinnacle Bank Interest	\$ 198	6/30/16	9/29/16	N/A	91	N/A
Pinnacle Bank Interest	\$ 35	6/30/16	11/14/16	N/A	137	N/A

Additionally, \$572 of interest earned on a bank account was receipted twice, once on December 17, 2015, and again on February 25, 2016. This error had not been identified or properly corrected by the County Treasurer until the auditor disclosed it.

Neb. Rev. Stat. § 23-1601(4)(a) (Reissue 2012) states the following, in relevant part:

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

Sound accounting practices require adequate procedures to be in place to ensure the timely recognition and receipting of all funds received by the County Treasurer’s office.

We recommend the County Treasurer’s office implement procedures to review all bank statements and issue receipts for electronic payments in a timely manner to allow for timely distributions and accurate reconciliations to be performed.

Office Leave Balances

During our audit, we noted that records for tracking work leave balances were not properly maintained. As of February 28, 2017, the balances for employee vacation leave, sick leave, and compensatory leave had been calculated through only October 2016. Additionally, we found one employee whose compensatory leave was miscalculated, resulting in the balance being overstated by 2.5 hours.

Good business practices require leave balances to be tracked in a timely and accurate fashion, so both the County and its employees know the type and amount of leave earned and used at all times.

When an employee's time earned and used is not adequately documented and reviewed on an ongoing, timely basis, there is an increased risk for possible abuse of work hours.

We recommend the County Treasurer ensure leave balances are tracked timely and calculated appropriately, based on hours worked.

COUNTY SHERIFF

Office Accountability

We noted that office records did not document a monthly asset-to-liability balancing, resulting in assets exceeding liabilities by \$5,891 at June 30, 2016.

Good internal controls require procedures to be in place to ensure assets (cash on hand, reconciled bank statement, and accounts receivable) agree to office liabilities (fees, trust accounts, and accounts payable).

Failure to maintain current, accurate records and to determine asset-to-liability balancing variances in a timely manner can result in 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 a monthly asset-to-liability reconciliation is performed.

COUNTY CLERK OF THE DISTRICT COURT

Trust Balances

During review of the District Court's fiscal year-end trust balances, we noted that 8 of the 10 balances tested, totaling \$1,708, did not have current activity.

Good internal control includes procedures to ensure the complete, accurate, and timely resolution of trust balances reflected on the District Court's monthly financial reports through a periodic,

detailed review of those trust balance amounts. Without such procedures, there is an increased risk of loss, theft, misuse, or improper payment of monies held by the District Court.

We recommend the District Court implement procedures to ensure trust balances are reviewed timely for completeness, accuracy, and proper disposition.

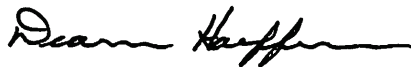
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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