

HALL COUNTY

FINANCIAL REPORT

For the Year Ended June 30, 2011

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-8
FINANCIAL STATEMENTS	
Exhibit A – Statement of net assets – cash basis	9
Exhibit B – Statement of activities – cash basis	10
Exhibit C – Statement of assets, liabilities and fund balances – cash basis – governmental funds	11
Exhibit D – Statement of cash receipts, disbursements and changes in fund balance – cash basis – governmental funds	12
Exhibit E – Statement of fiduciary net assets – cash basis – fiduciary funds	13
Notes to financial statements	14-27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule 1 – Budgetary comparison schedule – budget and actual – general governmental fund	28-30
Schedule 2 – Budgetary comparison schedule – budget and actual – major governmental funds	31-32
Notes to required supplementary information	33-34
OTHER SUPPLEMENTARY INFORMATION	
Schedule 3 – Combining schedule of receipts, disbursements, and changes in cash basis fund balances – nonmajor government funds	35-38
Schedule 4 – Combining schedule of changes in assets and liabilities – cash basis – fiduciary funds	39-40
Schedule 5 – Schedule of disbursements compared to budget – cash basis – general fund by department	41-42
Schedule 6 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the clerk	43
Schedule 7 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the clerk of the district court	44
Schedule 8 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the county sheriff	45
Schedule 9 – Schedule of cash receipts, cash disbursements and changes in cash balances – department of corrections	46
Schedule 10 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the noxious weed department	47
Schedule 11 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the county attorney	48
Schedule 12 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the highway department	49
Schedule 13 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the building inspector	50

CONTENTS
(Continued)

Schedule 14 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the register of deeds	51
Schedule 15 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of veteran's service	52
Schedule 16 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the county assessor	53
Schedule 17 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the parks and recreation department	54
Schedule 18 – Schedule of cash receipts, cash disbursements and changes in cash balances – extension office	55
Schedule 19 – Comparative analysis of tax certified – corrections and collections	56

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Schedule of expenditures of federal awards	57-58
Notes to the schedule of expenditures of federal awards	59
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	60-61
REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	62-63
Schedule of findings and questioned costs	64-67
Summary schedule of prior audit findings	68



INDEPENDENT AUDITOR'S REPORT

County Board of Supervisors
Hall County
Grand Island, Nebraska

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hall County, Nebraska, as of and for the year ended June 30, 2011, which collectively comprise Hall County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hall County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, Hall County prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

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 the aggregate remaining fund information of Hall County, Nebraska, as of June 30, 2011, and the respective changes in financial position - cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

2722 So. LOCUST ST.
P.O. BOX 1767
GRAND ISLAND, NE 68802
PHONE 308-382-7850
FAX 308-382-7240
MMCPAS.COM

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2011, on our consideration of Hall County's internal control over financial reporting and 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 the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hall County's basic financial statements. The additional schedules located on pages 35 through 56 and the accompanying Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

McDermott & Miller, P.C.

McDermott & Miller, P.C.
Grand Island, Nebraska
December 30, 2011

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

This section of Hall County, Nebraska's financial report presents a narrative overview and analysis of Hall County's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the County's financial statements, which follows this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Hall County's basic financial statements. The County's basic financial statements have three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains information in addition to the basic financial statements. The report consists of five parts: 1) Management's Discussion and Analysis (this section), 2) the Basic Financial Statements – Cash Basis, 3) Required Supplementary Information, 4) Other Supplementary Information, and 5) Federal Financial Assistance Programs.

Government-Wide Financial Statements. The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis provide a broad overview of the County's overall financial status. The County's financial statements are prepared on the cash basis of accounting and do not include capital assets, accounts receivable and payable, or long-term debt activity, which would need to be considered to assess the overall health of the County. Non-financial factors also need to be considered to assess the overall health of the County.

The Statement of Net Assets – Cash Basis presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the County's net assets may serve as one indicator of whether its financial health is improving or deteriorating.

The Statement of Activities – Cash Basis demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include: (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 revenues are reported, instead, as general receipts.

The Stuhr Museum of the Prairie Pioneer (Stuhr Museum) is a component unit of the County because of the significance of its relationship with the County. Condensed financial statements of Stuhr Museum as of June 30, 2011 are presented in the notes to the financial statements; see Note 9 for further information. A complete copy of Stuhr Museum's financial statements is on file with the Hall County Clerk.

Fund Financial Statements. Fund financial statements focus on the individual parts of the County, reporting the County's operations in more detail than the government-wide statements by providing information about the County's most significant "major" funds. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes.

The governmental fund statements tell how general governmental activities were financed in the short-term as well as what remains for future spending.

Fiduciary fund statements provide information about financial relationships to which the County acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not included on the government-wide statements.

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

Notes to the Financial Statements. The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide essential information necessary for fair presentation of the financial statements.

Supplementary Information. This Management Discussion and Analysis and the Budgetary Comparison Schedules represent financial information which provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes. This report also includes optional financial information such as combining schedules for non-major funds (which are shown in the fund financial statements in a single column) and fiduciary funds; budgetary comparison information for disbursements by departments of the General Fund; schedules of cash receipts and disbursements of various County offices; and a schedule of taxes certified and collected for political subdivisions in the County. This information is provided to address certain specific needs of various users of the report.

BASIS OF ACCOUNTING

The County's financial statements are presented on the basis of cash receipts and disbursements, which is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and related assets and liabilities. Under the cash basis of accounting, receipts and disbursements and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Also, capital assets (land, buildings, furniture, equipment, and infrastructure) and the related depreciation are not recorded. Therefore, when reviewing the financial information and discussion within this report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

FINANCIAL HIGHLIGHTS (Detailed Information Follows Later in this *Discussion & Analysis*)

- Governmental activities cash position at June 30, 2011 was \$17,897,663 compared with \$13,623,806 at June 30, 2010. This was an increase of \$4,273,857 or 31%.
- General fund expenditures and transfers were \$21,579,505 for the current fiscal year, compared with \$21,807,110 at June 30, 2010. This is a decrease of \$227,605 or 1.0%.
- Federal program expenditures were \$1,028,499 for the current fiscal year, compared with \$1,236,888 at June 30, 2010. This is a decrease of \$208,389 or 17%.
- Major capital projects of the County included the following:
 - Road Improvement Projects \$974,495
 - Road Equipment Purchases, Bridge Repair, and Engineering Fees \$348,518

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Governmental Activities

The results of operations for the County indicate an improving financial position. Overall receipts increased over the prior year, along with a decrease in expenditures. These two factors combined for an overall increase in cash and cash equivalents and the net assets of the County and a strengthening of the financial position. In preparing the budget for the current year, the Board of Supervisors provided guidance on keeping all increases in expenditures to a minimum. This was the main factor in the slight decrease in expenditures compared to the prior year.

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

The largest single source of receipts for the County is property taxes. The County's property taxes recorded in the governmental funds for 2009-2010 were \$14,001,375 and for 2010-2011, it increased by \$902,464 to \$14,944,361.

In 2009-2010, the County's assessed valuation was \$3,586,849,309. In 2010-2011, it increased by \$156,928,945 to \$3,743,778,254.

For 2010-2011, the County adopted GASB 54, standards for the classification of fund balances in governmental funds. See Note 13 for more information describing the classification of fund balances. As a result of adopting this standard, an additional \$1,008,273 in restricted net assets were recorded for the current year. For the statistical analysis presented, the prior year's amounts for restricted and unrestricted net assets have not been retrospectively changed to reflect the new definitions described by GASB 54.

The following table represents the Summary of Net Assets and how it compares to the prior year.

	<u>2010-2011</u>	<u>2009-2010</u>	<u>Change</u>	<u>Percentage</u>
Total Assets	\$ 17,897,663	\$ 13,623,806	\$ 4,273,857	23.9%
Total Liabilities	1,462,396	951,850	510,546	53.6%
Total Net Assets	16,435,267	12,671,956	3,763,311	29.7%
Total Restricted Net Assets	5,560,987	2,482,374	3,078,613	124.0%
Total Unrestricted Net Assets	10,874,280	10,189,582	684,698	6.7%

The following table represents the Statement of Activities and how it compares to the prior year.

	<u>2010-2011</u>	<u>2009-2010</u>	<u>Change</u>	<u>Percentage</u>
Revenues				
Program Revenues				
Fees and Charges for Services	\$ 10,887,036	\$ 9,681,026	\$ 1,206,010	12.5%
Operating Grants and Contributions	1,060,800	1,375,937	(315,137)	(22.9%)
Capital Grants and Contributions	120,542	313,097	(192,555)	(61.5%)
General Revenues				
Property Taxes	14,903,839	14,001,375	902,464	6.4%
Other Taxes	4,982,499	4,735,904	246,595	5.2%
State Aid	173,340	174,477	(1,137)	(0.37%)
Other General Revenue	86,183	190,680	(104,497)	(54.8%)
Total Revenues	32,214,239	30,472,496	1,741,743	5.7%
Program Expenses				
General Government	10,455,375	10,828,815	(373,440)	(3.4%)
Public Safety	12,375,834	13,155,834	(780,000)	(5.9%)
Public Works	4,334,245	3,862,437	471,808	12.2%
Public Health	529,671	529,065	606	0.1%
Public Welfare and Social Services	860,469	876,765	(16,296)	(1.9%)
Culture and Recreation	1,749,250	1,843,343	(94,093)	(5.1%)
Total Expenses	30,304,844	31,096,259	(791,415)	(2.5%)
Change in Net Assets	1,909,395	(623,763)	2,533,158	406.1%

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

The following table represents the major funds of the County and their related changes in fund balance.

	<u>General</u>	<u>Jail Bond</u>	<u>Inheritance</u>	<u>Road</u>	<u>Insurance</u>	<u>Other Governmental Funds</u>
Receipts	\$ 21,859,390	\$ 1,463,137	\$ 1,201,324	\$ 2,591,717	\$ 2,498,020	\$ 2,600,651
Disbursements	(19,617,933)	(1,352,856)	(44,002)	(3,873,648)	(2,751,775)	(2,664,630)
Transfers In	2,186,778	-	191,580	1,573,604	363,323	290,968
Transfers Out	(1,961,572)	-	(1,915,969)	(302,203)	-	(426,509)
Net Change in Fund Balances Beginning	2,466,663	110,281	(567,067)	(10,530)	109,568	(199,520)
Fund Balance Ending	3,707,245	2,456,705	3,108,617	398,104	2,135,099	2,720,102
Fund Balance	6,173,908	2,566,986	2,541,550	387,574	2,244,667	2,520,582

The General Fund had the greatest change in value. This was attributed to an increase in property tax collections, a decrease in Culture and Recreation disbursements, and a net increase in transfers to the General Fund. For the transfers, the prior year had a net decrease of \$587,145 compared to the \$225,206 net increase in the current year. The Inheritance Fund had a decrease in fund balance due to an increased amount of transfers to the cash reserve. There were transfers that totaled \$1,724,389 in the current year compared to the \$800,000 transferred in the prior year. For Other Governmental Funds, the decrease in fund balance was attributed to a decrease in receipts categorized as Other Receipts. Most notably, Inmate Welfare had a decrease in that classification of \$271,673.

The following table shows the property tax rates, by fund, for fiscal years 2009-2010 and 2010-2011 including a calculation of the amount and percentage by which each levy changed. Note: Levies are expressed in dollars and cents per \$100 of valuation. For example, the County's total property tax on a \$100,000 property in 2010-2011 would be \$430.96.

Fund	2009-2010 Levy	2010-2011 Levy	Levy Change	Percentage Change
General Fund	0.364678	0.364690	0.000012	0.00%
Dependent Fund	0.000794	0.002698	0.001904	239.80%
Institutions	0.000676	0.000644	(0.000032)	-4.73%
Jail Bond Fund	0.039000	0.039000	0.000000	0.00%
Veteran's Aid	0.000447	0.000299	(0.000148)	-33.11%
Museum	0.024667	0.023626	(0.001041)	-4.22%
County Totals	0.430262	0.430957	0.000695	0.16%

General Fund Budgetary Highlights

In comparing the General Fund's actual expenditures to the budget prepared for the year, only favorable variances were noted, except for transfers. The other departments had expenditures that came under budget, totaling with a \$1,560,720 favorable variance or 6.7% under the budgeted expenses. The transfers were over budget due to a \$127,000 transfer to the Inheritance Fund for the jail.

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

Over the course of the 2010-2011 fiscal year, the County's general fund cash position increased by approximately \$2,466,663. The following table provides a detailed picture of the increase in cash position.

	2010-2011 Budget	Year-End Actual	Difference
07/01/10 Actual Beginning Balance		<u>\$3,707,245</u>	
Receipts:			
Property/Motor Vehicle Taxes	\$15,324,233	\$14,944,361	(\$379,872)
Federal	789,723	855,165	65,442
State	959,562	1,641,459	681,897
Other Local	<u>4,135,161</u>	<u>4,418,405</u>	<u>283,244</u>
Total Receipts	\$21,208,679	\$21,859,390	\$650,711
Expenditures	\$21,305,653	\$19,617,933	\$1,687,720
Net Transfers	<u>\$942,378</u>	<u>\$225,206</u>	<u>\$717,172</u>
Net (Decrease)/Increase	\$845,404	<u>\$2,466,663</u>	\$1,621,259
06/30/11 Ending Balance		<u><u>\$6,173,908</u></u>	

Long-term Debt Highlights

The Hall County voters approved, on November 15, 2005, the issuance of negotiable bonded indebtedness not to exceed \$22,225,000 for the purpose of acquiring, constructing, furnishing, and equipping a county jail and detention facility. The County took possession of the facility in May 2008. The bonds are payable over a period not longer than 30 years and callable at the County's option after 5 years. The bonds bear interest at a rate of 4.00% until 2021. At that time the interest rate fluctuates between 4.375% and 4.50%. For the year ending June 30, 2011, \$892,856 of interest and \$460,000 of principal were paid for these bonds. See Note 12 for repayment schedule.

The voters approved in the same ballot, the County's authorization to levy a tax annually, as long as any of said bonds are outstanding, upon all of the taxable property in the County sufficient in rate and amount to pay the interest on and principal of said bonds as the same become due and payable, which property tax may be in addition to the annual levy permitted for county building purposes by Neb. Rev. Stat. Sec. 23-120(2) (Reissue 2010), and may include the levy of a property tax of not to exceed three and nine tenths (3.9) cents per one hundred dollars of taxable valuation in excess of the limits prescribed by law, including the statutory limitation provided by Neb. Rev. Stat. Sec. 23-125 (Reissue 2010).

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

Subsequent Events

The County has evaluated events occurring from the date of the financial statements through the date the financial statements were available to be issued for events that are expected to have a significant effect on the government, including the reduction of State aid to the County, the retirement of the Hall County Board of Supervisors Chairman and the refunding of the County's General Obligation Bonds, Series 2006. See Note 16 in the notes to the financial statements for more information.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers a general overview of the County's finances and to demonstrate the County's accountability for the money with which it is entrusted. If you have questions about this report or need additional financial information, contact the Hall County Clerk, 121 South Pine Street, Grand Island, Nebraska 68801. Our telephone number is (308) 385-5080, and our website is located at <http://www.hallcountyne.gov>.

HALL COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
June 30, 2011

		Primary Government
		Governmental Activities
ASSETS		
Pooled cash and cash equivalents	\$	10,061,628
Pooled certificates of deposit		2,147,368
Restricted assets:		
Cash and cash equivalents		4,403,463
Certificates of deposit		1,285,204
Total assets	\$	17,897,663
LIABILITIES		
Due to other governments	\$	32,363
Due to others		1,430,033
Total liabilities	\$	1,462,396
NET ASSETS		
Restricted for:		
Debt service	\$	2,566,986
Capital projects - Extension Office		25,888
Health and life insurance claims		1,959,842
Parks and recreation		7,886
911 emergency services		49,969
Visitors promotion/improvement		282,793
Veterans services		52,561
Drug enforcement		44,367
Keno lottery		398,260
Traffic safety		26,010
Indigent welfare		146,425
Unrestricted		10,874,280
Total net assets	\$	16,435,267

See Notes to Financial Statements

HALL COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
General government	\$ 10,455,375	\$ 7,505,692	\$ 51,494	\$ 120,409	\$ (2,777,780)
Public safety	12,375,834	662,084	504,675	-	(11,209,075)
Public works	4,334,245	2,714,905	-	133	(1,619,207)
Public health	529,671	-	-	-	(529,671)
Public welfare and social services	860,469	4,355	504,631	-	(351,483)
Culture and recreation	1,749,250	-	-	-	(1,749,250)
	<u>\$ 30,304,844</u>	<u>\$ 10,887,036</u>	<u>\$ 1,060,800</u>	<u>\$ 120,542</u>	<u>\$ (18,236,466)</u>
General receipts					
Taxes:					
Property					\$ 14,903,839
Motor vehicle					1,489,815
Property tax credit					584,584
Airline and carline tax allocation					83,560
In-lieu-of tax					83,233
Insurance tax allocation					91,733
Pro-rate motor vehicle					55,263
Homestead					482,357
Lodging					699,325
Inheritance					1,159,128
911 Surcharges					253,501
Fines and licenses					7,119
State aid					173,340
Interest income					79,064
Transfers - internal activity					-
					<u>\$ 20,145,861</u>
					\$ 1,909,395
Net assets - beginning					<u>14,525,872</u>
Net assets - ending					<u>\$ 16,435,267</u>

See Notes to Financial Statements

HALL COUNTY
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General	Jail Bond Fund	Inheritance Funds	Road Fund	Insurance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and equivalents	\$ 4,309,083	\$ -	\$ 2,541,550	\$ 387,574	\$ 284,825	\$ 2,538,596	\$ 10,061,628
Certificates of deposit	2,147,368	-	-	-	-	-	2,147,368
Restricted assets:							
Cash and cash equivalents	1,135,951	2,566,986	-	-	700,526	-	4,403,463
Certificates of deposit	25,888	-	-	-	1,259,316	-	1,285,204
Total assets	\$ 7,618,290	\$ 2,566,986	\$ 2,541,550	\$ 387,574	\$ 2,244,667	\$ 2,538,596	\$ 17,897,663
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other governments	\$ 32,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,362
Due to others	1,412,020	-	-	-	-	18,014	1,430,033
Total liabilities	\$ 1,444,382	\$ -	\$ -	\$ -	\$ -	\$ 18,014	\$ 1,462,396
Fund balances:							
Restricted	\$ 25,888	\$ 2,566,986	\$ -	\$ -	\$ 1,959,842	\$ 1,008,271	\$ 5,560,987
Committed	-	-	-	387,574	284,825	1,512,311	2,184,710
Assigned	-	-	2,541,550	-	-	-	2,541,550
Unassigned	6,148,020	-	-	-	-	-	6,148,020
Total fund balances	\$ 6,173,908	\$ 2,566,986	\$ 2,541,550	\$ 387,574	\$ 2,244,667	\$ 2,520,582	\$ 16,435,267
Total liabilities and fund balances	\$ 7,618,290	\$ 2,566,986	\$ 2,541,550	\$ 387,574	\$ 2,244,667	\$ 2,538,596	\$ 17,897,663

See Notes to Financial Statements

HALL COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE-CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General	Jail Bond Fund	Inheritance Funds	Road Fund	Insurance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property/Motor Vehicle taxes	\$ 14,944,361	\$ 1,348,921	\$ -	\$ -	\$ -	\$ 100,372	\$ 16,393,654
Fines and licenses	7,119	-	-	-	-	-	7,119
State	1,641,459	105,158	-	2,094,273	-	865,903	4,706,793
Federal	855,165	-	-	133	-	3,460	858,758
Interest income	26,660	1,536	42,196	-	7,005	1,667	79,064
Other	4,384,626	7,522	1,159,128	497,311	2,491,015	1,629,249	10,168,851
Total receipts	\$ 21,859,390	\$ 1,463,137	\$ 1,201,324	\$ 2,591,717	\$ 2,498,020	\$ 2,600,651	\$ 32,214,239
DISBURSEMENTS							
General government	\$ 6,986,990	\$ -	\$ 44,002	\$ -	\$ 2,751,775	\$ 672,608	\$ 10,455,375
Public safety	10,241,854	1,352,856	-	-	-	781,124	12,375,834
Public works	201,330	-	-	3,873,648	-	259,267	4,334,245
Public health	529,671	-	-	-	-	-	529,671
Public welfare and social services	788,088	-	-	-	-	72,381	860,469
Culture and recreation	870,000	-	-	-	-	879,250	1,749,250
Total disbursements	\$ 19,617,933	\$ 1,352,856	\$ 44,002	\$ 3,873,648	\$ 2,751,775	\$ 2,664,630	\$ 30,304,844
Excess (deficiency) of receipts over (under) disbursements	\$ 2,241,457	\$ 110,281	\$ 1,157,322	\$ (1,281,931)	\$ (253,755)	\$ (63,979)	\$ 1,909,395
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ 2,186,778	\$ -	\$ 191,580	\$ 1,573,604	\$ 363,323	\$ 290,968	\$ 4,606,253
Transfers out	(1,961,572)	-	(1,915,969)	(302,203)	-	(426,509)	(4,606,253)
Total other financing sources	\$ 225,206	\$ -	\$ (1,724,389)	\$ 1,271,401	\$ 363,323	\$ (135,541)	\$ -
Net change in fund balances	\$ 2,466,663	\$ 110,281	\$ (567,067)	\$ (10,530)	\$ 109,568	\$ (199,520)	\$ 1,909,395
Fund balances - beginning	3,707,245	2,456,705	3,108,617	398,104	2,135,099	2,720,102	14,525,872
Fund balances - ending	\$ 6,173,908	\$ 2,566,986	\$ 2,541,550	\$ 387,574	\$ 2,244,667	\$ 2,520,582	\$ 16,435,267

See Notes to Financial Statements

HALL COUNTY
 STATEMENT OF FIDUCIARY NET ASSETS-CASH BASIS
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,307,035</u>
LIABILITIES	
Due to other governments	
State	\$ 902,101
Schools	1,120,745
Natural Resource District	27,127
Fire Districts	12,290
Municipalities	203,624
Agricultural Society	2,404
Partial Payment	17,798
Townships	5,491
Airport Authority	12,711
Social Security	170
Lodging Sales Tax	411
Unclaimed Property	-
SID	2,163
Total liabilities	<u>\$ 2,307,035</u>
TOTAL NET ASSETS	<u><u>\$ -</u></u>

See Notes to Financial Statements

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity

The County of Hall was incorporated in 1858. The County has a Board of Supervisors consisting of seven members, elected for four-year alternating terms, one from each of seven wards. As a political subdivision of the State, the County is exempt from state and federal income tax. Services provided include highway and road, parks, property tax collections, motor vehicle licensing, public safety, recording deeds, marriage licenses and other services, along with general administrative services. The financial statements include all funds of the County that are not legally separate. Potential component units for which the County has a financial relationship were also considered. The Governmental Accounting Standards Board (GASB) has issued guidance on the criteria to consider in determining whether the County has financial accountability for a component unit. Such 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.

Component Unit

The Stuhr Museum of the Prairie Pioneer (Stuhr Museum) is a component unit of the County because of the significance of its relationship with the County. Condensed financial statements of Stuhr Museum as of June 30, 2011 are presented in the notes to the financial statements; see Note 9 for further information. A complete copy of Stuhr Museum's financial statements is on file with the Hall County Clerk.

Joint Organizations

Through an agreement with Nebraska Health and Human Services System, Hall County and several surrounding counties, collectively, have formed the Behavioral Health Region III to administer and carry out the provisions of the Nebraska Behavioral Health Services Act (Act). The agreement was entered into through the Interlocal Cooperation Act. Region III consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan Hamilton, Merrick, Franklin, Webster, and Nuckolls. Each of the counties provides a representative to sit on the governing board. 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. The cumulative funding for the Region is provided by a combination of federal, state, local, and private funding. The Region is required to be audited annually in accordance with State Statute. Financial information for the Region is available in those audit reports.

The County has entered into an agreement with Senior Citizens Industries, Inc. (Industries) to provide transportation services within Hall County for the purpose of fulfilling contractual obligations between the County and the State of Nebraska Department of Roads (Roads). The agreement with Roads was authorized pursuant to the Nebraska Public Transportation Act, Neb. Rev. Stat. Secs. 13-1201 through 13-1212 (Reissue 2010), and the Federal Transit Act. Under the agreement, Industries will provide transportation to citizens within Hall County

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

and will submit application for remuneration, with the County's approval, to Roads. Pursuant to the agreement, Industries shall be audited annually, in accordance with appropriate Federal Regulations and the accounting Instruction Manual for Public Transportation Operating Assistance, and must submit a copy of the audit within a reasonable time following its completion. Additionally, the County and Industries have also contracted with Action Cab Courier to provide additional services in order to meet the transportation needs of the County.

Basis of Presentation

The County follows the provisions of Statement No. 34 ("Statement 34") of the Government Accounting Standards Board "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments." Statement 34 established standards for external financial reporting for all state and local government entities, which includes government-wide financial statements, fund financial statements and the classification of net assets into three components—invested in capital assets, net of related debt; restricted; and unrestricted.

The government-wide financial statements of Hall County present a Statement of Net Assets - Cash Basis, and a Statement of Activities - Cash Basis. The Statement of Net Assets includes separately presented items of cash, restricted assets, due to other governments, and due to others. The statement also presents net assets that are restricted for a particular use and that which is unrestricted; as required by Statement 34. The Statement of Activities presents general and specific receipts and disbursements of the various government-wide programs and functions. Each function disbursement is first offset by 1) charges to customers for the services provided, 2) operating grants and contributions that are restricted to the given function, and 3) capital grants and contributions that are restricted to the given function or segment. Lastly, the general receipts from various taxes, fines, and other income is reported against the total of the net specific program receipts and disbursements.

The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, receipts and disbursements. The various funds are grouped as follows in the financial statements:

Governmental Funds Types

Governmental funds are those through which general governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income. The following are the County's governmental fund types.

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

Special Revenue Funds – The Special Revenue Funds are utilized to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Fiduciary Funds Types

Trust and Agency Funds – The Trust and Agency Funds are utilized to account for monies and properties received and held by the County in a trustee or custodial capacity for other entities, such as employees, other governments or non-public organizations.

Basis of Accounting

The governmental fund financial statements were also reported on the cash receipts and disbursements basis of accounting. As such, this basis of accounting and measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis. Receipts are recognized when received and disbursements are recognized when paid. This differs from governmental GAAP, which require 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, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is made.

The County does not maintain a general infrastructure group of accounts as required by accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The County considers all cash on hand, checking and savings accounts, and investments with an original maturity of three months or less to be cash and cash equivalents.

Pooled Cash and Investments

The County maintains a pooled cash and investments account for all funds. The pool is placed in the custody of the County Treasurer. Interest received on the pool is credited to the various funds based on estimated positive balances.

Cash at County Offices

Cash on hand and held in bank accounts in the custody of County offices other than the Treasurer is not recorded in the County's financial records until it is submitted to the County Treasurer. An adjustment totaling \$1,766,899 has been recorded in the financial statements to recognize this cash.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

Additionally, the County was in possession of \$700,526 in cash and \$1,259,316 in certificates of deposit held by a banking institution for the purpose of health insurance plan administration. An adjustment has been recorded in the financial statements to recognize these amounts.

Investments

Investments are stated at cost, which approximates market. Income from investments is recorded as it is received. Pursuant to Neb. Rev. Stat. Secs. 77-2315, 77-2340, and 77-2341 (Reissue 2010), the County is authorized to invest in a limited type of investments. Examples include, U.S. Government obligations, certificates of deposit, and time deposits and securities which are authorized by the Nebraska Investment Council.

The County accounts for all investments in accordance with Accounting Standards Codification 320 (ASC 320), Investments - Debt and Equity Securities. ASC 320 requires fair value reporting for debt and equity securities classified as available for sale or held for trading purposes. The County has classified all of its debt securities as held-to-maturity at June 30, 2011. Debt securities held-to-maturity are reported at amortized cost.

Capital Assets

Capital asset acquisitions are accounted for as disbursements from governmental funds under the cash receipts and disbursements basis of accounting. GAAP requires capital assets to be capitalized in the funds used to acquire or construct them and reported in the applicable governmental activities columns in the government-wide financial statements.

Net Assets/Fund Balances

The County implemented the provisions of Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, of the Government Accounting Standards Board as of July 1, 2010.

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* - This category represents net assets of the County with external restrictions imposed by creditors, grantors, contributors, or law or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* - This category represents net assets of the County not restricted for any project or other purpose.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

GASB 54 standards provide for the classification of fund balances in governmental funds. The fund balances of governmental funds are defined as follows:

- *Non-spendable* - amounts that cannot be spent either because they are in non-spendable form, such as inventory or prepaid items or because they are legally or contractually required to be maintained intact.
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the Hall County Board of Supervisors. The Board of Supervisors is the highest level of decision making authority for the County. Commitments may be established, modified, or rescinded only through a formal resolution of the Board of Supervisors.
- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. The Board of Supervisors, elected officials and department heads could assign amounts to specific purposes related to their respective functions pursuant to Board of Supervisors' authorization.
- *Unassigned* - all other spendable amounts in the general fund.

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. See Note 13 Net Assets/Fund Balances in the notes to the financial statements for more information.

Internal Activities

Internal activities of the County have not been eliminated in the government-wide or fund financial statements. Governmental GAAP requires the elimination of internal activity reporting to reduce the effects of double counting.

Use of Estimates

The preparation of the financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

County employees may carry over the prior year's vacation beyond their service anniversary date and receive compensation for it if they leave County employment. Sick leave may be accumulated up to 90 days. No pay will be received for this sick leave unless the employee

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

retires, at which time they will receive compensation for one-half of the accumulated amount. Under the cash receipts and disbursements basis of accounting, accumulated unpaid vacation pay is not accrued in the governmental fund types. Under GAAP, the accumulated unpaid vacation and sick pay would be reported in the government-wide financial statements and recorded as an accrued liability when the compensated absence is earned.

Note 2. Property Taxes

A property tax on applicable real and personal property is levied on or before September 20 of each year, payable in two installments due by May 1 and September 1 of the following year. An enforceable lien attaches to the property on the first day of January, beginning on the calendar year following the levy. Pursuant to Neb. Rev. Stat. Sec. 60-3,186 (Reissue 2010), a separate tax is assessed on motor vehicles registered in the county. Upon annual registration, the County will collect a motor vehicle tax which is determined by the vehicle's age and value. The motor vehicle tax determination can be found in Neb. Rev. Stat. Sec. 60-3,187 (Reissue 2010). Property taxes are not recognized in revenue until they are collected.

The 2010-2011 fiscal year levy for property taxes was \$75,409,740, or \$.430957 per \$100 of assessed valuation. The 2009-2010 fiscal year levy for property taxes was \$72,466,059, or \$.430262 per \$100 of assessed valuation. Any increase in taxation is limited to the prior year's level, with provisions for growth. It may be increased by 1% by a three-fourths majority vote of the Hall County Board of Supervisors.

Note 3. Deposits/Investments

Credit Risk:

The County's policy limits investments to those types of investments allowed by State Statute. Those items include: Certificates of deposit, where institutions have adequately pledged assets for any funds on deposit in excess of Federal Depository Insurance limits; Bonds and debentures issued by any of the twelve federal land banks, the twelve intermediate banks, or the thirteen banks for cooperatives under the supervision of the Farm Credit Administration; or in interest bearing bonds or the obligations of the United States. Interest income earned on investments is credited to the general fund pursuant to Neb. Rev. Stat. Sec. 77-2315 (Reissue 2010).

Concentration of Credit Risk:

The County's investment policy limits investments to those institutions that have adequately pledged assets to cover any amounts on deposit in excess of Federal Depository Insurance and to investments that are backed by the federal government, as listed in State Statute.

Interest Rate Risk:

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policies include reviewing the market conditions and analyzing investment securities to determine the maximum yield to be obtained and to minimize the impact of rising interest rates.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 3. Deposits/Investments (Continued)

The County's carrying values of investments are stated at cost, which approximates the market value.

		Investment Maturities (in years)	
		<1	1-5
CDs	\$	1,937,895	\$ 235,361
		\$ 1,937,895	\$ 235,361

Nebraska Public Agency Investment Trust (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 which 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. The account maintains a \$1.00 market value price at all times. The trust was invested in Government Agency Securities – 33.74%, Certificate of Deposits in various Nebraska Banks – 12.03%, Demand Deposit Accounts – 6.40%, and Repurchase agreements (collateralized by U.S. Government Securities) – 47.83% at June 30, 2011.

The cash and cash equivalents balance as of June 30, 2011 includes \$10,137,905 of funds held at NPAIT. Included in the aforementioned NPAIT balance is \$1,135,951 of funds held for others by the Hall County Clerk of the District Court.

The County utilizes various bank institutions. The institutions have pledged assets or provided insurance contracts in addition to FDIC coverage for County accounts. The County follows Neb. Rev. Stat. Sec. 77-2387 (Reissue 2010) to determine allowed collateral. At June 30, 2011, the amounts on deposit for the County were adequately secured by each institution.

Note 4. Employee's Retirement System

The County Board has adopted the provisions of Neb. Rev. Stat. Secs. 23-2301 to 23-2331 (Reissue 2010), established as law by the County Employees Retirement Act of 1943. The Retirement System for Nebraska Counties is administered by the Public Employees Retirement Board. The Plan covers substantially all permanent employees once they are hired. The Ameritas Group is responsible for administering the plan and acts as the trustee for the plan's funds. All full time employees, other than law enforcement officials, are required to contribute 4.5% of their total compensation and the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established pursuant to Neb. Rev. Stat. Secs. 23-2307 and 23-2308 (Reissue 2010). Certified law enforcement officers contribute 5.5% of their total compensation and the County contributes an amount equal to 150% of the first 4.5% of the employees' contribution and an amount equal to 100% on the remaining 1% contribution. The employees' and employer's contributions are kept in separate accounts. The employees' accounts are fully vested. The employer's account is vested after three years of service. Prior service benefits are paid by the County on a pay-as-

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 4. Employee's Retirement System (Continued)

you-go basis directly to the retired employees. For the year ended June 30, 2011 the County contributed \$696,888 to the employer's account. The County also paid \$288 directly to retired individuals for prior service benefits on a pay-as-you-go basis. No actuarial calculation has been made of the Plan.

Note 5. Deferred Compensation Plan

The County has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all County employees and elected officials. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, unforeseeable emergency or permanent disability.

Note 6. Contingencies

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney and other attorneys whose services are requested by Hall County, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Note 7. Interfund Transfers, Receivables, and Payables

Interfund transfers for the year ended June 30, 2011 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 2,186,778	\$ 1,961,572
Road Fund	1,573,604	302,203
Street Improvement Fund	-	64,580
Special Revenue Fund	-	808
Sick/Vacation Fund	30,000	-
Building & Land Improvement Fund	100,000	-
Employment Security Fund	28,600	-
Insurance Fund	363,323	-
Drug Court Fund	-	39,645
Inheritance Fund	191,580	1,915,970
Keno/Lottery Fund	-	250,000
Inmate Welfare Fund	-	50,000
Noxious Weed Fund	132,368	21,475
Totals	<u>\$ 4,606,253</u>	<u>\$ 4,606,253</u>

Transfers are generally used to move unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers from the inheritance fund generally move reserve funds over to other funds as needed.

HALL COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

Note 7. Interfund Transfers, Receivables, and Payables (Continued)

Interfund receivables and payables as of June 30, 2011 consisted of the following:

<u>Due To:</u>	<u>Due From:</u>	<u>Amount</u>
Inheritance Fund	General Fund(Corrections)	\$673,000

Funds in the amount of \$800,000 were transferred to the general fund to cover costs related to the new corrections facility. Payments are to be made as inmate housing receipts exceed budgeted amounts. A \$127,000 payment was recorded during the current year.

Note 8. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omission; injuries to employees; or acts of God. In March, 1988, the County joined together with other counties in the State of Nebraska to form the Nebraska Intergovernmental Risk Management Association, a public entity risk pool currently operating as a common risk management and insurance program for 78 member counties. The County pays an annual premium to Nebraska Intergovernmental Risk Management Association for its general insurance coverage. The Agreement for Formation of the Nebraska Intergovernmental Risk Management Association will be self-sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$250,000 for each property, \$250,000 for each auto physical damage loss, \$300,000 for liability, and \$350,000 for workmen’s compensation. The County continues to carry commercial insurance for all other risks of loss, including professional liability insurance for the Public Defender, Public Official’s Errors and Omissions.

The County is self-insured for health insurance claims up to \$60,000 of individual claims or 100% of the anticipated group claims. The self-insurance programs are administered within the insurance and insurance reserve. The insurance reserve fund has a reserve of \$508,084 at June 30, 2011. Management believes that the coverage is adequate to preclude any significant uninsured risk of exposure to the County.

Health insurance claims exceeded the \$60,000 limit by \$428,998 for the July 01, 2010 –June 30, 2011 plan year and \$1,758 for the July 01, 2009 – June 30, 2010 plan year. Property, auto, liability, and workmen’s compensation settled claims in the past three years have not exceeded the coverage. The County utilizes insurance fund cash accounts managed by its third party administrator to pay for the aforementioned claims. The County increased its overall cash position in this fund by \$1,959,843 to account for the cash held in checking, money market, and certificate of deposit accounts. Of this amount, \$1,853,916 was recorded against the beginning fund balance to reflect the balance in these accounts as of July 1, 2010.

Note 9. Stuhr Museum

The Stuhr Museum is a private tax-exempt entity which receives support in the form of property taxes subject to the approval of the Hall County Board of Supervisors. The financial statements of Hall County, Nebraska, do not include the assets, liabilities, fund balances, revenues, and expenses of the Stuhr Museum, except the collection of property taxes and related distribution of Stuhr Museum’s portion of property tax. The Stuhr Museum’s financial statements are audited by other auditors, and for the year ended June 30, 2011,

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 9. Stuhr Museum (Continued)

received an unqualified opinion dated November 9, 2011. The following is a summary of the Stuhr Museum's June 30, 2011 financial statements (A complete copy of the audited financial statements of Stuhr Museum is on file with the Hall County Clerk.):

Total Assets	\$ 2,546,635
Total Liabilities	151,141
Net Assets:	
Invested in Capital Assets	1,865,455
Restricted – Expendable	44,279
Unrestricted	485,760
Expenses - General Government	(1,609,422)
Program Revenues	861,612
Revenue from Hall County Support	860,000
Investment Income	994
Increase in Net Assets	<u>\$ 113,184</u>

Note 10. Related Party Transactions

For the year ended June 30, 2011 there were no county officials with outstanding real estate or personal property taxes due.

Note 11. Compensated Absences

It is the County's policy to pay out all of an employee's accrued but unused vacation upon the employee's separation of employment with the County. The total amount of accrued but unpaid vacation at June 30, 2011, was \$459,770.

It is the County's policy that all accrued sick leave expires on the date of an employee's separation of employment with the County, unless the employee retires from the County. At the time of retirement, 50 percent of an employee's accrued sick leave will be paid out. Fifty percent of the total amount of accrued sick leave at June 30, 2011 was \$343,183.

Note 12. Long-term Debt

The Hall County voters approved, on November 15, 2005, the issuance of negotiable bonded indebtedness not to exceed \$22,225,000 for the purpose of acquiring, constructing, furnishing, and equipping a county jail and detention facility. The County took possession of the facility in May, 2008. The bonds are payable over a period not longer than 30 years and callable at the County's option after 5 years. The bonds bear interest at a rate of 4.00% until 2021. At that time the interest rate fluctuates between 4.375% and 4.50%. For the year ending June 30, 2011, \$892,856 of interest and \$460,000 of principal were paid for these bonds.

The voters approved in the same ballot the County's authorization to levy a tax annually, as long as any of said bonds are outstanding, upon all of the taxable property in the County sufficient in rate and amount to pay the interest on and principal of said bonds as the same become due and payable, which property tax may be in addition to the annual levy permitted

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 12. Long-term Debt (Continued)

for county building purposes by Neb. Rev. Stat. Sec. 23-120(2) (Reissue 2010), and may include the levy of a property tax of not to exceed three and nine tenths (3.9) cents per one hundred dollars of taxable valuation in excess of the limits prescribed by law, including the statutory limitation provided by Neb. Rev. Stat. Sec. 23-125 (Reissue 2010).

The Jail Bond Fund makes the payments on the bonds payable.

The maturity schedule of the term note is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
6/30/2012	\$ 475,000	\$ 874,156	\$ 1,349,156
6/30/2013	495,000	854,756	1,349,756
6/30/2014	515,000	834,556	1,349,556
6/30/2015	535,000	813,556	1,348,556
6/30/2016	560,000	791,656	1,351,656
06/30/17 to 21	3,155,000	3,597,181	6,752,181
06/30/22 to 26	3,900,000	2,856,200	6,756,200
06/30/27 to 31	4,845,000	1,902,850	6,747,850
06/30/32 to 36	6,050,000	704,234	6,754,234
Totals	<u>\$ 20,530,000</u>	<u>\$ 13,229,145</u>	<u>\$ 33,759,145</u>

Changes in long-term debt are as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>6/30/2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2011</u>
Bonds	\$ 20,990,000	\$ -	\$ (460,000)	\$ 20,530,000

Note 13. Net Assets/Fund Balances

The government-wide statement of net assets reports \$5,560,988 of restricted net assets. Net assets totaling \$3,098,734 are restricted by enabling legislation.

When an expenditure is incurred for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. Similarly, committed funds are considered to have been spent first when there is a choice for the use of less restricted funds, then assigned and then unassigned funds.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 13. Net Assets/Fund Balances (Continued)

As of June 30, 2011, governmental fund balances are classified as follows:

	General Fund	Jail Bond Fund	Inheritance Fund	Road Fund	Insurance Fund	Other Funds	Total
Fund balances:							
Restricted for:							
Debt service	\$ -	\$2,566,986	\$ -	\$ -	\$ -	\$ -	\$ 2,566,986
Capital projects - Extension Office	25,888	-	-	-	-	-	25,888
Parks & recreation	-	-	-	-	-	7,886	7,886
911 emergency services	-	-	-	-	-	49,969	49,969
Visitors promotion/improvement	-	-	-	-	-	282,793	282,793
Veterans services	-	-	-	-	-	52,561	52,561
Drug enforcement	-	-	-	-	-	44,367	44,367
Keno lottery	-	-	-	-	-	398,260	398,260
Traffic safety	-	-	-	-	-	26,010	26,010
Health & life insurance claims	-	-	-	-	1,959,842	-	1,959,842
Indigent welfare	-	-	-	-	-	146,425	146,425
Total Restricted	25,888	2,566,986	-	-	1,959,842	1,008,271	5,560,987
Committed to:							
Street & highways	-	-	-	387,574	-	-	387,574
Special projects	-	-	-	-	-	13,341	13,341
Equipment & improvement costs	-	-	-	-	-	146,203	146,203
Sick & vacation compensation	-	-	-	-	-	43,127	43,127
Building & land improvements	-	-	-	-	-	487,091	487,091
Unemployment compensation	-	-	-	-	-	10,031	10,031
Health & life insurance claims	-	-	-	-	284,825	508,084	792,909
Drug court	-	-	-	-	-	189,123	189,123
Inmate welfare	-	-	-	-	-	77,909	77,909
Weed control	-	-	-	-	-	37,402	37,402
Total Committed	-	-	-	387,574	284,825	1,512,311	2,184,710
Assigned to:							
Capital projects	-	-	1,906,161	-	-	-	1,906,161
Property tax relief	-	-	635,389	-	-	-	635,389
Total Assigned	-	-	2,541,550	-	-	-	2,541,550
Unassigned:							
	6,148,020	-	-	-	-	-	6,148,020
Total fund balances	<u>\$6,173,908</u>	<u>\$2,566,986</u>	<u>\$ 2,541,550</u>	<u>\$387,574</u>	<u>\$2,244,667</u>	<u>\$2,520,582</u>	<u>\$ 16,435,267</u>

Note 14. Leases

The County leases an asphalt zipper under an agreement classified as a capital lease. Rent is payable in five (5) annual payments of \$29,030, which include interest at 3.79%, beginning on October 30, 2009, with the final rental due on October 30, 2013. The lease agreement includes a final option purchase price of \$1. The lease is secured by the equipment.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 14. Leases (Continued)

The County also leases six (6) Caterpillar motor graders under an agreement classified as a capital lease. The down payment of \$296,324, which included \$119,500 of insurance proceeds, was made in January 2011. Rent shall be paid in five (5) annual payments of \$177,275, which include interest at 3.06%, beginning on January 15, 2012, with the final rental due on January 15, 2016. The County has opted to purchase the equipment after the final payment is made for \$1. The lease is secured by the equipment.

Future minimum lease payments under these capital leases are as follows as of June 30, 2011:

6/30/2012	\$ 206,305
6/30/2013	206,305
6/30/2014	206,305
6/30/2015	177,275
6/30/2016	<u>177,275</u>
Total minimum payment	\$ 973,465
Less: amount representing interest	<u>(83,759)</u>
Present value of minimum lease payments	<u>\$ 889,706</u>

Note 15. Financial Statement Presentation

Certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 presentation.

It was identified during the audit that the County was the owner of cash and certificates of deposit held at a banking institution. The County's third-party provider for its health insurance activities utilizes these funds for plan administration. An adjustment was made to the financial statements to account for \$700,526 in cash and \$1,259,316 in certificates of deposit for these purposes. Of this amount, \$1,853,916 was recorded against the beginning fund balance to reflect the balance in these accounts as of July 1, 2010.

Note 16. Subsequent Events

The County has evaluated subsequent events from the date of the financial statement through the date the financial statements were available to be issued.

Effective July 1, 2011, Neb. Rev. Stat. Sec. 13-518(7)(c) (Reissue 2010) is amended to strike out certain State aid to counties, including the appropriation of \$30,000 of State funds plus additional amounts based on the total value of real and personal property of each county.

Hall County District 5 Board of Supervisor William "Bud" Jeffries retired effective September 15, 2011. He was replaced on October 14, 2011 by Bob McFarland.

On August 2, 2011, the Hall County Board of Supervisors approved a resolution calling for the early redemption, refinancing and prepayment of \$10,870,000 in aggregate principal amount of the County's General Obligation Bonds, Series 2006. The bond relates to the funding for the County correctional facility. The redemption is expected to save the County approximately \$3,897,000 and will reduce the final payment date by 2 ½ years. Additionally,

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 16. Subsequent Events (Continued)

Hall County signed another agreement for the refunding and refinancing of the remaining approximate amount of \$10,000,000 of the correctional facility bond. This second redemption is projected to save the County an additional \$3,282,987. The expected closing date for the second redemption is January 10, 2012.

HALL COUNTY
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
 GENERAL GOVERNMENTAL FUND
 For the Year Ended June 30, 2011

	Budget (Original & Final)	Actual	Budget Variance
Receipts			
Taxes			
Property and motor vehicle taxes/fees	\$ 15,324,233	\$ 14,944,361	\$ 379,872
Intergovernmental receipts			
Federal			
Inmate housing	2,000	3,843	(1,843)
Child support-Title IV-D	410,000	399,561	10,439
Medical Assistance Program	31,000	105,070	(74,070)
Other	346,723	346,691	32
State			
State aid	173,340	173,340	-
Airline and carline tax allocation	77,000	79,286	(2,286)
Insurance tax allocation	72,000	91,733	(19,733)
Pro-rate motor vehicle	58,500	49,855	8,645
Homestead exemption	-	435,332	(435,332)
Property tax credit	-	526,743	(526,743)
Other	578,722	285,170	293,552
Local fees, licenses, commissions and miscellaneous			
Licenses and permits	15,130	10,887	4,243
In lieu of taxes	46,100	74,989	(28,889)
Inter local agreements	229,338	188,051	41,287
Treasurer fees	195,500	297,589	(102,089)
Clerk fees	100,800	6,742	94,058
Register of Deed fees	250,000	271,043	(21,043)
Clerk of the District Court fees	106,200	101,467	4,733
Election Commissioner	400	71	329
Sheriff fees	2,163,217	2,398,077	(234,860)
Attorney fees	22,000	16,424	5,576
Jail fees	75,000	110,551	(35,551)
Interest on investments	40,500	26,660	13,840
Fines	5,000	6,994	(1,994)
Commissions	629,500	693,404	(63,904)
Miscellaneous	147,628	142,741	4,887
Parks and recreation fees	30,000	31,902	(1,902)
Insurance settlements	78,848	40,813	38,035
Total receipts	\$ 21,208,679	\$ 21,859,390	\$ (650,711)
Disbursements			
General Government			
Board of Supervisors	\$ 315,752	\$ 296,805	\$ 18,947
Clerk	297,155	286,530	10,625
Treasurer	759,337	680,503	78,834

(CONTINUED)

See Notes to Required Supplementary Information

HALL COUNTY
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
 GENERAL GOVERNMENT FUND
 For the Year Ended June 30, 2011

Disbursements (Continued)	Budget (Original & Final)	Actual	Budget Variance
Assessor	428,782	393,491	35,291
Superintendent of Schools	4,000	4,000	-
Register of Deeds	186,423	177,641	8,782
Data processing	678,070	658,063	20,007
Election Commissioner	141,709	130,833	10,876
Clerk of the District Court	442,393	421,190	21,203
Special election	24,288	-	24,288
Justice system	1,378,530	1,182,032	196,498
County Court system	26,028	24,370	1,658
Building and Grounds	785,991	750,213	35,778
Agriculture Extension Agent	233,479	195,738	37,741
District Judge	129,621	126,484	3,137
Public Defender	543,176	539,996	3,180
Cadastral maps	88,165	75,008	13,157
Miscellaneous	1,441,909	1,143,161	298,748
Public Safety			
Sheriff	3,023,096	2,697,525	325,571
Attorney	1,359,562	1,301,676	57,886
Jail	5,548,071	5,527,226	20,845
Building Inspector	19,075	17,641	1,434
Probation Officer	42,225	42,193	32
Grants	329,885	65,826	264,059
Juvenile diversion	147,454	129,413	18,041
Safety	7,900	5,867	2,033
Miscellaneous	412,794	362,949	49,845
Public Works			
Surveyor	88,234	87,169	1,065
Miscellaneous	125,475	114,161	11,314
Public Welfare and Social Services			
Veteran's Service Officer	297,952	275,702	22,250
Miscellaneous	599,451	504,856	94,595
Culture and Recreation			
Stuhr Museum	860,000	860,000	-
Miscellaneous	10,000	10,000	-
Public Health			
Miscellaneous	529,671	529,671	-
Total disbursements	<u>\$ 21,305,653</u>	<u>\$ 19,617,933</u>	<u>\$ 1,687,720</u>
Excess (deficiency) of receipts over disbursements	<u>\$ (96,974)</u>	<u>\$ 2,241,457</u>	<u>\$ (2,338,431)</u>

(CONTINUED)

See Notes to Required Supplementary Information

HALL COUNTY
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
 GENERAL GOVERNMENT FUND
 For the Year Ended June 30, 2011

	Budget (Original & Final)	Actual	Budget Variance
Other Financing Sources			
Transfers in	\$ 2,776,950	\$ 2,186,778	\$ 590,172
Transfers out	<u>(1,834,572)</u>	<u>(1,961,572)</u>	<u>127,000</u>
Total other financing sources	<u>\$ 942,378</u>	<u>\$ 225,206</u>	<u>\$ 717,172</u>
Net change in fund balance	\$ 845,404	\$ 2,466,663	\$ (1,621,259)
Fund balance - beginning	<u>3,707,245</u>	<u>3,707,245</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 4,552,649</u></u>	<u><u>\$ 6,173,908</u></u>	<u><u>\$ (1,621,259)</u></u>

See Notes to Required Supplementary Information

HALL COUNTY
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
 MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2011

	Budget (Original & Final)	Actual	Budget Variance
<u>Jail Bond</u>			
Receipts			
Taxes - property/motor vehicle	\$ 1,390,429	\$ 1,348,921	\$ 41,508
Intergovernmental receipts:			
State:			
Homestead exemption	-	43,288	(43,288)
Property tax credit	-	52,903	(52,903)
Pro-rate motor vehicles	5,000	5,003	(3)
Carline/airline tax	3,000	3,964	(964)
Local fees, licenses, etc.:			
In-lieu-of tax	4,000	7,522	(3,522)
Interest	-	1,536	(1,536)
Total receipts	<u>\$ 1,402,429</u>	<u>\$ 1,463,137</u>	<u>\$ (60,708)</u>
Disbursements			
Debt servicing	3,859,134	1,352,856	2,506,278
Total disbursements	<u>\$ 3,859,134</u>	<u>\$ 1,352,856</u>	<u>\$ 2,506,278</u>
Net change in fund balance	\$ (2,456,705)	\$ 110,281	\$ (2,566,986)
Fund balance - beginning	<u>2,456,705</u>	<u>2,456,705</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 2,566,986</u>	<u>\$ (2,566,986)</u>
<u>Inheritance Tax</u>			
Receipts			
Intergovernmental receipts:			
State - other	\$ -	\$ -	\$ -
Local fees, licenses, etc.:			
Interest	100,000	42,196	57,804
Inheritance tax	750,000	1,159,128	(409,128)
Interfund transfers	64,580	191,580	(127,000)
Total receipts	<u>\$ 914,580</u>	<u>\$ 1,392,904</u>	<u>\$ (478,324)</u>
Disbursements			
Operating expense	\$ 495,056	\$ 4,802	\$ 490,254
Capital outlay	22,000	39,200	(17,200)
Interfund transfers	2,506,142	1,915,969	590,173
Total disbursements	<u>\$ 3,023,198</u>	<u>\$ 1,959,971</u>	<u>\$ 1,063,227</u>
Net change in fund balance	\$ (2,108,618)	\$ (567,067)	\$ (1,541,551)
Fund balance - beginning	<u>3,108,617</u>	<u>3,108,617</u>	<u>-</u>
Fund balance - ending	<u>\$ 999,999</u>	<u>\$ 2,541,550</u>	<u>\$ (1,541,551)</u>

See Notes to Required Supplementary Information

HALL COUNTY
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
 MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2011

	Budget (Original & Final)	Actual	Budget Variance
Road Fund			
Receipts			
Intergovernmental receipts:			
Federal - other grants	\$ -	\$ 133	\$ (133)
State:			
Highway/street allocations	1,782,057	1,897,336	(115,279)
Motor vehicle fee	180,000	186,437	(6,437)
Incentive payments	10,500	10,500	-
Local fees, licenses, etc.:			
Machine hire	3,500	3,957	(457)
Sale of supplies & materials	21,000	25,693	(4,693)
Sale of property	4,500	23	4,477
Other	545,200	467,638	77,562
Interfund transfers	1,573,604	1,573,604	-
Total receipts	<u>\$ 4,120,361</u>	<u>\$ 4,165,321</u>	<u>\$ (44,960)</u>
Disbursements			
Personal service	\$ 1,330,525	\$ 1,274,192	\$ 56,333
Operating expense	91,450	102,595	(11,145)
Supplies/material	794,331	960,606	(166,275)
Equipment rental	216,924	7,388	209,536
Capital outlay	1,545,034	1,528,867	16,167
Interfund transfers	340,200	302,203	37,997
Total disbursements	<u>\$ 4,318,464</u>	<u>\$ 4,175,851</u>	<u>\$ 142,613</u>
Net change in fund balance	\$ (198,103)	\$ (10,530)	\$ (187,573)
Fund balance - beginning	<u>398,104</u>	<u>398,104</u>	<u>-</u>
Fund balance - ending	<u>\$ 200,001</u>	<u>\$ 387,574</u>	<u>\$ (187,573)</u>
Insurance Fund			
Receipts			
Other	\$ 2,778,272	\$ 2,498,020	\$ 280,252
Interfund transfers	406,950	363,323	43,627
Total receipts	<u>\$ 3,185,222</u>	<u>\$ 2,861,343</u>	<u>\$ 323,879</u>
Disbursements			
Personal service	\$ 565,800	\$ 421,343	\$ 144,457
Operating expense	2,900,605	2,330,432	570,173
Total disbursements	<u>\$ 3,466,405</u>	<u>\$ 2,751,775</u>	<u>\$ 714,630</u>
Net change in fund balance	\$ (281,183)	\$ 109,568	\$ (390,751)
Fund balance - beginning	<u>2,135,099</u>	<u>2,135,099</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,853,916</u>	<u>\$ 2,244,667</u>	<u>\$ (390,751)</u>

See Notes to Required Supplementary Information

HALL COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

Budgetary Comparison Schedules

Note 1. GAAP Requirements

Accounting principles generally accepted in the United States of America (GAAP) require budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. The original budget should also include actual appropriation amounts automatically carried over from prior years by law. The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized. No changes were implemented in the 2011 fiscal year; only one column was used to indicate original and final budgets.

Note 2. Budget Process

The County adopts an annual budget in accordance with statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The County follows these procedures in establishing the budgetary data reflected in the accompanying financial statements:

- Prior to July 1, the elected and appointed officials submit budget requests to the Board of Supervisors for the fiscal year commencing July 1.
- Public hearings are conducted at public meetings to obtain citizen and taxpayer comments.
- Prior to September 20, the budget is legally adopted by the Board of Supervisors after holding public hearings, through passage of resolutions.
- The Board of Supervisors is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total expenditures 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 Board of Supervisors is also authorized to budget for the transfer of money between County funds.
- During the year, the County monitors budget performance as a management control device.
- Budgeted appropriations lapse at the end of the fiscal year.
- The property tax requirement resulting from the budget process is utilized by the County Assessor to establish the tax levy, which attaches as an enforceable lien on property within the County as of January 1. All unpaid taxes are delinquent as of September 1.

HALL COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

Note 3. Budget Shortages

For the year ended June 30, 2011, expenditures exceeded budgeted appropriations in the Transfers Out account of the General Fund by \$127,000. This over-expenditure was funded by the available fund balance in the General Fund.

HALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
 NONMAJOR GOVERNMENT FUNDS
 For the Year Ended June 30, 2011

	Equipment & Improvement Reserve	Building & Improvement Reserve	Insurance Reserve	Sick & Vacation Liability	Special Revenue	Reappraisal
Receipts						
Taxes:						
Property/motor vehicle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receipts:						
Federal:						
Other grants	-	-	-	-	-	-
State:						
Lodging tax	-	-	-	-	-	-
Homestead exemption	-	-	-	-	-	-
Property tax credit	-	-	-	-	-	-
Pro-rate motor vehicles	-	-	-	-	-	-
Carline/airline tax	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
Local fees, licenses, commissions and miscellaneous:						
In-lieu-of tax	-	-	-	-	-	-
911 surcharges	-	-	-	-	-	-
Sale of supplies & materials	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Commissary sales	-	-	-	-	-	-
House arrest	-	-	-	-	-	-
Weed spraying assessment	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Lottery	-	-	-	-	-	-
Other	57,150	45,000	-	16,210	13,496	-
Interfund transfers	-	100,000	-	30,000	-	-
Total receipts	\$ 57,150	\$ 145,000	\$ -	\$ 46,210	\$ 13,496	\$ -
Disbursements						
Personal service	\$ -	\$ -	\$ -	\$ 48,800	\$ -	\$ -
Operating expense	-	-	-	-	3,687	-
Supplies & material	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-
Capital outlay	88,113	52,246	-	-	836	-
Debt servicing	-	-	-	-	-	-
Interfund transfers	-	-	-	-	808	-
Total disbursements	\$ 88,113	\$ 52,246	\$ -	\$ 48,800	\$ 5,331	\$ -
Net change in fund balance	\$ (30,963)	\$ 92,754	\$ -	\$ (2,590)	\$ 8,165	\$ -
Fund balances - beginning	177,166	394,337	508,084	45,717	13,062	-
Fund balances - ending	\$ 146,203	\$ 487,091	\$ 508,084	\$ 43,127	\$ 21,227	\$ -
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 7,886	\$ -
Committed	146,203	487,091	508,084	43,127	13,341	-
	\$ 146,203	\$ 487,091	\$ 508,084	\$ 43,127	\$ 21,227	\$ -

HALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
 NONMAJOR GOVERNMENT FUNDS
 For the Year Ended June 30, 2011

	Drug Court	Drug Seizure	Drug Enforcement	Federal Drug Forfeiture	Diversion	Inmate Welfare
Receipts						
Taxes:						
Property/motor vehicle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receipts:						
Federal:						
Other grants	-	-	-	-	-	-
State:						
Lodging tax	-	-	-	-	-	-
Homestead exemption	-	-	-	-	-	-
Property tax credit	-	-	-	-	-	-
Pro-rate motor vehicles	-	-	-	-	-	-
Carline/airline tax	-	-	-	-	-	-
Grants	157,186	-	-	-	-	-
Other	-	-	-	-	-	-
Local fees, licenses, commissions and miscellaneous:						
In-lieu-of tax	-	-	-	-	-	-
911 surcharges	-	-	-	-	-	-
Sale of supplies & materials	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Commissary sales	-	-	-	-	-	297,393
House arrest	-	-	-	-	-	34,231
Weed spraying assessment	-	-	-	-	-	-
Interest	-	-	-	55	-	-
Lottery	-	-	-	-	-	-
Other	70,716	-	-	1,018	11,246	4
Interfund transfers	-	-	-	-	-	-
Total receipts	\$ 227,902	\$ -	\$ -	\$ 1,073	\$ 11,246	\$ 331,628
Disbursements						
Personal service	\$ 163,138	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expense	58,745	-	-	9,179	7,104	272,960
Supplies & material	7,972	-	-	-	-	7,226
Equipment rental	1,200	-	-	-	-	-
Capital outlay	100	-	-	-	-	-
Debt servicing	-	-	-	-	-	-
Interfund transfers	39,645	-	-	-	-	50,000
Total disbursements	\$ 270,800	\$ -	\$ -	\$ 9,179	\$ 7,104	\$ 330,186
Net change in fund balance	\$ (42,898)	\$ -	\$ -	\$ (8,106)	\$ 4,142	\$ 1,442
Fund balances - beginning	232,021	256	8,540	43,677	21,868	76,467
Fund balances - ending	\$ 189,123	\$ 256	\$ 8,540	\$ 35,571	\$ 26,010	\$ 77,909
Restricted	\$ -	\$ 256	\$ 8,540	\$ 35,571	\$ 26,010	\$ -
Committed	189,123	-	-	-	-	77,909
Total	\$ 189,123	\$ 256	\$ 8,540	\$ 35,571	\$ 26,010	\$ 77,909

HALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
 NONMAJOR GOVERNMENT FUNDS
 For the Year Ended June 30, 2011

ADA Fund	Institutions	Dependent	Veterans Services	Emergency Management	Total Nonmajor Governmental Funds
\$ -	\$ 22,750	\$ 65,091	\$ 12,531	\$ -	\$ 100,372
-	-	3,460	-	-	3,460
-	-	-	-	-	699,326
-	719	2,660	358	-	3,737
-	874	3,660	405	-	4,939
-	84	277	44	-	405
-	67	208	35	-	310
-	-	-	-	-	157,186
-	-	-	-	-	-
-	124	533	63	-	720
-	-	-	-	253,501	253,501
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	297,393
-	-	-	-	-	34,231
-	-	-	-	-	122,701
-	-	-	-	-	1,667
-	-	-	-	-	684,244
-	-	895	-	-	236,459
-	-	-	-	-	290,968
<u>\$ -</u>	<u>\$ 24,618</u>	<u>\$ 76,784</u>	<u>\$ 13,436</u>	<u>\$ 253,501</u>	<u>\$ 2,891,619</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,890
-	10,156	61,204	1,021	253,500	2,011,357
-	-	-	-	-	103,924
-	-	-	-	-	1,200
-	-	-	-	-	163,259
-	-	-	-	-	-
-	-	-	-	-	426,509
<u>\$ -</u>	<u>\$ 10,156</u>	<u>\$ 61,204</u>	<u>\$ 1,021</u>	<u>\$ 253,500</u>	<u>\$ 3,091,139</u>
\$ -	\$ 14,462	\$ 15,580	\$ 12,415	\$ 1	\$ (199,520)
-	59,024	57,359	40,146	49,968	2,720,102
<u>\$ -</u>	<u>\$ 73,486</u>	<u>\$ 72,939</u>	<u>\$ 52,561</u>	<u>\$ 49,969</u>	<u>\$ 2,520,582</u>
\$ -	\$ 73,486	\$ 72,939	\$ 52,561	\$ 49,969	\$ 1,008,271
-	-	-	-	-	1,512,311
<u>\$ -</u>	<u>\$ 73,486</u>	<u>\$ 72,939</u>	<u>\$ 52,561</u>	<u>\$ 49,969</u>	<u>\$ 2,520,582</u>

HALL COUNTY
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2011

	State	Schools	Natural Resource District	Fire Districts	Municipalities	Agricultural Society
ASSETS						
Cash and cash equivalents						
Total assets - beginning	\$ 906,892	\$ 1,084,105	\$ 25,700	\$ 9,607	\$ 217,451	\$ 2,361
Additions	9,664,039	52,122,919	1,748,179	534,550	9,867,119	155,294
Deductions	(9,668,830)	(52,086,279)	(1,746,752)	(531,867)	(9,880,946)	(155,251)
Total assets - ending	<u>\$ 902,101</u>	<u>\$ 1,120,745</u>	<u>\$ 27,127</u>	<u>\$ 12,290</u>	<u>\$ 203,624</u>	<u>\$ 2,404</u>
LIABILITIES						
Due to other governments						
Total liabilities - beginning	\$ 906,892	\$ 1,084,105	\$ 25,700	\$ 9,607	\$ 217,451	\$ 2,361
Additions	9,664,039	52,122,919	1,748,179	534,550	9,867,119	155,294
Deductions	(9,668,830)	(52,086,279)	(1,746,752)	(531,867)	(9,880,946)	(155,251)
Total liabilities - ending	<u>\$ 902,101</u>	<u>\$ 1,120,745</u>	<u>\$ 27,127</u>	<u>\$ 12,290</u>	<u>\$ 203,624</u>	<u>\$ 2,404</u>

HALL COUNTY
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2011

Partial Payment	Townships	Airport Authority	Social Security	Lodging Sales Tax	Unclaimed Property Trust Fund	SID	Total
\$ 15,742	\$ 5,468	\$ 12,450	\$ 170	\$ 452	\$ -	\$ 5,211	\$ 2,285,609
34,783 (32,727)	23 -	828,211 (827,950)	- -	1,720 (1,761)	2,621 (2,621)	- (3,048)	74,959,458 (74,938,032)
<u>\$ 17,798</u>	<u>\$ 5,491</u>	<u>\$ 12,711</u>	<u>\$ 170</u>	<u>\$ 411</u>	<u>\$ -</u>	<u>\$ 2,163</u>	<u>\$ 2,307,035</u>
\$ 15,742	\$ 5,468	\$ 12,450	\$ 170	\$ 452	\$ -	\$ 5,211	\$ 2,285,609
34,783 (32,727)	23 -	828,211 (827,950)	- -	1,720 (1,761)	2,621 (2,621)	- (3,048)	74,959,458 (74,938,032)
<u>\$ 17,798</u>	<u>\$ 5,491</u>	<u>\$ 12,711</u>	<u>\$ 170</u>	<u>\$ 411</u>	<u>\$ -</u>	<u>\$ 2,163</u>	<u>\$ 2,307,035</u>

HALL COUNTY
SCHEDULE OF DISBURSEMENTS COMPARED TO BUDGET - CASH BASIS
GENERAL FUND BY DEPARTMENT
For the Year Ended June 30, 2011
With Comparative Totals For The Year Ended June 30, 2010

General Government									
	Board of Supervisors	Clerk	Treasurer	Assessor	Supt. of Schools	Register of Deeds	Data Processing	Election Commissioner	Clerk of District Court
Disbursements:									
Personal service	\$ 292,321	\$ 207,114	\$ 651,120	\$ 327,370	\$ -	\$ 169,899	\$ 235,274	\$ 102,163	\$ 402,631
Operating expenses	3,572	74,731	6,974	58,232	4,000	4,211	343,802	7,184	9,756
Supplies/material	912	3,817	13,187	7,491	-	1,638	837	19,486	8,598
Equipment rental	-	-	-	-	-	-	-	-	-
Capital outlay	-	868	9,222	398	-	1,893	78,150	2,000	205
Interfund transfers	-	-	-	-	-	-	-	-	-
Total Disbursements	\$ 296,805	\$ 286,530	\$ 680,503	\$ 393,491	\$ 4,000	\$ 177,641	\$ 658,063	\$ 130,833	\$ 421,190
Budget	315,752	297,155	759,337	428,782	4,000	186,423	678,070	141,709	442,393
Favorable	\$ 18,947	\$ 10,625	\$ 78,834	\$ 35,291	\$ -	\$ 8,782	\$ 20,007	\$ 10,876	\$ 21,203

Public Safety									
	Sheriff	Attorney	Jail	Building Inspector	Misc	Probation Officer	Grants	Juvenile Diversion/Attention	Safety
Disbursements:									
Personal service	\$ 2,330,589	\$ 1,249,135	\$ 4,145,266	\$ 14,614	\$ -	\$ -	\$ -	\$ 125,850	\$ -
Operating expenses	110,462	37,087	1,282,319	517	362,949	6,319	-	1,464	5,519
Supplies/material	114,301	15,304	72,092	2,510	-	21,624	-	2,099	150
Equipment rental	-	-	-	-	-	8,197	-	-	-
Capital outlay	142,173	150	27,549	-	-	6,053	65,826	-	198
Interfund transfers	-	-	-	-	-	-	-	-	-
Total Disbursements	\$ 2,697,525	\$ 1,301,676	\$ 5,527,226	\$ 17,641	\$ 362,949	\$ 42,193	\$ 65,826	\$ 129,413	\$ 5,867
Budget	3,023,096	1,359,562	5,548,071	19,075	412,794	42,225	329,885	147,454	7,900
Favorable	\$ 325,571	\$ 57,886	\$ 20,845	\$ 1,434	\$ 49,845	\$ 32	\$ 264,059	\$ 18,041	\$ 2,033

HALL COUNTY
 SCHEDULE OF DISBURSEMENTS COMPARED TO BUDGET - CASH BASIS
 GENERAL FUND BY DEPARTMENT
 For the Year Ended June 30, 2011
 With Comparative Totals For The Year Ended June 30, 2010

General Government									
Special Election	Justice System	County Court System	Building and Grounds	Agriculture Ext. Agent	Misc.	District Judge	Public Defender	Equipment Acquisition	Cadastral Maps
\$ -	\$ 15,647	\$ -	\$ 434,041	\$ 134,248	\$ 288	\$ 121,556	\$ 510,273	\$ -	\$ 66,725
-	1,166,385	365	225,197	53,473	1,142,323	1,117	24,757	-	6,746
-	-	22,005	26,249	564	-	3,262	1,520	-	1,537
-	-	-	1,913	2,966	-	-	-	-	-
-	-	2,000	62,813	4,487	550	549	3,446	-	-
-	-	-	-	-	-	-	-	-	-
\$ -	\$ 1,182,032	\$ 24,370	\$ 750,213	\$ 195,738	\$ 1,143,161	\$ 126,484	\$ 539,996	\$ -	\$ 75,008
24,288	1,378,530	26,028	785,991	233,479	1,441,909	129,621	543,176	-	88,165
<u>\$ 24,288</u>	<u>\$ 1,96,498</u>	<u>\$ 1,658</u>	<u>\$ 35,778</u>	<u>\$ 37,741</u>	<u>\$ 298,748</u>	<u>\$ 3,137</u>	<u>\$ 3,180</u>	<u>\$ -</u>	<u>\$ 13,157</u>

Public Works		Public Welfare and Social Services		Culture and Recreation			Public Health	Other	Totals	Totals
Surveyor	Misc.	Veteran's Service Officer	Misc.	Parks	Stuhr Museum	Misc.	Misc.	Transfers	(Memorandum only) 2011	(Memorandum only) 2010
\$ 86,119	\$ -	\$ 245,193	\$ 339,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,206,986	12,227,070
529	114,161	28,745	163,130	-	860,000	10,000	529,671	-	6,645,697	6,819,063
129	-	1,014	2,081	-	-	-	-	-	342,407	326,535
-	-	-	-	-	-	-	-	-	13,076	12,953
392	-	750	95	-	-	-	-	-	409,767	643,896
-	-	-	-	-	-	-	-	1,961,572	1,961,572	1,777,593
\$ 87,169	\$ 114,161	\$ 275,702	\$ 504,856	\$ -	\$ 860,000	\$ 10,000	\$ 529,671	\$ 1,961,572	\$ 21,579,505	\$ 21,807,110
88,234	125,475	297,952	599,451	-	860,000	10,000	529,671	1,834,572	23,140,225	23,429,249
<u>\$ 1,065</u>	<u>\$ 11,314</u>	<u>\$ 22,250</u>	<u>\$ 94,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (127,000)</u>	<u>\$ 1,560,720</u>	<u>\$ 1,622,139</u>

HALL COUNTY
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
OFFICE OF THE CLERK
For the Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
Imprest - Vendor	\$ 23,367,887	\$ 22,993,754
Imprest - Payroll	11,658,044	11,515,526
Title fees	-	72,787
Recording fees	210	210
Photo copy	3,300	211
Marriage licenses	6,465	9,235
Plat books	690	491
Games and parks	-	267
Miscellaneous	-	437
	<hr/>	<hr/>
Total receipts	\$ 35,036,596	\$ 34,592,918
Disbursements:		
Imprest - Vendor	\$ 23,367,887	\$ 22,993,754
Imprest - Payroll	11,658,044	11,515,526
Title fees	-	96,282
Recording fees	200	210
Photo copy	3,275	219
Marriage licenses	6,435	9,115
Plat books	689	522
Game and parks	-	562
	<hr/>	<hr/>
Total disbursements	\$ 35,036,530	\$ 34,616,190
Receipts over (under) disbursements	\$ 66	\$ (23,272)
Cash balance, beginning of year	<hr/> 13,140	<hr/> 36,412
Cash balance, end of year	<hr/> <hr/> \$ 13,206	<hr/> <hr/> \$ 13,140
Cash balance consists of:		
Cash on hand	\$ 27	\$ 27
Cash in bank	<hr/> 13,179	<hr/> 13,113
Total cash balance	<hr/> <hr/> \$ 13,206	<hr/> <hr/> \$ 13,140

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE CLERK OF THE DISTRICT COURT
 For the Year Ended June 30, 2011
 With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
Fees	\$ 302,988	\$ 297,453
Interest	3	-
Trust receipts	1,091,897	535,107
Alimony/Child Support		
Work Release/Judgements	<u>1,169,064</u>	<u>1,201,554</u>
Total receipts	\$ 2,563,952	\$ 2,034,114
Disbursements:		
Fees	\$ 305,873	\$ 301,956
Interest	13	157
Trust disbursements	510,821	521,850
Alimony/Child Support		
Work Release/Judgements	<u>1,223,529</u>	<u>1,203,441</u>
Total disbursements	<u>\$ 2,040,236</u>	<u>\$ 2,027,404</u>
Receipts over (under) disbursements	\$ 523,716	\$ 6,710
Cash balance, beginning of year	<u>919,973</u>	<u>913,263</u>
Cash balance, end of year	<u>\$ 1,443,689</u>	<u>\$ 919,973</u>
Cash balance consists of:		
Cash on hand	\$ 200	\$ 200
Cash in bank	<u>1,443,489</u>	<u>919,773</u>
Total cash balance	<u>\$ 1,443,689</u>	<u>\$ 919,973</u>
Cash balance due to other governments	<u>\$ 13,112</u>	<u>\$ 11,415</u>
Cash balance due to others	<u>\$ 1,411,920</u>	<u>\$ 893,728</u>

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE COUNTY SHERIFF
 For the Year Ended June 30, 2011
 With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
Writ fees, commissions, mileage, etc.	\$ 480,239	\$ 447,578
Vehicle inspection	37,740	34,380
Distress warrant collections	60,019	50,193
Hand gun permits	1,085	945
Law enforcement	<u>1,309</u>	<u>2,602</u>
Total receipts	\$ 580,392	\$ 535,698
Disbursements:		
Writ fees, commissions, mileage, etc.	\$ 487,302	\$ 443,094
Vehicle inspection	38,300	34,170
Distress warrant collection	56,625	50,193
Hand gun permits	1,090	955
Law enforcement	<u>1,309</u>	<u>2,603</u>
Total disbursements	<u>\$ 584,626</u>	<u>\$ 531,015</u>
Receipts over (under) disbursements	\$ (4,234)	\$ 4,683
Cash balance, beginning of year	<u>42,007</u>	<u>37,324</u>
Cash balance, end of year	<u><u>\$ 37,773</u></u>	<u><u>\$ 42,007</u></u>
Cash balance consists of:		
Cash on hand	\$ 768	\$ 1,332
Cash in bank	<u>37,005</u>	<u>40,675</u>
Total cash balance	<u><u>\$ 37,773</u></u>	<u><u>\$ 42,007</u></u>

HALL COUNTY
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
DEPARTMENT OF CORRECTIONS
For the Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
ICE detainee housing	\$ 1,934,508	\$ 1,567,801
State prisoner housing	236,721	229,595
Federal prisoner housing	3,843	3,055
Miscellaneous receipts	-	4,985
Inmate welfare	10,519	8,272
Inmate trust	<u>1,171,407</u>	<u>1,118,057</u>
Total receipts	\$ 3,356,998	\$ 2,931,765
Disbursements:		
ICE detainee housing	\$ 1,934,508	\$ 1,567,801
State prisoner housing	236,721	229,595
Federal prisoner housing	3,843	3,055
Miscellaneous receipts	1,261	1,967
Inmate welfare	11,426	8,204
Inmate trust	<u>1,174,714</u>	<u>1,099,719</u>
Total disbursements	\$ 3,362,473	\$ 2,910,341
Receipts over (under) disbursements	\$ (5,475)	\$ 21,424
Cash balance, beginning of year	<u>41,382</u>	<u>19,958</u>
Cash balance, end of year	<u><u>\$ 35,907</u></u>	<u><u>\$ 41,382</u></u>
Cash balance consists of:		
Cash on hand	\$ 9,155	\$ 7,391
Cash in bank	<u>26,752</u>	<u>33,991</u>
Total cash balance	<u><u>\$ 35,907</u></u>	<u><u>\$ 41,382</u></u>
Cash balance due to others	<u><u>\$ 18,012</u></u>	<u><u>\$ 17,480</u></u>

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE NOXIOUS WEED DEPARTMENT
 For the Year Ended June 30, 2011
 With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
Service fees	\$ 122,701	\$ 156,062
Other receipts	<u>622</u>	<u>613</u>
Total receipts	\$ 123,323	\$ 156,675
Disbursements:		
County Treasurer	\$ 123,000	\$ 157,500
Other disbursements	<u>-</u>	<u>44</u>
Total disbursements	<u>\$ 123,000</u>	<u>\$ 157,544</u>
Receipts over (under) disbursements	\$ 323	\$ (869)
Cash balance, beginning of year	<u>264</u>	<u>1,133</u>
Cash balance, end of year	<u><u>\$ 587</u></u>	<u><u>\$ 264</u></u>
Cash balance consists of:		
Cash on hand	\$ 587	\$ 96
Cash in bank	<u>-</u>	<u>168</u>
Total cash balance	<u><u>\$ 587</u></u>	<u><u>\$ 264</u></u>

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE COUNTY ATTORNEY
 For the Year Ended June 30, 2011
 With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
Check restitution	\$ 36,201	\$ 50,529
Criminal restitution	7,524	13,568
Law enforcement	11,065	9,556
Federal drug forfeiture	<u>-</u>	<u>8,288</u>
Total receipts	\$ 54,790	\$ 81,941
Disbursements:		
Check restitution	\$ 36,088	\$ 50,505
Criminal restitution	7,642	13,393
Law enforcement	11,290	8,833
Federal drug forfeiture	<u>-</u>	<u>26,561</u>
Total disbursements	<u>\$ 55,020</u>	<u>\$ 99,292</u>
Receipts over (under) disbursements	\$ (230)	\$ (17,351)
Cash balance, beginning of year	<u>6,649</u>	<u>24,000</u>
Cash balance, end of year	<u><u>\$ 6,419</u></u>	<u><u>\$ 6,649</u></u>
Cash balance consists of:		
Cash on hand	\$ 180	\$ 180
Cash in bank	<u>6,239</u>	<u>6,469</u>
Total cash balance	<u><u>\$ 6,419</u></u>	<u><u>\$ 6,649</u></u>
Cash balance due to others	<u><u>\$ 101</u></u>	<u><u>\$ 105</u></u>

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE HIGHWAY DEPARTMENT
 For the Year Ended June 30, 2011
 With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
Service fees	<u>\$ 497,309</u>	<u>\$ 168,931</u>
Total receipts	\$ 497,309	\$ 168,931
Disbursements:		
County Treasurer	<u>\$ 497,302</u>	<u>\$ 168,929</u>
Total disbursements	<u>\$ 497,302</u>	<u>\$ 168,929</u>
Receipts over (under) disbursements	\$ 7	\$ 2
Cash balance, beginning of year	2	-
Cash balance, end of year	<u><u>\$ 9</u></u>	<u><u>\$ 2</u></u>
Cash balance consists of:		
Cash on hand	<u><u>\$ 9</u></u>	<u><u>\$ 2</u></u>

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE BUILDING INSPECTOR
 For the Year Ended June 30, 2011
 With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
Service fees	<u>\$ 10,762</u>	<u>\$ 32,601</u>
Total receipts	\$ 10,762	\$ 32,601
Disbursements:		
County Treasurer	<u>\$ 12,897</u>	<u>\$ 33,827</u>
Total disbursements	<u>\$ 12,897</u>	<u>\$ 33,827</u>
Receipts over disbursements	\$ (2,135)	\$ (1,226)
Cash balance, beginning of year	<u>2,285</u>	<u>3,511</u>
Cash balance, end of year	<u><u>\$ 150</u></u>	<u><u>\$ 2,285</u></u>
Cash balance consists of:		
Cash on hand	<u><u>\$ 150</u></u>	<u><u>\$ 2,285</u></u>

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE REGISTER OF DEEDS
 For the Year Ended June 30, 2011
 With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
Recording fees	\$ 204,040	\$ 169,160
Document stamp tax	301,618	377,301
Copies	<u>3,641</u>	<u>4,567</u>
Total receipts	\$ 509,299	\$ 551,028
Disbursements:		
County Treasurer:		
Recording fees	\$ 205,207	\$ 175,896
Document stamp tax	69,839	81,488
Copies	3,860	4,611
State:		
Document stamp tax	244,470	285,244
Miscellaneous	<u>28</u>	<u>-</u>
Total disbursements	<u>\$ 523,404</u>	<u>\$ 547,239</u>
Receipts over (under) disbursements	\$ (14,105)	\$ 3,789
Cash balance, beginning of year	<u>53,376</u>	<u>49,587</u>
Cash balance, end of year	<u>\$ 39,271</u>	<u>\$ 53,376</u>
Cash balance consists of:		
Cash on hand	\$ 6,673	\$ 43
Cash in bank	<u>32,597</u>	<u>53,333</u>
Total cash balance	<u>\$ 39,270</u>	<u>\$ 53,376</u>
Cash balance due to State of Nebraska	<u>\$ 19,251</u>	<u>\$ 29,123</u>

HALL COUNTY
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
OFFICE OF VETERAN'S SERVICE
For the Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
County Treasurer	<u>\$ 12,766</u>	<u>\$ 19,427</u>
Total receipts	\$ 12,766	\$ 19,427
Disbursements:		
Medical/Funeral expenses	\$ -	\$ 4,154
Rent, utilities and food supplies	<u>1,021</u>	<u>8,612</u>
Total disbursements	<u>\$ 1,021</u>	<u>\$ 12,766</u>
Receipts over (under) disbursements	\$ 11,745	\$ 6,661
Cash balance, beginning of year	<u>23,049</u>	<u>16,388</u>
Cash balance, end of year	<u><u>\$ 34,794</u></u>	<u><u>\$ 23,049</u></u>
Cash balance consists of:		
Cash in bank	<u><u>\$ 34,794</u></u>	<u><u>\$ 23,049</u></u>

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE COUNTY ASSESSOR
 For the Year Ended June 30, 2011
 With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
Copies	\$ 373	\$ 336
Other Fees	<u>175</u>	<u>-</u>
Total receipts	\$ 548	\$ 336
Disbursements:		
County Treasurer	<u>\$ 517</u>	<u>\$ 373</u>
Total disbursements	<u>\$ 517</u>	<u>\$ 373</u>
Receipts over (under) disbursements	\$ 31	\$ (37)
Cash balance, beginning of year	<u>16</u>	<u>53</u>
Cash balance, end of year	<u><u>\$ 47</u></u>	<u><u>\$ 16</u></u>
Cash balance consists of:		
Cash on hand	<u><u>\$ 47</u></u>	<u><u>\$ 16</u></u>

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE PARKS AND RECREATION DEPARTMENT
 For the Year Ended June 30, 2011
 With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
Park fees	\$ 31,281	\$ 33,116
Picnic fees	640	420
Sales tax	1,839	1,911
Lodging tax	<u>1,745</u>	<u>1,843</u>
Total receipts	\$ 35,505	\$ 37,290
Disbursements:		
County Treasurer	<u>\$ 36,095</u>	<u>\$ 36,920</u>
Total disbursements	<u>\$ 36,095</u>	<u>\$ 36,920</u>
Receipts over (under) disbursements	\$ (590)	\$ 370
Cash balance, beginning of year	<u>1,380</u>	<u>1,010</u>
Cash balance, end of year	<u>\$ 790</u>	<u>\$ 1,380</u>
Cash balance consists of:		
Cash on hand	<u>\$ 790</u>	<u>\$ 1,380</u>

HALL COUNTY
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
EXTENSION OFFICE
For the Year Ended June 30, 2011
With Comparative Totals For the Year Ended June 30, 2010

	2011	2010
Receipts:		
Reimbursed expenses - Hall Co.	\$ 56,804	\$ 63,877
Room rental fees	2,227	1,149
Interest	<u>219</u>	<u>332</u>
Total receipts	\$ 59,250	\$ 65,358
Disbursements:		
Telephone	\$ 1,889	\$ 1,853
Utilities & maintenance	42,421	40,037
Capital outlay	5,538	-
College Park sinking fund	4,500	4,500
Office supplies	3,192	3,321
Insurance	-	2,452
Miscellaneous	<u>168</u>	<u>228</u>
Total disbursements	\$ 57,708	\$ 52,391
Receipts over (under) disbursements	\$ 1,542	\$ 12,967
Cash balance, beginning of year	<u>42,602</u>	<u>29,635</u>
Cash balance, end of year	<u>\$ 44,144</u>	<u>\$ 42,602</u>
Cash balance consists of:		
Cash on hand	\$ 8,335	\$ 6,092
Cash in bank	9,921	10,841
Certificates of deposit - restricted	<u>25,888</u>	<u>25,669</u>
Total cash balance	<u>\$ 44,144</u>	<u>\$ 42,602</u>

HALL COUNTY
COMPARATIVE ANALYSIS OF TAX CERTIFIED
CORRECTIONS AND COLLECTIONS
For the Year Ended June 30, 2011

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Tax certified by Assessor:					
Real estate, personal, specials & intangible	<u>\$ 62,502,683</u>	<u>\$ 61,903,055</u>	<u>\$ 64,160,874</u>	<u>\$ 68,462,317</u>	<u>\$ 71,325,819</u>
Total	<u>\$ 62,502,683</u>	<u>\$ 61,903,055</u>	<u>\$ 64,160,874</u>	<u>\$ 68,462,317</u>	<u>\$ 71,325,819</u>
Corrections:					
Additions	\$ 56,597	\$ 35,046	\$ 157,563	\$ 347,370	\$ 14,184
Deductions	<u>(160,648)</u>	<u>(91,447)</u>	<u>(36,440)</u>	<u>(97,576)</u>	<u>(21,726)</u>
Net additions/(deductions)	<u>\$ (104,051)</u>	<u>\$ (56,401)</u>	<u>\$ 121,123</u>	<u>\$ 249,795</u>	<u>\$ (7,542)</u>
Correct certified tax	<u>\$ 62,398,632</u>	<u>\$ 61,846,654</u>	<u>\$ 64,281,997</u>	<u>\$ 68,712,111</u>	<u>\$ 71,318,276</u>
Net tax collected by County Treasurer for year ended:					
June 30, 2007	\$ 33,966,966	\$ -	\$ -	\$ -	\$ -
June 30, 2008	28,390,003	34,680,678	-	-	-
June 30, 2009	15,892	27,159,465	36,108,416	-	-
June 30, 2010	1,878	11,667	28,103,817	38,447,946	-
June 30, 2011	<u>232</u>	<u>(306)</u>	<u>25,102</u>	<u>30,226,629</u>	<u>40,237,277</u>
Total net collections	<u>\$ 62,374,971</u>	<u>\$ 61,851,504</u>	<u>\$ 64,237,335</u>	<u>\$ 68,674,575</u>	<u>\$ 40,237,277</u>
Total uncollected tax	<u>\$ 23,661</u>	<u>\$ (4,850)</u>	<u>\$ 44,662</u>	<u>\$ 37,536</u>	<u>\$ 31,080,999</u>
Percentage of uncollected tax	<u>0.04%</u>	<u>-0.01%</u>	<u>0.07%</u>	<u>0.05%</u>	<u>43.58%</u>

HALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Disbursements/ Expenditures</u>
<u>Department of Health and Human Services</u>			
Passed through State of Nebraska			
Department of Welfare			
Child Support Enforcement*	93.563	0G1004NE4004	\$ 396,952
Medical Assistance Program	93.778	050905NE5048 051005NE5ADM	105,070
Department of Health and Human Services Miscellaneous Expenses	Unknown	0G1004NE4004	81
Passed through Central Nebraska Council			
Alcoholism and Addictions			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	SPF-SIG	<u>665</u>
Total-Department of Health and Human Services			<u>\$ 502,768</u>
<u>Federal Emergency Management Agency</u>			
Passed through State of Nebraska			
Civil Defense			
Emergency Management Assistance Program	97.042	43122	\$ 39,731
Homeland Security Grant Program	97.067	2007GET70035	<u>14,765</u>
Total-Department of Federal Emergency Management Agency			<u>\$ 54,496</u>
<u>Department of Justice</u>			
Direct Programs:			
JABG - Probation Intake	16.523		\$ 11,110
State Criminal Alien Assistance Program*	16.606		80,615
Bullet Proof Vests Partnership Program	16.607		10,028
COPS CSPP - Sex Offender Program	16.710		6,625
Edward Byrne Memorial Justice Assistance Grant Program	16.738		22,750
Organized Crime Drug Enforcement Task Force	Unknown		2,053
FBI National Academy Reimbursement	Unknown		<u>717</u>
Total-Department of Justice			<u>\$ 133,898</u>
<u>Department of the Interior</u>			
Direct Program:			
National Wildlife Refuge Fund	15.659		<u>\$ 3,120</u>
Total-Department of the Interior			<u>\$ 3,120</u>

(Continued)

See Notes to Schedule of Expenditures of Federal Awards

HALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Disbursements/ Expenditures</u>
<u>Department of Transportation</u>			
Passed through State of Nebraska			
Roads			
Formula Grants for other than Urbanized Areas (note 6)	20.509	RPT-C401 (010)	\$ 187,234
State and Community Highway Safety	20.600	SAFETEA-LU 402	2,602
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	SAFETEA-LU 410	5,414
Occupant Protection Incentive Grant	20.602	SAFETEA-LU 402	9,347
Highway Planning and Construction	20.205	HSIP08	<u>11,258</u>
Total-Department of Transportation			<u>\$ 215,855</u>
 <u>Executive Office of the President</u>			
Passed through State of Nebraska			
Office of National Drug Control Policy			
High Intensity Drug Trafficking Areas Program*	95.001	18 PMWP634Z 10 HD04	<u>\$ 115,317</u>
Total-Department of Justice			<u>\$ 115,317</u>
 <u>Department of Labor</u>			
Direct Program:			
Employee Benefits Security Administration	17.151		<u>\$ 3,045</u>
Total-Department of Labor			<u>\$ 3,045</u>
Total Federal Financial Assistance			<u><u>\$ 1,028,499</u></u>

*Major Program

See Notes to Schedule of Expenditures of Federal Awards

HALL COUNTY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 June 30, 2011

Note 1. General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal awards programs of Hall County, Nebraska (the County), except as noted in Note 5 below. The County's reporting entity is defined in Note 1 to the County's financial statements. Federal awards received directly from federal agencies, as well as those passed through other government agencies, are included in the Schedule. Unless otherwise noted on the Schedule, all programs are received directly from the respective federal agency.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hall County, Nebraska, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Federal program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA), whenever possible.

Note 3. Federal Awards

Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations.

Note 4. Major Programs

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Programs in the accompanying Schedule denoted with an asterisk (*) are considered major programs.

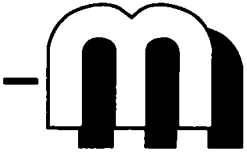
Note 5. Matching Costs

The Schedule does not include matching expenditures from general revenues of the County.

Note 6. Subrecipients

Of the federal expenditures presented in the Schedule, Hall County provided federal awards to subrecipients as follows:

<i>Program Title</i>	<i>Federal CFDA Number</i>	<i>Amount Provided to Subrecipients</i>
Formula Grants for other than Urbanized Areas	20.509	\$187,234



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Hall County Supervisors
Hall County
Grand Island, Nebraska

We have audited the basic financial statements of Hall County as of and for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011, which was qualified for Hall County preparing its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and the financial statements do not include the general infrastructures account group which should be included to conform with the cash basis method of accounting. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hall County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hall County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hall County's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, as items 2011-01 through 2011-04 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

2722 So. LOCUST ST.
P.O. BOX 1767
GRAND ISLAND, NE 68802
PHONE 308-382-7850
FAX 308-382-7240
MMCPAS.COM

Compliance and Other Matters

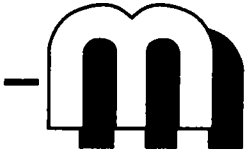
As part of obtaining reasonable assurance about whether Hall County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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*.

Hall County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Hall County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Hall County Supervisors, management, the State of Nebraska Auditor of Public Accounts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McDermott & Miller, P.C.

McDermott & Miller, P.C.
Grand Island, Nebraska
December 30, 2011



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Hall County Supervisors
Hall County
Grand Island, Nebraska

Compliance

We have audited the compliance of Hall County with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Hall County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Hall County's management. Our responsibility is to express an opinion on Hall County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hall County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hall County's compliance with those requirements.

In our opinion, Hall County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Hall County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Hall County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program as a basis for designing our audit procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the

2722 So. LOCUST ST.
P.O. BOX 1767
GRAND ISLAND, NE 68802
PHONE 308-382-7850
FAX 308-382-7240
MMCPAS.COM

purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hall County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Hall County Supervisors, management and the State of Nebraska Auditor of Public Accounts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McDermott & Miller, P.C.

McDermott & Miller, P.C.
Grand Island, Nebraska
December 30, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Are any material weaknesses identified?	___ Yes	__X__ No
Are any significant deficiencies identified not considered to be material weaknesses?	__X__ Yes	___ No
Is any noncompliance material to financial statements noted?	___ Yes	__X__ No

Federal Awards

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

Internal control over major program compliance:

Are any material weaknesses identified?	___ Yes	__X__ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	X_ None Reported
Are any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133, <i>Audits of State, Local Governments, and Non-Profit Organizations</i> , Section .510(a)?	___ Yes	__X__ No

Identification of major programs:

CFDA Number(s) and Name of Federal Program or Cluster

93.563 Child Support Enforcement
16.606 State Criminal Alien Assistance Program
95.001 Federal High Intensity Drug Trafficking Area Program

Enter the dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Is the auditee qualified as a low-risk auditee?

Yes No

Section II: Financial Statement Findings

Finding 2011-01: The policies and procedures implemented to approve and pay claims of the County do not provide for the prevention or detection of misstatements due to error or fraud as evidenced by inaccurate or incomplete claim forms, issuance of duplicate checks, improper procurement practices, inappropriate override of controls, inadequate segregation of duties, and inadequate monitoring. (Significant Deficiency)

Criteria: GASB 34 requires management to establish and maintain a sound system of internal control. GAGAS 1.18 requires management to establish and maintain effective internal control to help ensure that appropriate goals and objectives are met; resources are used efficiently, economically, and effectively, and are safeguarded; laws and regulations are followed; and reliable data are obtained, maintained, and fairly disclosed.

Condition: For the year ending June 30, 2011, management failed to establish and maintain a sound system of internal control which properly prevented or detected misstatements in various aspects of the claims process.

Cause: The entity failed to design procedures which would provide for the accurate submission and recording of claims, ensure appropriate monitoring and prevent the override of controls.

Effect or Potential Effect: Without the proper controls, the risk significantly increases that errors and fraud may occur and not be detected, which may result in material misstatement of the financial statements.

Recommendation: Management should establish, document and maintain procedures which provide for the accurate submission and recording of claims, ensure appropriate monitoring and prevent the override of controls.

Responsible Official's Response: The Audit Committee will continue to work with the County Clerk to review the process and procedures involved in submitting and paying claims. The County Board will continue to take a more active role in this process.

Finding 2011-02: An ideal system of internal accounting control is that no person should be allowed to control a transaction from its inception to its recording in the accounting records. Although this division of duties is not always possible within your organization because of the limited number of employees, compensating or complementary controls may be implemented to mitigate the risk. (Significant Deficiency)

Criteria: GASB 34 requires management to establish and maintain a sound system of internal control. GAGAS 1.18 requires management to establish and maintain effective internal control to help ensure that appropriate goals and objectives are met; resources are used efficiently, economically, and effectively,

and are safeguarded; laws and regulations are followed; and reliable data are obtained, maintained, and fairly disclosed.

Condition: For the year ending June 30, 2011, management failed to establish and maintain compensating or complementary controls to mitigate the risk arising from the lack of a sound system of internal control which properly segregates duties.

Cause: The entity's limited size and staffing resources have made it difficult for management to fully segregate duties in a cost-effective manner.

Effect or Potential Effect: Without the proper segregation of duties, the risk significantly increases that errors and fraud may occur and not be detected, which may result in material misstatement of the financial statements.

Recommendation: Management should establish, document and maintain controls which mitigate the lack of segregation of duties.

Responsible Official's Response: The Board of Supervisors and management of Hall County will continue to review ways to establish, document and maintain controls which mitigate the lack of segregation of duties. This may include review of bank work by personnel independent of the transaction process or reassigning certain duties to provide more appropriate segregation.

Finding 2011-03: The County's policies and procedures related to cash management do not provide proper controls to prevent or detect misstatements related to error or fraud as evidenced by a lack of oversight for the opening, closing, or change in bank or petty cash accounts; failure to prepare accurate and complete bank or cash account reconciliations; and the failure to submit unclaimed property in accordance with state statute. (Significant Deficiency)

Criteria: GASB 34 requires management to establish and maintain a sound system of internal control. GAGAS 1.18 requires management to establish and maintain effective internal control to help ensure that appropriate goals and objectives are met; resources are used efficiently, economically, and effectively, and are safeguarded; laws and regulations are followed; and reliable data are obtained, maintained, and fairly disclosed. Nebraska State Statute 69-1310 requires that unclaimed property be reported to the State Treasurer.

Condition: For the year ending June 30, 2011, management failed to establish and maintain a sound system of internal control which properly prevented or detected misstatements in various aspects of the cash management process.

Cause: The entity failed to design procedures which would provide for the accurate preparation and review of cash account reconciliations, ensure appropriate monitoring of cash accounts and ensure timely submission of unclaimed property.

Effect or Potential Effect: Without the proper controls, the risk significantly increases that errors and fraud may occur and not be detected, which may result in material misstatement of the financial statements.

Recommendation: Management should establish, document and maintain procedures which provide for the accurate preparation and review of cash account reconciliations, ensure appropriate monitoring of cash accounts and ensure timely submission of unclaimed property.

Responsible Official's Response: The Board of Supervisors and management of Hall County will continue to work together to establish proper procedures for monthly reconciliation and review of all bank accounts and petty cash accounts. The Board of Supervisors will initiate a board resolution for guidance on opening and closing bank accounts. The Board of Supervisors and management of Hall County will continue to require all offices to submit unclaimed property in accordance with state statute.

Finding 2011-04: Due to its size, the County cannot provide for appropriate technical skills related to the preparation of financial statements. (Significant Deficiency)

Criteria: GASB 34 requires management to establish and maintain a sound system of internal control. GAGAS 1.18 requires management to establish and maintain effective internal control to help ensure that appropriate goals and objectives are met; resources are used efficiently, economically, and effectively, and are safeguarded; laws and regulations are followed; and reliable data are obtained, maintained, and fairly disclosed.

Condition: For the year ending June 30, 2011, the County was unable to provide the appropriate level of control over the preparation of the financial statements.

Cause: The County has limited resources to staff an experienced individual in the area of financial reporting.

Effect or Potential Effect: Without the proper controls over financial reporting, the risk significantly increases that the County has material misstatements in its financial statements.

Recommendation: Staffing an experienced individual would be ideal if the County had sufficient resources to do so. Other options include financial reporting training classes or continuing to implement proper controls in each of the offices to minimize the risk of materially misstating the financial statements.

Responsible Official's Response: While limited resources do not allow for employment of an individual qualified to prepare financial statements, management of Hall County will continue to work with our auditors to prepare and review the financial statements to make certain they reflect the financial position of the County.

Section III: Federal Awards Findings

None.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2010-1 The policies and procedures implemented to approve and pay claims of the County do not provide for the prevention or detection of misstatements due to error or fraud as evidenced by inaccurate or incomplete claim forms, issuance of duplicate checks, inappropriate override of controls, inadequate segregation of duties, and inadequate monitoring.

Status: Partially corrected this fiscal year; will complete planned action during the next fiscal year.

2010-2 An ideal system of internal accounting control is that no person should be allowed to control a transaction from its inception to its recording in the accounting records. Although this division of duties is not always possible within your organization because of the limited number of employees, compensating or complementary controls may be implemented to mitigate the risk.

Status: Partially corrected this fiscal year. The County has limited resources to fully correct this deficiency.

2010-3 The County's policies and procedures related to cash management do not provide proper controls to prevent or detect misstatements related to error or fraud as evidenced by a lack of oversight for the opening, closing, or change in bank or petty cash accounts; failure to prepare accurate and complete bank or cash account reconciliations; and the failure to submit unclaimed property in accordance with state statute.

Status: Partially corrected this fiscal year; will complete planned action during the next fiscal year.

2010-4 The policies and procedures implemented by the Board of Supervisors to provide internal controls over the County's equipment and property inventory are not appropriately implemented or monitored as evidenced by incomplete inventory reports.

Status: Planned corrective action completed this fiscal year.

2010-5 The policies and procedures implemented by the County to provide internal controls over the County's payroll process are not appropriately implemented or monitored as evidenced by the disagreement between the withholding statuses indicated on several W-4 forms found in employee personnel files and the amounts of income tax withholding calculated for and withheld for these employees by the payroll software.

Status: Planned corrective action completed this fiscal year.