

**AUDIT REPORT  
OF  
COLFAX COUNTY**

**JULY 1, 2018, THROUGH JUNE 30, 2019**

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**Issued on January 27, 2020**

COLFAX COUNTY

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

**LIST OF COUNTY OFFICIALS**  
At June 30, 2019

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Commissioners	Carl Grotelueschen Jim Mejstrik Lynton Cattau	Jan. 2023 Jan. 2023 Jan. 2021
Assessor	Viola Bender	Jan. 2023
Attorney	Denise Kracl	Jan. 2023
Clerk Election Commissioner Register of Deeds	Rita Mundil	Jan. 2023
Clerk of the District Court	Mary Kay Bailey	Jan. 2023
Sheriff	Paul Kruse	Jan. 2023
Surveyor	Marvin Svoboda	Jan. 2023
Treasurer	Janis Kasik	Jan. 2023
Veterans' Service Officer	Eric Mullally	Appointed
Weed Superintendent	Sterling Staack	Appointed
Highway Superintendent Emergency Manager	Mark Arps	Appointed
Planning and Zoning	Sharon Oltmer	Appointed
Public Defender	Bryan Meismer	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

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COLFAX COUNTY

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Colfax County, Nebraska

### Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colfax County, as of and for the year ended June 30, 2019, 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, 2019, 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 18-26, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2020, 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.



Deann Haeffner, CPA  
Assistant Deputy Auditor  
Lincoln, Nebraska

January 14, 2020

**COLFAX COUNTY**  
**STATEMENT OF NET POSITION - CASH BASIS**

June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 7,246,498
Investments (Note 1.D)	2,945,073
<b>TOTAL ASSETS</b>	<b>\$ 10,191,571</b>
<b>NET POSITION</b>	
Restricted for:	
Visitor Promotion	\$ 5,734
911 Emergency Services	267,979
Drug Education	4,884
Law Enforcement	24,789
Preservation of Records	8,708
Unrestricted	9,879,477
<b>TOTAL NET POSITION</b>	<b>\$ 10,191,571</b>

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, 2019

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (3,141,907)	\$ 375,051	\$ 23,276	\$ (2,743,580)
Public Safety	(1,760,230)	188,144	76,809	(1,495,277)
Public Works	(4,842,170)	-	1,720,009	(3,122,161)
Public Assistance	(43,473)	-	-	(43,473)
Culture and Recreation	(16,741)	-	-	(16,741)
Total Governmental Activities	<u>\$ (9,804,521)</u>	<u>\$ 563,195</u>	<u>\$ 1,820,094</u>	<u>(7,421,232)</u>

General Receipts:	
Property Taxes	5,946,095
Grants and Contributions Not Restricted to Specific Programs	666,854
Investment Income	120,405
Licenses and Permits	38,682
Miscellaneous	71,918
Total General Receipts	<u>6,843,954</u>
Increase in Net Position	(577,278)
Net Position - Beginning of year	10,768,849
Net Position - End of year	<u>\$ 10,191,571</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, 2019

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents (Note 1.D)	\$ 2,975,851	\$2,178,391	\$ 1,731,690	\$ 360,566	\$ 7,246,498
Investments (Note 1.D)	-	-	2,945,073	-	2,945,073
<b>TOTAL ASSETS</b>	<u><u>\$ 2,975,851</u></u>	<u><u>\$2,178,391</u></u>	<u><u>\$ 4,676,763</u></u>	<u><u>\$ 360,566</u></u>	<u><u>\$ 10,191,571</u></u>
<b>FUND BALANCES</b>					
Restricted for:					
Visitor Promotion	-	-	-	5,734	5,734
911 Emergency Services	-	-	-	267,979	267,979
Drug Education	-	-	-	4,884	4,884
Law Enforcement	-	-	-	24,789	24,789
Preservation of Records	-	-	-	8,708	8,708
Committed to:					
Road Maintenance	-	2,178,391	-	16,833	2,195,224
Aid and Assistance	-	-	-	31,639	31,639
Assigned to:					
Other Purposes	-	-	4,676,763	-	4,676,763
Unassigned	2,975,851	-	-	-	2,975,851
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u><u>\$ 2,975,851</u></u>	<u><u>\$2,178,391</u></u>	<u><u>\$ 4,676,763</u></u>	<u><u>\$ 360,566</u></u>	<u><u>\$ 10,191,571</u></u>

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

COLFAX COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$5,410,306	\$ -	\$ 441,935	\$ 93,854	\$ 5,946,095
Licenses and Permits	38,682	-	-	-	38,682
Investment Income	120,405	-	-	-	120,405
Intergovernmental	557,862	1,886,934	-	42,152	2,486,948
Charges for Services	553,605	-	-	9,590	563,195
Miscellaneous	14,985	56,933	-	-	71,918
<b>TOTAL RECEIPTS</b>	<u>6,695,845</u>	<u>1,943,867</u>	<u>441,935</u>	<u>145,596</u>	<u>9,227,243</u>
<b>DISBURSEMENTS</b>					
General Government	3,137,203	-	-	4,704	3,141,907
Public Safety	1,671,844	-	-	88,386	1,760,230
Public Works	36,533	4,662,262	-	143,375	4,842,170
Public Assistance	43,381	-	-	92	43,473
Culture and Recreation	-	-	-	16,741	16,741
<b>TOTAL DISBURSEMENTS</b>	<u>4,888,961</u>	<u>4,662,262</u>	<u>-</u>	<u>253,298</u>	<u>9,804,521</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>1,806,884</u>	<u>(2,718,395)</u>	<u>441,935</u>	<u>(107,702)</u>	<u>(577,278)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	600,000	2,645,652	-	121,566	3,367,218
Transfers out	(2,743,952)	-	(600,000)	(23,266)	(3,367,218)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,143,952)</u>	<u>2,645,652</u>	<u>(600,000)</u>	<u>98,300</u>	<u>-</u>
Net Change in Fund Balances	(337,068)	(72,743)	(158,065)	(9,402)	(577,278)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>3,312,919</u>	<u>2,251,134</u>	<u>4,834,828</u>	<u>369,968</u>	<u>10,768,849</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$2,975,851</u>	<u>\$ 2,178,391</u>	<u>\$ 4,676,763</u>	<u>\$ 360,566</u>	<u>\$ 10,191,571</u>

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

COLFAX COUNTY  
**STATEMENT OF CASH BASIS NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2019

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 544,622
 <b>LIABILITIES</b>	
Due to other governments	
State	222,189
Schools	223,272
Educational Service Units	3,106
Technical College	19,861
Natural Resource Districts	6,328
Fire Districts	14,794
Municipalities	28,545
Agricultural Society	2,445
Drainage Districts	105
Sanitary and Improvement Districts	7,030
Others	16,947
<b>TOTAL LIABILITIES</b>	<b>544,622</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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, 2019

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

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

#### **Joint Organization.**

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

The governing board for the Region includes representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing board and as required by the Act. Funding is provided by a combination of Federal, State, local, and private funding. The County contributed \$27,644 toward the operation of the Region during fiscal year 2019. 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 the East Central District Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

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 2019. 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. 2018). Financial information for the Department is available in that report.

**B. Basis of Presentation**

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

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

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

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

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

**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 2018) 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 \$312,094 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 2018).

At year end, the County's carrying amount of deposits was \$7,246,498 for County funds and \$544,622 for Fiduciary funds. The bank balances for all funds totaled \$7,748,213. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2019, 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 \$2,945,073 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income that has accrued to each participant is converted as of the close of business of each calendar month into additional units, which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participants each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name.

#### 3. 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 2018, for the 2018 taxes, which will be materially collected in May and September 2019, was set at \$.286157/\$100 of assessed valuation. The levy set in October 2017, for the 2017 taxes, which were materially collected in May and September 2018, was set at \$.296156/\$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 (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. 2018) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

A supplemental retirement plan was established on January 1, 2003, for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary, and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2019, 79 employees contributed \$117,616, and the County contributed \$173,794. Contributions included \$5,258 in cash contributions towards the supplemental law enforcement plan for 13 law enforcement employees. Lastly, the County paid \$1,231 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 96 counties and local governments throughout Nebraska.

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management** (Concluded)

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed for an additional contribution. Each county remains liable for such assessments, regardless of 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 or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2019, consisted of the following:

<b><u>Transfers to</u></b>	Transfers from			Total
	General Fund	Inheritance Fund	Nonmajor Funds	
General Fund	\$ -	\$ 600,000	\$ -	\$ 600,000
Road Fund	2,645,652	-	-	2,645,652
Nonmajor Funds	98,300	-	23,266	121,566
Total	<u>\$ 2,743,952</u>	<u>\$ 600,000</u>	<u>\$ 23,266</u>	<u>\$ 3,367,218</u>

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

7. **Capital Leases Payable**

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

COLFAX COUNTY

NOTES TO FINANCIAL STATEMENTS

(Concluded)

7. **Capital Leases Payable** (Concluded)

	2017 Dump Truck
Balance July 1, 2018	\$ 81,698
Purchases	-
Payments	16,075
Balance June 30, 2019	<u>\$ 65,623</u>
Future Payments:	
<b>Year</b>	
2020	\$ 23,626
2021	23,626
2022	23,626
Total Payments	70,878
Less Interest	5,255
Present Value of Future Minimum Lease Payments	<u>\$ 65,623</u>
Carrying Value of the Related Fixed Asset	<u>\$ 128,950.00</u>

Subsequent to the audit period, the County signed a new commitment for a lease agreement on August 8, 2019, for a 2020 Western Star Dump Truck financed through Mercedes-Benz Financial Services. Future payments and balances due for this lease agreement will be reflected in the fiscal year 2020 footnotes.

8. **Contingent Liabilities**

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

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 5,727,012	\$ 5,727,012	\$ 5,410,306	\$ (316,706)
Licenses and Permits	35,525	35,525	38,682	3,157
Interest	45,000	45,000	120,405	75,405
Intergovernmental	122,100	122,100	557,862	435,762
Charges for Services	477,750	477,750	553,605	75,855
Miscellaneous	8,000	8,000	14,985	6,985
<b>TOTAL RECEIPTS</b>	<u>6,415,387</u>	<u>6,415,387</u>	<u>6,695,845</u>	<u>280,458</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	86,250	86,250	79,666	6,584
County Clerk	128,025	128,025	116,457	11,568
County Treasurer	196,870	196,870	195,984	886
County Assessor	222,525	222,525	196,787	25,738
Election Commissioner	69,175	69,175	60,692	8,483
Building and Zoning	44,650	44,650	30,884	13,766
Clerk of the District Court	144,299	144,299	106,147	38,152
County Court System	26,200	26,200	11,937	14,263
Public Defender	246,600	246,600	148,945	97,655
Building and Grounds	1,072,900	1,072,900	918,103	154,797
Agricultural Extension Agent	89,500	89,500	87,998	1,502
Child Support	6,000	6,000	5,371	629
Miscellaneous	1,619,200	1,619,200	1,178,232	440,968
Public Safety				
County Sheriff	875,910	875,910	752,868	123,042
County Attorney	275,900	275,900	258,351	17,549
Communication Center	286,800	286,800	271,902	14,898
County Jail	451,500	451,500	342,916	108,584
Emergency Management	48,500	48,500	43,085	5,415
Law Enforcement Selectives	18,000	18,000	2,722	15,278
Public Works				
County Surveyor	22,900	22,900	22,900	-
Noxious Weed Control	39,400	39,400	13,633	25,767
Public Assistance				
Veterans' Service Officer	34,250	34,250	27,902	6,348
Institutions	49,000	49,000	14,259	34,741
Relief	30,000	30,000	1,220	28,780
<b>TOTAL DISBURSEMENTS</b>	<u>6,084,354</u>	<u>6,084,354</u>	<u>4,888,961</u>	<u>1,195,393</u>

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	331,033	331,033	1,806,884	1,475,851
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	600,000	600,000	600,000	-
Transfers out	(2,743,952)	(2,743,952)	(2,743,952)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,143,952)	(2,143,952)	(2,143,952)	-
Net Change in Fund Balance	(1,812,919)	(1,812,919)	(337,068)	1,475,851
<b>FUND BALANCE - BEGINNING</b>	3,312,919	3,312,919	3,312,919	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 2,975,851</u>	<u>\$ 1,475,851</u>

(Concluded)

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,918,814	\$ 1,918,814	\$ 1,886,934	\$ (31,880)
Miscellaneous	45,500	45,500	56,933	11,433
<b>TOTAL RECEIPTS</b>	<u>1,964,314</u>	<u>1,964,314</u>	<u>1,943,867</u>	<u>(20,447)</u>
<b>DISBURSEMENTS</b>	<u>6,056,100</u>	<u>6,056,100</u>	<u>4,662,262</u>	<u>1,393,838</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(4,091,786)</u>	<u>(4,091,786)</u>	<u>(2,718,395)</u>	<u>1,373,391</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,645,652	2,645,652	2,645,652	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,645,652</u>	<u>2,645,652</u>	<u>2,645,652</u>	<u>-</u>
Net Change in Fund Balance	(1,446,134)	(1,446,134)	(72,743)	1,373,391
FUND BALANCE - BEGINNING	2,251,134	2,251,134	2,251,134	-
FUND BALANCE - ENDING	<u>\$ 805,000</u>	<u>\$ 805,000</u>	<u>\$ 2,178,391</u>	<u>\$ 1,373,391</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 400,000	\$ 400,000	\$ 441,935	\$ 41,935
<b>TOTAL RECEIPTS</b>	<u>400,000</u>	<u>400,000</u>	<u>441,935</u>	<u>41,935</u>
<b>DISBURSEMENTS</b>	<u>4,634,828</u>	<u>4,634,828</u>	<u>-</u>	<u>4,634,828</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(4,234,828)</u>	<u>(4,234,828)</u>	<u>441,935</u>	<u>4,676,763</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(600,000)	(600,000)	(600,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Net Change in Fund Balance	(4,834,828)	(4,834,828)	(158,065)	4,676,763
FUND BALANCE - BEGINNING	4,834,828	4,834,828	4,834,828	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,676,763</u>	<u>\$ 4,676,763</u>

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD SINKING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(160,208)	(160,208)	(143,375)	16,833
Transfers in	75,000	75,000	75,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(85,208)	(85,208)	(68,375)	16,833
Fund Balance - Beginning	85,208	85,208	85,208	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,833</u>	<u>\$ 16,833</u>
<b>VISITOR PROMOTION FUND</b>				
Receipts	\$ 14,763	\$ 14,763	\$ 15,738	\$ 975
Disbursements	(21,500)	(21,500)	(16,741)	4,759
Net Change in Fund Balance	(6,737)	(6,737)	(1,003)	5,734
Fund Balance - Beginning	6,737	6,737	6,737	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,734</u>	<u>\$ 5,734</u>
<b>REGISTER OF DEEDS PRESERVATION FUND</b>				
Receipts	\$ 4,613	\$ 4,613	\$ 5,525	\$ 912
Disbursements	(12,500)	(12,500)	(4,704)	7,796
Net Change in Fund Balance	(7,887)	(7,887)	821	8,708
Fund Balance - Beginning	7,887	7,887	7,887	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,708</u>	<u>\$ 8,708</u>
<b>VETERANS' AID FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(31,731)	(31,731)	(92)	31,639
Net Change in Fund Balance	(31,731)	(31,731)	(92)	31,639
Fund Balance - Beginning	31,731	31,731	31,731	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,639</u>	<u>\$ 31,639</u>
<b>DRUG LAW ENFORCEMENT &amp; EDUCATION FUND</b>				
Receipts	\$ 1,000	\$ 1,000	\$ 1,300	\$ 300
Disbursements	(4,584)	(4,584)	-	4,584
Net Change in Fund Balance	(3,584)	(3,584)	1,300	4,884
Fund Balance - Beginning	3,584	3,584	3,584	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,884</u>	<u>\$ 4,884</u>

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

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ATTORNEY GRANT FUND</b>				
Receipts	\$ 40,701	\$ 40,701	\$ 44,917	\$ 4,216
Disbursements	(66,394)	(66,394)	(47,821)	18,573
Transfers in	23,300	23,300	23,300	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(2,393)	(2,393)	20,396	22,789
Fund Balance - Beginning	4,393	4,393	4,393	-
Fund Balance - Ending	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 24,789</u>	<u>\$ 22,789</u>
<b>E911 FUND</b>				
Receipts	\$ 10,000	\$ 10,000	\$ 22,248	\$ 12,248
Disbursements	(42,311)	(42,311)	(8,193)	34,118
Transfers in	-	-	-	-
Transfers out	-	-	(404)	(404)
Net Change in Fund Balance	(32,311)	(32,311)	13,651	45,962
Fund Balance - Beginning	62,311	62,311	62,311	-
Fund Balance - Ending	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 75,962</u>	<u>\$ 45,962</u>
<b>911 WIRELESS SERVICE FUND</b>				
Receipts	\$ 55,867	\$ 55,867	\$ 55,868	\$ 1
Disbursements	(55,866)	(55,866)	(32,372)	23,494
Transfers in	-	-	404	404
Transfers out	(22,862)	(22,862)	(22,862)	-
Net Change in Fund Balance	(22,861)	(22,861)	1,038	23,899
Fund Balance - Beginning	53,861	53,861	53,861	-
Fund Balance - Ending	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 54,899</u>	<u>\$ 23,899</u>
<b>E911 WIRELESS HOLDING FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(137,118)	(137,118)	-	137,118
Transfers in	22,862	22,862	22,862	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(114,256)	(114,256)	22,862	137,118
Fund Balance - Beginning	114,256	114,256	114,256	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,118</u>	<u>\$ 137,118</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, 2019

	Road Sinking Fund	Visitor Promotion Fund	Register of Deeds Preservation Fund	Veterans' Aid Fund	Drug Law Enforcement & Education Fund
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ 15,738	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	5,525	-	1,300
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>15,738</u>	<u>5,525</u>	<u>-</u>	<u>1,300</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	4,704	-	-
Public Safety	-	-	-	-	-
Public Works	143,375	-	-	-	-
Public Assistance	-	-	-	92	-
Culture and Recreation	-	16,741	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>143,375</u>	<u>16,741</u>	<u>4,704</u>	<u>92</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(143,375)</u>	<u>(1,003)</u>	<u>821</u>	<u>(92)</u>	<u>1,300</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	75,000	-	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(68,375)	(1,003)	821	(92)	1,300
<b>FUND BALANCES - BEGINNING</b>	<u>85,208</u>	<u>6,737</u>	<u>7,887</u>	<u>31,731</u>	<u>3,584</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 16,833</u>	<u>\$ 5,734</u>	<u>\$ 8,708</u>	<u>\$ 31,639</u>	<u>\$ 4,884</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	5,734	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	4,884
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	8,708	-	-
Committed to:					
Road Maintenance	16,833	-	-	-	-
Aid and Assistance	-	-	-	31,639	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 16,833</u>	<u>\$ 5,734</u>	<u>\$ 8,708</u>	<u>\$ 31,639</u>	<u>\$ 4,884</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, 2019

	Attorney Grant Fund	E911 Fund	911 Wireless Service Fund	E911 Wireless Holding Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ -	\$ 22,248	\$ 55,868	\$ -	\$ 93,854
Intergovernmental	42,152	-	-	-	42,152
Charges for Services	2,765	-	-	-	9,590
<b>TOTAL RECEIPTS</b>	<u>44,917</u>	<u>22,248</u>	<u>55,868</u>	<u>-</u>	<u>145,596</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	4,704
Public Safety	47,821	8,193	32,372	-	88,386
Public Works	-	-	-	-	143,375
Public Assistance	-	-	-	-	92
Culture and Recreation	-	-	-	-	16,741
<b>TOTAL DISBURSEMENTS</b>	<u>47,821</u>	<u>8,193</u>	<u>32,372</u>	<u>-</u>	<u>253,298</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(2,904)</u>	<u>14,055</u>	<u>23,496</u>	<u>-</u>	<u>(107,702)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	23,300	-	404	22,862	121,566
Transfers out	-	(404)	(22,862)	-	(23,266)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>23,300</u>	<u>(404)</u>	<u>(22,458)</u>	<u>22,862</u>	<u>98,300</u>
Net Change in Fund Balances	20,396	13,651	1,038	22,862	(9,402)
<b>FUND BALANCES - BEGINNING</b>	<u>4,393</u>	<u>62,311</u>	<u>53,861</u>	<u>114,256</u>	<u>369,968</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 24,789</u>	<u>\$ 75,962</u>	<u>\$ 54,899</u>	<u>\$ 137,118</u>	<u>\$ 360,566</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	-	-	-	-	5,734
911 Emergency Services	-	75,962	54,899	137,118	267,979
Drug Education	-	-	-	-	4,884
Law Enforcement	24,789	-	-	-	24,789
Preservation of Records	-	-	-	-	8,708
Committed to:					
Road Maintenance	-	-	-	-	16,833
Aid and Assistance	-	-	-	-	31,639
<b>TOTAL FUND BALANCES</b>	<u>\$ 24,789</u>	<u>\$ 75,962</u>	<u>\$ 54,899</u>	<u>\$ 137,118</u>	<u>\$ 360,566</u>

(Concluded)

**COLFAX COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2019

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Service Officer	County Planning and Zoning	Total
BALANCES JULY 1, 2018	\$ 12,779	\$ 77,155	\$ 8,628	\$ 612	\$ 6,551	\$ -	\$ 105,725
<b>RECEIPTS</b>							
Property Taxes	-	-	-	-	-	-	-
Licenses and Permits	2,100	-	748	-	-	2,975	5,823
Intergovernmental	-	-	-	-	-	-	-
Charges for Services	59,186	16,700	19,628	5,715	-	-	101,229
Miscellaneous	209	-	362	438	1	-	1,010
State Fees	66,978	14,797	-	-	-	-	81,775
Other Liabilities	-	198,294	21,388	12,298	-	-	231,980
<b>TOTAL RECEIPTS</b>	<u>128,473</u>	<u>229,791</u>	<u>42,126</u>	<u>18,451</u>	<u>1</u>	<u>2,975</u>	<u>421,817</u>
<b>DISBURSEMENTS</b>							
Payments to County Treasurer	61,936	17,156	20,137	6,173	-	2,975	108,377
Payments to State Treasurer	66,516	12,842	-	-	-	-	79,358
Other Liabilities	209	243,066	23,315	12,374	800	-	279,764
<b>TOTAL DISBURSEMENTS</b>	<u>128,661</u>	<u>273,064</u>	<u>43,452</u>	<u>18,547</u>	<u>800</u>	<u>2,975</u>	<u>467,499</u>
BALANCES JUNE 30, 2019	<u>\$ 12,591</u>	<u>\$ 33,882</u>	<u>\$ 7,302</u>	<u>\$ 516</u>	<u>\$ 5,752</u>	<u>\$ -</u>	<u>\$ 60,043</u>
<b>BALANCES CONSIST OF:</b>							
Due to County Treasurer	\$ 5,381	\$ 1,824	\$ 7,302	\$ 200	\$ 5,752	\$ -	\$ 20,459
Petty Cash	100	-	-	-	-	-	100
Due to State Treasurer	7,110	2,945	-	-	-	-	10,055
Due to Others	-	29,113	-	316	-	-	29,429
BALANCES JUNE 30, 2019	<u>\$ 12,591</u>	<u>\$ 33,882</u>	<u>\$ 7,302</u>	<u>\$ 516</u>	<u>\$ 5,752</u>	<u>\$ -</u>	<u>\$ 60,043</u>

**COLFAX COUNTY**  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2019

Item	2014	2015	2016	2017	2018
<b>Tax Certified by Assessor</b>					
Real Estate	\$ 23,126,583	\$ 23,978,239	\$ 23,920,485	\$ 24,830,824	\$ 24,934,440
Personal and Specials	1,575,760	1,535,978	1,343,059	1,291,955	1,169,611
<b>Total</b>	<b>24,702,343</b>	<b>25,514,217</b>	<b>25,263,544</b>	<b>26,122,779</b>	<b>26,104,051</b>
<b>Corrections</b>					
Additions	2,775	2,290	2,541	498	29
Deductions	(1,956)	(1,035)	(1,747)	(2,857)	-
Net Additions/ (Deductions)	819	1,255	794	(2,359)	29
<b>Corrected Certified Tax</b>	<b>24,703,162</b>	<b>25,515,472</b>	<b>25,264,338</b>	<b>26,120,420</b>	<b>26,104,080</b>
<b>Net Tax Collected by County Treasurer during Fiscal Year Ending:</b>					
June 30, 2015	15,023,760	-	-	-	-
June 30, 2016	9,664,753	15,693,155	-	-	-
June 30, 2017	10,479	9,815,595	15,527,918	-	-
June 30, 2018	100	3,516	9,730,846	16,130,568	-
June 30, 2019	3	307	2,391	9,983,107	15,995,520
<b>Total Net Collections</b>	<b>24,699,095</b>	<b>25,512,573</b>	<b>25,261,155</b>	<b>26,113,675</b>	<b>15,995,520</b>
<b>Total Uncollected Tax</b>	<b>\$ 4,067</b>	<b>\$ 2,899</b>	<b>\$ 3,183</b>	<b>\$ 6,745</b>	<b>\$ 10,108,560</b>
<b>Percentage Uncollected Tax</b>	<b>0.02%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.03%</b>	<b>38.72%</b>

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



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

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

Board of Commissioners  
Colfax County, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colfax County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Colfax County's basic financial statements, and have issued our report thereon dated January 14, 2020. 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 January 14, 2020.

### **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

January 14, 2020



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

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January 14, 2020

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, 2019, and have issued our report thereon dated January 14, 2020. 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**

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

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 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 SHERIFF**

**Office Accountability**

During our audit, we noted the following issues with the accounting procedures of the County Sheriff’s office.

- A monthly asset-to-liability reconciliation was not performed, resulting in an unexplained long of \$3,713 as of June 30, 2019. The County Sheriff was unable to designate the proper recipient(s) of these funds.
- An accurate accounts receivable listing was not maintained, and some accounts dating back to 2015 remain uncollected. Some follow-up procedures have been performed to collect on the outstanding balances; however, the outstanding balances have not been resolved.

A good internal control plan and sound business practices require procedures to ensure the following: 1) assets (cash on hand, reconciled bank balances, and accounts receivable) agree with office liabilities (fees on hand, trust accounts, and accounts payable), and any variances are resolved timely; and 2) accounts receivables are reviewed to ensure accuracy.

Without such procedures, there is an increased risk for financial errors and/or irregularities to occur and remain undetected. A similar comment was also noted in the prior audit.

We recommend the County Sheriff implement procedures to ensure the following: 1) office assets are in agreement with office liabilities, and any variances are resolved timely; and 2) accounts receivable are reviewed for accuracy, and any discrepancies are resolved in a timely manner.

**COUNTY TREASURER**

**Personal Property Tax Credit Distribution**

During the audit, we noted that the County Treasurer inappropriately distributed \$553 to the special building fund for Schuyler Community School District rather than the special building fund for Leigh Community School District. The following table summarizes the incorrect distribution.

<b>Entity</b>	<b>County Fund Number</b>	<b>Correct Distribution</b>	<b>Treasurer Distribution</b>	<b>Over/(Under) Distribution</b>
Leigh Community School District	6304	\$ 3,093	\$ 2,540	\$ (553)
Schuyler Community School District	6301	\$ 14,368	\$ 14,921	\$ 553
<b>Totals</b>		<b>\$ 17,461</b>	<b>\$ 17,461</b>	<b>\$ 0</b>

Neb. Rev. Stat. § 77-1239(2) (Supp. 2019) states, in relevant part, the following:

*Reimbursement of the tax revenue lost for public service entities shall be made to each county according to the certification and shall be distributed among the taxing subdivisions within each county in the same proportion as all public service entity taxes levied by the taxing subdivisions.*

Good internal controls require procedures to ensure tax distributions are calculated and distributed correctly.

When Personal Property Tax Credit distributions are calculated incorrectly, political subdivisions do not receive the appropriate amount of funding, increasing the risk for the loss or misuse of funds.

We recommend the County Treasurer correct the erroneous distributions. Additionally, we recommend the County Treasurer implement procedures to ensure future Personal Property Tax Credit distributions are calculated correctly.

**COUNTY BOARD**

**Claim Procedures**

During the fiscal year, the County paid \$2,111 to three entities; however, adequate supporting documentation was not on file to support the expenditures, or subsequent follow-up was not completed by the County to ensure the funds were used appropriately. The following table summarizes these three payments:

Entity	Claim #	Claim Date	Amount	Note
Keep Schuyler Beautiful	19060072	6/25/2019	\$ 1,500	No subsequent follow-up was completed by the County to ensure aid funds were used appropriately.
Vision Medical	19040099	4/23/2019	\$ 191	Adequate support was not on file detailing the items or services purchased. Coded as STOP Program Expense.
Amazon.com	19040099	4/23/2019	\$ 420	Adequate support was not on file detailing the items purchased. Coded as STOP Program Expense.
<b>Total</b>			<b>\$ 2,111</b>	

A good internal control plan and sound business practices require procedures to ensure that all County payments are supported by adequate documentation to ensure County funds are spent appropriately, and such support is kept on file.

Without such procedures, there is an increased risk of loss or misuse of County funds.

We recommend the County Board implement procedures to ensure all County payments are supported by adequate documentation to ensure County funds are spent appropriately, and such support is kept on file.

**COUNTY ATTORNEY**

**Inaccurate Drug Fund Report**

During the audit, we noted that the Drug Law Enforcement and Education Fund received \$1,300 in forfeitures during the fiscal year and had a balance of \$4,884 as of June 30, 2019; however, the report filed with the Auditor of Public Accounts (APA) by the County Attorney reported that the fund had no activity during the fiscal year and no balance at June 30, 2019.

Neb. Rev. Stat. § 28-1439.03 (Reissue 2016) states, in relevant part, the following:

*A County Drug Law Enforcement and Education Fund Board shall be created by each county of this state to administer its respective fund pursuant to section 28-1439.02. The board may authorize use of the fund for drug enforcement and drug education purposes, in its own or any other county, by village, city, county, or state law enforcement agencies.*

\* \* \* \*

*If during any fiscal year the fund contains money forfeited pursuant to subdivision (1)(h) of section 28-431, the board shall meet at least once during such year and make an accounting of the expenditures of the fund. At the end of any fiscal year in which the fund has contained money, the board shall make a report summarizing the use of the fund during such year to the Auditor of Public Accounts, except that such report shall contain no information which would jeopardize an ongoing investigation. Such report shall indicate the amount of money placed in the fund, the amount of money disbursed, the number of cases opened and closed in which the fund was utilized, and the drug education activities for which money in the fund was utilized. The board may adopt and promulgate all rules and regulations necessary for the expenditures and accountability of such fund.*

Good internal controls require procedures to ensure that all balances and activity of the Drug Law Enforcement and Education Fund are reported accurately to the APA.

Without such procedures, there is an increased risk of the County not only being noncompliant with State statute but also more susceptible to intentional and/or unintentional errors or omissions, which increase the risk of loss, theft, or misuse of public funds.

We recommend the County Attorney implement procedures to ensure all balances and activity of the Drug Law Enforcement and Education Fund are reported accurately to the APA.

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

#### **Overdue Case Balance Report**

We noted that the Clerk of the District Court (District Court) was not performing adequate follow up procedures to resolve the overdue balances on the Overdue Case Account Report (Report).

Four of five balances tested, totaling \$1,554, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances. We noted the following:

<b>Case ID</b>	<b>Balance</b>	<b>Case Notes</b>
CR 97 12	\$ 249	The defendant owes various court costs and an offender assessment fee, totaling \$249. The last action taken on the case was on April 10, 2002, when an appeal was dismissed.
CR 03 28	\$ 695	The defendant owes \$575 in monthly probation fees and \$120 for substance abuse testing. Probation was revoked on September 3, 2008, and the last action in the case was on July 22, 2015.
CR 06 33	\$ 490	The defendant owes \$410 in monthly probation fees and \$80 in substance abuse testing fees. The defendant was released from probation on November 11, 2008, and no other action on the case was noted.
CR 15 43	\$ 120	The defendant owes \$120 for substance abuse testing. Probation was revoked on June 20, 2018, and the defendant was incarcerated through February 8, 2019. No other action was taken on the case.
<b>Total</b>	<b>\$ 1,554</b>	

After the APA inquired about these overdue balances on December 13, 2019, the District Court attempted to locate current addresses to send notices of overdue balances. For two of the cases detailed above, current addresses were located.

As of November 29, 2019, the Report contained 65 overdue criminal case balances, totaling \$16,195. Of the 65 cases, only 5 had a current warrant or suspension issued for nonpayment.

Good internal control and sound business practices require procedures to ensure that the Report is reviewed on an ongoing, timely basis to determine what action, if any, should be taken to collect or otherwise resolve overdue case balances.

Without such procedures, there is an increased risk for the loss of funds. A similar comment was also noted in the prior audit.

We recommend the District Court implement procedures to ensure the Report is reviewed on an ongoing basis, and appropriate follow-up action is taken. Potential courses of action for follow-up would include issuance of warrants, a judge's determination and order to waive certain costs, if allowable, or a declaration of certain balances as uncollectible.

\* \* \* \* \*

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, CPA  
Assistant Deputy Auditor