

HALL COUNTY

FINANCIAL REPORT

For the Year Ended June 30, 2012

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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, 2012, 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.

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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2012, 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.

The management's discussion and analysis on pages 3-8 and the budgetary comparison information on pages 28-34 are presented to supplement the basic financial statements. Such information is not required by the cash basis of accounting and not a part of the basic financial statements. We have applied certain limited procedures to the other information in accordance with auditing standards generally accepted in

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the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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 information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

*McDermott & Miller, P.C.*

McDermott & Miller, P.C.  
Grand Island, Nebraska  
November 19, 2012

HALL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012

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, 2012. 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) Other Supplementary Information - Budgetary Comparison, 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 County'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, 2012 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, 2012

**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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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, 2012 was \$18,334,196 compared with \$17,897,663 at June 30, 2011. This was an increase of \$436,533 or 2%.
- General fund expenditures and transfers were \$21,787,267 for the current fiscal year, compared with \$21,579,505 at June 30, 2011. This is an increase of \$207,762 or 1%.
- Federal program expenditures were \$995,224 for the current fiscal year, compared with \$1,028,499 at June 30, 2011. This is a decrease of \$33,275 or 3%.
- Major capital projects of the County included the following:
  - Road Improvement Projects \$695,668
  - Courthouse Improvement Projects \$254,503
  - Road Equipment Purchases, Bridge Repair, and Engineering Fees \$231,369

#### 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. This resulted in an overall increase in cash and cash equivalents and the net assets of the County and a strengthening of the financial position.

HALL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012

The largest single source of receipts for the County is property taxes. The County's property taxes recorded in the governmental funds for 2010-2011 were \$14,903,839 and for 2011-2012, it increased by \$706,864 to \$15,610,703.

In 2010-2011, the County's assessed valuation was \$3,743,778,254. In 2011-2012, it increased by \$116,840,741 to \$3,860,618,995.

The County follows GASB 54 standards for the classification of fund balances in governmental funds. See Note 13 for more information describing the classification of fund balances.

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

	<u>2011-2012</u>	<u>2010-2011</u>	<u>Change</u>	<u>Percentage</u>
Total Assets	\$ 18,334,196	\$ 17,897,663	\$ 436,533	2.4%
Total Liabilities	771,572	1,462,396	(690,824)	(47.2%)
Total Net Assets	17,562,624	16,435,267	1,127,357	6.9%
Total Restricted Net Assets	4,656,414	5,560,987	(904,573)	(16.3%)
Total Unrestricted Net Assets	12,906,210	10,874,280	2,031,930	18.7%

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

	<u>2011-2012</u>	<u>2010-2011</u>	<u>Change</u>	<u>Percentage</u>
<b>Revenues</b>				
Program Revenues				
Fees and Charges for Services	\$ 10,875,575	\$ 10,887,036	\$ (11,461)	(0.1%)
Operating Grants and Contributions	894,784	1,060,800	(166,016)	(15.7%)
Capital Grants and Contributions	193,018	120,542	72,476	60.1%
General Revenues				
Property Taxes	15,610,703	14,903,839	706,864	4.7%
Other Taxes	5,130,229	4,982,499	147,730	3.0%
State Aid	-	173,340	(173,340)	(100.0%)
Other General Revenue	41,752	86,183	(44,431)	(51.6%)
<b>Total Revenues</b>	32,746,061	32,214,239	531,822	1.7%
Program Expenses				
General Government	10,262,449	10,455,375	(192,926)	(1.8%)
Public Safety	14,285,067	12,375,834	1,909,233	15.4%
Public Works	4,183,337	4,334,245	(150,908)	(3.5%)
Public Health	539,555	529,671	9,884	1.9%
Public Welfare and Social Services	824,869	860,469	(35,600)	(4.1%)
Culture and Recreation	1,523,427	1,749,250	(225,823)	(12.9%)
<b>Total Expenses</b>	31,618,704	30,304,844	1,313,860	4.3%
<b>Change in Net Assets</b>	1,127,357	1,909,395	(782,038)	(41.0%)



HALL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012

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	\$ 22,032,861	\$19,935,642	\$ 1,316,599	\$ 2,470,072	\$ 2,508,172	\$ 2,902,715
Disbursements	(19,701,582)	(21,617,359)	(12,500)	(3,771,209)	(2,272,264)	(2,663,790)
Transfers In	992,144	-	64,881	1,766,528	356,656	414,277
Transfers Out	(2,085,685)	-	(852,144)	(299,972)	-	(356,685)
Net Change in Fund Balances Beginning	1,237,738	(1,681,717)	516,836	165,419	592,564	296,517
Fund Balance Ending Fund Balance	6,173,908	2,566,986	2,541,550	387,574	2,244,667	2,520,582
	7,411,646	885,269	3,058,386	552,993	2,837,231	2,817,099

The Jail Bond Fund had the greatest change in value. This was attributed to the refunding of the Series 2006 general obligation bonds. It is expected that the refunding will reduce the aggregate debt service payments by almost \$8.1 million over the next 22 years. The increase in the General Fund is attributable primarily to an increase of \$1,149,059 in total taxes received. The Inheritance Fund had an increase in fund balance due to an increase in inheritance tax paid. Transfers out also decreased from \$1,915,969 to \$852,144 as there was no additional transfer to the cash reserve in the current year.

The following table shows the property tax rates, by fund or component unit, for fiscal years 2010-2011 and 2011-2012 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 for these funds and component unit on a \$100,000 property in 2011-2012 would be \$434.18.

<b>Fund</b>	<b>2010-2011 Levy</b>	<b>2011-2012 Levy</b>	<b>Levy Change</b>	<b>Percentage Change</b>
General Fund	0.364690	0.370445	0.005755	1.58%
Dependent Fund	0.002698	0.002192	(0.000506)	-18.75%
Institutions	0.000644	0.000055	(0.000589)	-91.46%
Jail Bond Fund	0.039000	0.039000	0.000000	0.00%
Veteran's Aid	0.000299	0.000143	(0.000156)	-52.17%
Museum	0.023626	0.022347	(0.001279)	-5.41%
<b>County Totals</b>	<b>0.430957</b>	<b>0.434182</b>	<b>0.003225</b>	<b>0.75%</b>

#### General Fund Budgetary Highlights

In comparing the General Fund's actual expenditures to the budget prepared for the year, only favorable variances were noted. Total General Fund expenditures were under budget by \$1,947,857 or 8.2% under the budget.

HALL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012

Over the course of the 2011-2012 fiscal year, the County's General Fund cash position increased by approximately \$549,825. The following table provides a detailed picture of the increase in cash position.

	<b>2011-2012 Budget</b>	<b>Year-End Actual</b>	<b>Difference</b>
<b>07/01/11 Actual Beginning Balance</b>		<u><b>\$7,618,290</b></u>	
Receipts:			
Property/Motor Vehicle Taxes	\$15,922,106	\$15,627,106	(\$295,000)
Federal	828,239	686,963	(141,276)
State	663,572	1,183,706	520,134
Other Local	<u>4,421,541</u>	<u>4,535,086</u>	<u>113,545</u>
<b>Total Receipts</b>	<b>\$21,835,458</b>	<b>\$22,032,861</b>	<b>\$197,403</b>
<b>Expenditures</b>	<b>\$21,514,319</b>	<b>\$19,701,582</b>	<b>\$1,812,737</b>
<b>Decrease in Liabilities</b>		<b>(687,913)</b>	
<b>Net Transfers</b>	<u><b>(\$1,189,501)</b></u>	<u><b>(\$1,093,541)</b></u>	<u><b>(\$95,960)</b></u>
<b>Net (Decrease)/Increase</b>	<b>(\$868,362)</b>	<u><b>\$549,825</b></u>	<b>\$1,418,187</b>
<b>06/30/12 Ending Balance</b>		<u><u><b>\$8,168,115</b></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. These Series 2006 bonds were refinanced in September 2011 with the Series 2011 Refunding Bonds and in January 2012 with the Series 2012 Refunding Bonds. The Series 2011 bonds are payable over a period not longer than 22 years and callable at the County's option after 5 years. The interest rate fluctuates between 0.30% and 4.35%. The Series 2012 bonds are payable over a period not longer than 10 years and callable at the County's option after 5 years. The interest rate fluctuates between 0.35% and 2.40%. For the year ending June 30, 2012, \$18,420,000 was received from the refunding bonds to pay off the Series 2006 bonds and \$671,943 of interest and \$20,610,000 of principal were paid for the Series 2006, 2011 and 2012 bonds. Additional fees paid to issue the Series 2011 and 2012 bonds totaled \$335,416 for the year ending June 30, 2012. See Note 12 for repayment schedule.

The voters also approved on November 15, 2005, 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, 2012

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 and noted the following item.

On November 6, 2012, the Hall County voters approved the merger of the offices of the Register of Deeds and County Assessor with oversight by one elected official. The current elected officials will continue to hold office until November, 2014.

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, 2012

		Primary Government
		Governmental Activities
<b>ASSETS</b>		
Pooled cash and cash equivalents	\$	12,266,713
Pooled certificates of deposit		2,147,392
Restricted assets:		
Cash and cash equivalents		1,886,816
Certificates of deposit		2,033,275
Total assets	\$	18,334,196
<b>LIABILITIES</b>		
Due to other governments	\$	37,841
Due to others		733,731
Total liabilities	\$	771,572
<b>NET ASSETS</b>		
Restricted for:		
Debt service	\$	885,269
Capital projects - Extension Office		26,014
Health and life insurance claims		2,554,877
Parks and recreation		10,139
911 emergency services		49,893
Visitors promotion/improvement		369,119
Veterans services		44,187
Drug enforcement		41,433
Keno lottery		462,513
Traffic safety		28,045
Indigent welfare		184,925
Unrestricted		12,906,210
Total net assets	\$	17,562,624

See Notes to Financial Statements

HALL COUNTY  
STATEMENT OF ACTIVITIES - CASH BASIS  
For the Year Ended June 30, 2012

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	\$ 10,262,449	\$ 7,802,589	\$ 48,254	\$ 193,018	\$ (2,218,588)
Public safety	14,285,067	448,829	468,389	-	(13,367,849)
Public works	4,183,337	2,621,529	-	-	(1,561,808)
Public health	539,555	-	-	-	(539,555)
Public welfare and social services	824,869	2,628	378,141	-	(444,100)
Culture and recreation	1,523,427	-	-	-	(1,523,427)
Total governmental activities	<u>\$ 31,618,704</u>	<u>\$ 10,875,575</u>	<u>\$ 894,784</u>	<u>\$ 193,018</u>	<u>\$ (19,655,327)</u>
General receipts					
Taxes:					
Property					\$ 15,610,703
Motor vehicle					1,528,805
Property tax credit					565,444
Airline and carline tax allocation					65,719
In-lieu-of tax					79,251
Insurance tax allocation					72,392
Pro-rate motor vehicle					58,339
Homestead					481,548
Lodging					746,298
Inheritance					1,295,509
911 Surcharges					236,924
Fines and licenses					3,524
State aid					-
Interest income					38,228
Transfers - internal activity					-
Total general receipts					<u>\$ 20,782,684</u>
Change in net assets					\$ 1,127,357
Net assets - beginning					<u>16,435,267</u>
Net assets - ending					<u>\$ 17,562,624</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, 2012

	General	Jail Bond Fund	Inheritance Funds	Road Fund	Insurance Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and equivalents	\$ 5,540,778	\$ -	\$ 3,058,386	\$ 552,993	\$ 282,354	\$ 2,832,202	\$ 12,266,713
Certificates of deposit	2,147,392	-	-	-	-	-	2,147,392
Restricted assets:							
Cash and cash equivalents	453,931	885,269	-	-	547,616	-	1,886,816
Certificates of deposit	26,014	-	-	-	2,007,261	-	2,033,275
Total assets	<u>\$ 8,168,115</u>	<u>\$ 885,269</u>	<u>\$ 3,058,386</u>	<u>\$ 552,993</u>	<u>\$ 2,837,231</u>	<u>\$ 2,832,202</u>	<u>\$ 18,334,196</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Due to other governments	\$ 37,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,841
Due to others	718,628	-	-	-	-	15,103	733,731
Total liabilities	<u>\$ 756,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,103</u>	<u>\$ 771,572</u>
Fund balances:							
Restricted	\$ 26,014	\$ 885,269	\$ -	\$ -	\$ 2,554,877	\$ 1,190,254	\$ 4,656,414
Committed	-	-	-	552,993	282,354	1,626,845	2,462,192
Assigned	-	-	3,058,386	-	-	-	3,058,386
Unassigned	7,385,632	-	-	-	-	-	7,385,632
Total fund balances	<u>\$ 7,411,646</u>	<u>\$ 885,269</u>	<u>\$ 3,058,386</u>	<u>\$ 552,993</u>	<u>\$ 2,837,231</u>	<u>\$ 2,817,099</u>	<u>\$ 17,562,624</u>
Total liabilities and fund balances	<u>\$ 8,168,115</u>	<u>\$ 885,269</u>	<u>\$ 3,058,386</u>	<u>\$ 552,993</u>	<u>\$ 2,837,231</u>	<u>\$ 2,832,202</u>	<u>\$ 18,334,196</u>

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, 2012

	General	Jail Bond Fund	Inheritance Funds	Road Fund	Insurance Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>							
Property/Motor Vehicle taxes	\$ 15,627,106	\$ 1,406,858	\$ -	\$ -	\$ -	\$ 105,544	\$ 17,139,508
Fines and licenses	3,524	-	-	-	-	-	3,524
State	1,183,706	101,476	-	2,169,421	-	912,379	4,366,982
Federal	686,963	-	-	-	-	-	686,963
Interest income	15,628	197	21,090	-	-	1,313	38,228
Other	4,515,934	7,111	1,295,509	300,651	2,508,172	1,883,479	10,510,856
Total receipts	\$ 22,032,861	\$ 1,515,642	\$ 1,316,599	\$ 2,470,072	\$ 2,508,172	\$ 2,902,715	\$ 32,746,061
<b>DISBURSEMENTS</b>							
General government	\$ 7,071,255	\$ -	\$ 12,500	\$ -	\$ 2,272,264	\$ 906,430	\$ 10,262,449
Public safety	10,301,078	3,197,359	-	-	-	786,630	14,285,067
Public works	195,374	-	-	3,771,209	-	216,754	4,183,337
Public health	539,555	-	-	-	-	-	539,555
Public welfare and social services	739,848	-	-	-	-	85,021	824,869
Culture and recreation	854,472	-	-	-	-	668,955	1,523,427
Total disbursements	\$ 19,701,582	\$ 3,197,359	\$ 12,500	\$ 3,771,209	\$ 2,272,264	\$ 2,663,790	\$ 31,618,704
Excess (deficiency) of receipts over (under) disbursements	\$ 2,331,279	\$ (1,681,717)	\$ 1,304,099	\$ (1,301,137)	\$ 235,908	\$ 238,925	\$ 1,127,357
<b>OTHER FINANCING SOURCES (USES)</b>							
Refunding bonds	\$ -	\$ 18,420,000	\$ -	\$ -	\$ -	\$ -	\$ 18,420,000
Payment to refunded bond agent	-	(18,420,000)	-	-	-	-	(18,420,000)
Transfers in	992,144	-	64,881	1,766,528	356,656	414,277	3,594,486
Transfers out	(2,085,685)	-	(852,144)	(299,972)	-	(356,685)	(3,594,486)
Total other financing sources	\$ (1,093,541)	\$ -	\$ (787,263)	\$ 1,466,556	\$ 356,656	\$ 57,592	\$ -
Net change in fund balances	\$ 1,237,738	\$ (1,681,717)	\$ 516,836	\$ 165,419	\$ 592,564	\$ 296,517	\$ 1,127,357
Fund balances - beginning	6,173,908	2,566,986	2,541,550	387,574	2,244,667	2,520,582	16,435,267
Fund balances - ending	\$ 7,411,646	\$ 885,269	\$ 3,058,386	\$ 552,993	\$ 2,837,231	\$ 2,817,099	\$ 17,562,624

See Notes to Financial Statements

HALL COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS-CASH BASIS  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2012

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 2,342,697</u>
<b>LIABILITIES</b>	
Due to other governments	
State	\$ 970,207
Schools	1,033,617
Natural Resource District	26,413
Fire Districts	8,065
Municipalities	265,437
Agricultural Society	2,024
Partial Payment	20,214
Townships	5,513
Airport Authority	10,839
Social Security	-
Lodging Sales Tax	317
Unclaimed Property	-
SID	51
Total liabilities	<u>\$ 2,342,697</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ -</u></u>

See Notes to Financial Statements



HALL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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, 2012 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, 2012

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 Comstock Corp. 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 government-wide financial statements do not include the activity of the fiduciary funds.

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, 2012

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

The governmental fund financial statements were also reported on the cash 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 requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, 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.

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.

HALL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

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 Held Outside the County Treasurer

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. Additionally, the County was in possession of cash and certificates of deposit held by a banking institution for the purpose of health insurance plan administration which is not recorded by the Treasurer. 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.

Capital Assets

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

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

Net Assets/Fund Balances

The County has implemented the provisions of Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, of the Government Accounting Standards Board (GASB).

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

HALL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. The County does not present this category of net assets as capital assets and debt are not presented under the cash basis of accounting.

- *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.

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. The County does not present this classification as these items are not recognized under the cash basis of accounting.
- *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.

HALL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

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 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 2011-2012 fiscal year levy for property taxes was \$16,762,135, or \$.434182 per \$100 of assessed valuation. The 2010-2011 fiscal year levy for property taxes was \$16,132,724, or \$.430957 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

HALL COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2012

Note 3. Deposits/Investments (Continued)

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.

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

	<u>Investment Maturities (in years)</u>	
	<u>&lt;1</u>	<u>1-5</u>
CDs	<u>\$ 1,716,829</u>	<u>\$ 456,577</u>
	<u>\$ 1,716,829</u>	<u>\$ 456,577</u>

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 – 32.74%, Certificate of Deposits in various Nebraska Banks – 15.74%, Demand Deposit Accounts – 3.84%, and Repurchase agreements (collateralized by U.S. Government Securities) – 47.68% at June 30, 2012.

The cash and cash equivalents balance as of June 30, 2012 includes \$8,212,291 of funds held at NPAIT. Included in the aforementioned NPAIT balance is \$453,942 of funds held for others by the Hall County Clerk of the District Court.

An adjustment totaling \$1,143,471 has been recorded in the financial statements to recognize the cash held at County offices but not yet remitted to the Treasurer for the year ended June 30, 2012.

HALL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 3. Deposits/Investments (Continued)

Additionally, the County was in possession of \$547,616 in cash and \$2,007,261 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 as of June 30, 2012.

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, 2012, 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-you-go basis directly to the retired employees. For the year ended June 30, 2012 the County contributed \$708,283 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.



HALL COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2012

Note 7. Interfund Transfers, Receivables, and Payables

Interfund transfers for the year ended June 30, 2012 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 992,144	\$ 2,085,685
Road Fund	1,766,528	299,972
Street Improvement Fund	-	-
Special Revenue Fund	-	-
Sick/Vacation Fund	27,000	-
Building & Land Improvement Fund	200,000	-
Employment Security Fund	49,650	-
Insurance Fund	356,656	-
Drug Court Fund	-	38,256
Inheritance Fund	64,881	852,144
Keno/Lottery Fund	-	250,000
Inmate Welfare Fund	-	50,000
Noxious Weed Fund	137,627	18,429
<b>Totals</b>	<u>\$ 3,594,486</u>	<u>\$ 3,594,486</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.

Interfund receivables and payables as of June 30, 2012 consisted of the following:

<u>Due To:</u>	<u>Due From:</u>	<u>Amount</u>
Inheritance Fund	General Fund (Corrections)	\$608,119

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 \$64,881 payment was recorded during the current year, and a \$127,000 payment was recorded during the prior year. In September 2012, subsequent to year-end, the County transferred \$369,539 from the general fund to the inheritance fund toward the repayment of this balance. This reduced the balance of \$608,119 to \$238,580.

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,

HALL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 8. Risk Management (Continued)

\$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. Property, auto, liability, and workmen’s compensation settled claims in the past three years have not exceeded the coverage.

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 funds. Health insurance claims exceeded the \$60,000 limit by \$105,296 for the plan year ending June 30, 2012.

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 these accounts by \$595,034 for the year ending June 30, 2012.

The insurance reserve fund has a reserve of \$508,084 at June 30, 2012. Management believes that the coverage is adequate to preclude any significant uninsured risk of exposure to the County.

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, 2012, received an unqualified opinion dated September 18, 2012. The following is a summary of the Stuhr Museum’s June 30, 2012 financial statements (A complete copy of the audited financial statements of Stuhr Museum is on file with the Hall County Clerk.):

Total Assets	\$ 2,503,052
Total Liabilities	98,599
Net Assets:	
Invested in Capital Assets	1,915,129
Restricted – Expendable	39,355
Unrestricted	449,969
Expenses - General Government	(1,618,507)
Program Revenues	663,098
Revenue from Hall County Support	850,000
Investment Income	1,184
Increase in Net Assets	<u>\$ (104,225)</u>

Note 10. Related Party Transactions

For the year ended June 30, 2012 there were no county officials with outstanding real estate or personal property taxes due.

HALL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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, 2012, was \$462,371.

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, 2012 was \$705,557.

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. These Series 2006 bonds were refinanced in September 2011 with the Series 2011 Refunding Bonds and in January 2012 with the Series 2012 Refunding Bonds. The Series 2011 bonds are payable over a period not longer than 22 years and callable at the County's option after 5 years. The interest rate fluctuates between 0.30% and 4.35%. The Series 2012 bonds are payable over a period not longer than 10 years and callable at the County's option after 5 years. The interest rate fluctuates between 0.35% and 2.40%. For the year ending June 30, 2012, \$18,420,000 was received from the refunding bonds to pay off the Series 2006 bonds and \$671,943 of interest and \$20,610,000 of principal were paid for the Series 2006, 2011 and 2012 bonds. Additional fees paid to issue the Series 2011 and 2012 bonds totaled \$335,416 for the year ending June 30, 2012.

By refunding the 2006 bonds with the 2011 and 2012 bonds, the County reduced its aggregate debt service payments by almost \$8.1 million over the next 22 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$9.2 million.

The voters also approved on November 15, 2005, 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).

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

HALL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 12. Long-term Debt (Continued)

The maturity schedule of the 2011 series bonds is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
6/30/2013	\$ 105,000	\$ 368,841	\$ 473,841
6/30/2014	105,000	368,238	473,238
6/30/2015	110,000	367,320	477,320
6/30/2016	110,000	366,110	476,110
6/30/2017	110,000	364,625	474,625
06/30/18 to 22	595,000	1,785,306	2,380,306
06/30/23 to 27	1,465,000	1,672,023	3,137,023
06/30/28 to 32	5,810,000	929,521	6,739,521
6/30/2033	1,510,000	40,668	1,550,668
Totals	<u>\$ 9,920,000</u>	<u>\$ 6,262,652</u>	<u>\$ 16,182,652</u>

The maturity schedule of the 2012 series bonds is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
6/30/2013	\$ 760,000	\$ 111,523	\$ 871,523
6/30/2014	765,000	108,280	873,280
6/30/2015	765,000	103,690	868,690
6/30/2016	775,000	97,138	872,138
6/30/2017	785,000	88,749	873,749
06/30/18 to 22	4,095,000	261,020	4,356,020
6/30/2023	475,000	5,700	480,700
Totals	<u>\$ 8,420,000</u>	<u>\$ 776,100</u>	<u>\$ 9,196,100</u>

Changes in long-term debt are as follows:

	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2012</u>
Bonds	\$ 20,530,000	\$ 18,420,000	\$ (20,610,000)	\$ 18,340,000

HALL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

Note 13. Net Assets/Fund Balances

The government-wide statement of net assets reports \$4,656,414 of restricted net assets. Net assets totaling \$1,506,859 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.

As of June 30, 2012, governmental fund balances are classified as follows:

	General Fund	Jail Bond Fund	Inheritance Fund	Road Fund	Insurance Fund	Other Funds	Total
<b>Fund balances:</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ 885,269	\$ -	\$ -	\$ -	\$ -	\$ 885,269
Capital projects - Extension Office	26,014	-	-	-	-	-	26,014
Parks & recreation	-	-	-	-	-	10,139	10,139
911 emergency services	-	-	-	-	-	49,893	49,893
Visitors promotion/improvement	-	-	-	-	-	369,119	369,119
Veterans services	-	-	-	-	-	44,187	44,187
Drug enforcement	-	-	-	-	-	41,433	41,433
Keno lottery	-	-	-	-	-	462,513	462,513
Traffic safety	-	-	-	-	-	28,045	28,045
Health & life insurance claims	-	-	-	-	2,554,877	-	2,554,877
Indigent welfare	-	-	-	-	-	184,925	184,925
Total Restricted	26,014	885,269	-	-	2,554,877	1,190,254	4,656,414
<b>Committed to:</b>							
Street & highways	-	-	-	552,993	-	-	552,993
Special projects	-	-	-	-	-	21,429	21,429
Equipment & improvement costs	-	-	-	-	-	143,304	143,304
Sick & vacation compensation	-	-	-	-	-	39,107	39,107
Building & land improvements	-	-	-	-	-	529,404	529,404
Unemployment compensation	-	-	-	-	-	69,030	69,030
Insurance claims	-	-	-	-	282,354	508,084	790,438
Drug court	-	-	-	-	-	130,205	130,205
Inmate welfare	-	-	-	-	-	94,980	94,980
Weed control	-	-	-	-	-	91,302	91,302
Total Committed	-	-	-	552,993	282,354	1,626,845	2,462,192
<b>Assigned to:</b>							
Capital projects	-	-	2,293,790	-	-	-	2,293,790
Property tax relief	-	-	764,597	-	-	-	764,597
Total Assigned	-	-	3,058,386	-	-	-	3,058,386
<b>Unassigned:</b>	7,385,632	-	-	-	-	-	7,385,632
Total fund balances	\$7,411,646	\$ 885,269	\$ 3,058,386	\$552,993	\$2,837,231	\$2,817,099	\$ 17,562,624

HALL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012

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. 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, 2012:

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	\$ 767,160
Less: amount representing interest	<u>(54,865)</u>
Present value of minimum lease payments	<u>\$ 712,295</u>

Note 15. Financial Statement Presentation

Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation.

Note 16. Subsequent Events

The County has evaluated subsequent events from the date of the financial statements through the date financial statements were available to be issued and have noted the following item for disclosure:

On November 6, 2012, the Hall County voters approved the merger of the offices of the Register of Deeds and County Assessor with oversight by one elected official. The current elected officials will continue to hold office until November, 2014.

OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON

HALL COUNTY  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
GENERAL GOVERNMENTAL FUND  
For the Year Ended June 30, 2012

	Budget (Original & Final)	Actual	Budget Variance
<b>Receipts</b>			
Taxes			
Property and motor vehicle taxes/fees	\$ 15,922,106	\$ 15,627,106	\$ 295,000
Intergovernmental receipts			
Federal			
Inmate housing	3,000	2,907	93
Child support-Title IV-D	390,000	276,983	113,017
Medical Assistance Program	33,000	101,158	(68,158)
Other	402,239	305,915	96,324
State			
State aid	-	-	-
Airline and carline tax allocation	77,000	62,601	14,399
Insurance tax allocation	80,000	72,392	7,608
Pro-rate motor vehicle	49,000	52,714	(3,714)
Homestead exemption	-	435,743	(435,743)
Property tax credit	-	512,002	(512,002)
Other	457,572	48,254	409,318
Local fees, licenses, commissions and miscellaneous			
Licenses and permits	9,120	13,405	(4,285)
In lieu of taxes	66,100	71,679	(5,579)
Inter local agreements	265,466	256,558	8,908
Treasurer fees	294,000	303,859	(9,859)
Clerk fees	6,250	6,469	(219)
Register of Deed fees	260,000	326,103	(66,103)
Clerk of the District Court fees	107,800	120,715	(12,915)
Election Commissioner	10,100	2,941	7,159
Sheriff fees	2,368,717	2,178,767	189,950
Attorney fees	5,000	6,064	(1,064)
Jail fees	88,000	176,008	(88,008)
Interest on investments	25,025	15,628	9,397
Sale of surplus property	-	11,606	(11,606)
Fines	6,000	3,399	2,601
Commissions	689,500	754,718	(65,218)
Miscellaneous	146,463	189,501	(43,038)
Parks and recreation fees	31,000	34,434	(3,434)
Insurance settlements	43,000	63,232	(20,232)
<b>Total receipts</b>	<b>\$ 21,835,458</b>	<b>\$ 22,032,861</b>	<b>\$ (197,403)</b>
<b>Disbursements</b>			
General Government			
Board of Supervisors	\$ 283,291	\$ 277,806	\$ 5,485
Clerk	296,694	288,135	8,559
Treasurer	726,472	686,257	40,215

(CONTINUED)

See Notes to Other Supplementary Information - Budgetary Comparison



HALL COUNTY  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
GENERAL GOVERNMENT FUND  
For the Year Ended June 30, 2012

Disbursements (Continued)	Budget (Original & Final)	Actual	Budget Variance
Assessor	410,413	393,696	16,717
Superintendent of Schools	4,000	4,000	-
Register of Deeds	190,934	188,333	2,601
Data processing	688,830	665,116	23,714
Election Commissioner	141,945	126,784	15,161
Clerk of the District Court	428,668	421,222	7,446
Special election	24,288	-	24,288
Justice system	1,378,530	1,160,223	218,307
County Court system	26,028	25,987	41
Building and Grounds	771,765	748,757	23,008
Agriculture Extension Agent	239,143	198,980	40,163
District Judge	140,570	133,770	6,800
Public Defender	557,393	543,577	13,816
Cadastral maps	73,440	67,060	6,380
Miscellaneous	1,431,534	1,141,552	289,982
Public Safety			
Sheriff	3,102,720	2,796,171	306,549
Attorney	1,419,304	1,373,757	45,547
Jail	5,689,652	5,488,980	200,672
Building Inspector	8,691	8,622	69
Probation Officer	38,325	38,302	23
Grants	372,009	70,245	301,764
Juvenile diversion	190,246	133,188	57,058
Safety	7,900	4,765	3,135
Miscellaneous	403,963	387,048	16,915
Public Works			
Surveyor	88,459	86,946	1,513
Miscellaneous	124,651	108,428	16,223
Public Welfare and Social Services			
Veteran's Service Officer	294,635	269,579	25,056
Miscellaneous	563,271	470,269	93,002
Culture and Recreation			
Stuhr Museum	840,000	840,000	-
Miscellaneous	17,000	14,472	2,528
Public Health			
Miscellaneous	539,555	539,555	-
<b>Total disbursements</b>	<b>\$ 21,514,319</b>	<b>\$ 19,701,582</b>	<b>\$ 1,812,737</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>\$ 321,139</b>	<b>\$ 2,331,279</b>	<b>\$ (2,010,140)</b>

(CONTINUED)

See Notes to Other Supplementary Information - Budgetary Comparison

HALL COUNTY  
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
 GENERAL GOVERNMENT FUND  
 For the Year Ended June 30, 2012

	Budget (Original & Final)	Actual	Budget Variance
<b>Other Financing Sources</b>			
Transfers in	\$ 1,031,304	\$ 992,144	\$ 39,160
Transfers out	<u>(2,220,805)</u>	<u>(2,085,685)</u>	<u>(135,120)</u>
Total other financing sources	<u>\$ (1,189,501)</u>	<u>\$ (1,093,541)</u>	<u>\$ (95,960)</u>
Net change in fund balance	\$ (868,362)	\$ 1,237,738	\$ (2,106,100)
<b>Fund balance - beginning</b>	<u>6,173,908</u>	<u>6,173,908</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 5,305,546</u></u>	<u><u>\$ 7,411,646</u></u>	<u><u>\$ (2,106,100)</u></u>

See Notes to Other Supplementary Information - Budgetary Comparison

HALL COUNTY  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2012

	Budget (Original)	Budget (Final)	Actual	Budget Variance
<b><u>Jail Bond</u></b>				
Receipts				
Taxes - property/motor vehicle	\$ 1,433,952	\$ 1,433,952	\$ 1,406,858	\$ 27,094
Intergovernmental receipts:				
State:				
Homestead exemption	-	-	42,940	(42,940)
Property tax credit	-	-	50,356	(50,356)
Pro-rate motor vehicles	5,000	5,000	5,252	(252)
Carline/airline tax	3,000	3,000	2,928	72
Local fees, licenses, etc.:				
In-lieu-of tax	5,000	5,000	7,111	(2,111)
Interest	-	-	197	(197)
Proceeds of long-term debt	-	18,420,000	18,420,000	-
Total receipts	<u>\$ 1,446,952</u>	<u>\$ 19,866,952</u>	<u>\$ 19,935,642</u>	<u>\$ (68,690)</u>
Disbursements				
Debt servicing	4,013,938	22,433,938	21,617,359	816,579
Total disbursements	<u>\$ 4,013,938</u>	<u>\$ 22,433,938</u>	<u>\$ 21,617,359</u>	<u>\$ 816,579</u>
Net change in fund balance	\$ (2,566,986)	\$ (2,566,986)	\$ (1,681,717)	\$ (885,269)
Fund balance - beginning	<u>2,566,986</u>	<u>2,566,986</u>	<u>2,566,986</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 885,269</u>	<u>\$ (885,269)</u>
<b><u>Inheritance Tax</u></b>				
Receipts				
Intergovernmental receipts:				
State - other	\$ -	\$ -	\$ -	\$ -
Local fees, licenses, etc.:				
Interest	50,000	50,000	21,090	28,910
Inheritance tax	800,000	800,000	1,295,509	(495,509)
Interfund transfers	200,000	200,000	64,881	135,119
Total receipts	<u>\$ 1,050,000</u>	<u>\$ 1,050,000</u>	<u>\$ 1,381,480</u>	<u>\$ (331,480)</u>
Disbursements				
Operating expense	\$ 700,246	\$ 700,246	\$ 12,500	\$ 687,746
Capital outlay	1,000,000	1,000,000	-	1,000,000
Interfund transfers	891,304	891,304	852,144	39,160
Total disbursements	<u>\$ 2,591,550</u>	<u>\$ 2,591,550</u>	<u>\$ 864,644</u>	<u>\$ 1,726,906</u>
Net change in fund balance	\$ (1,541,550)	\$ (1,541,550)	\$ 516,836	\$ (2,058,386)
Fund balance - beginning	<u>2,541,550</u>	<u>2,541,550</u>	<u>2,541,550</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 3,058,386</u>	<u>\$ (2,058,386)</u>

See Notes to Other Supplementary Information - Budgetary Comparison

SCHEDULE 2 (CONTINUED)

HALL COUNTY  
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
 MAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2012

	Budget (Original)	Budget (Final)	Actual	Budget Variance
<b><u>Road Fund</u></b>				
Receipts				
Intergovernmental receipts:				
Federal - other grants	\$ -	\$ -	\$ -	\$ -
State:				
Highway/street allocations	1,810,893	1,810,893	1,979,564	(168,671)
Motor vehicle fee	185,000	185,000	179,357	5,643
Incentive payments	10,500	10,500	10,500	-
Local fees, licenses, etc.:				
Machine hire	4,000	4,000	20,311	(16,311)
Sale of supplies & materials	21,001	21,001	26,141	(5,140)
Sale of property	3,500	3,500	10,543	(7,043)
Other	252,700	252,700	243,656	9,044
Interfund transfers	1,766,528	1,766,528	1,766,528	-
Total receipts	<u>\$ 4,054,122</u>	<u>\$ 4,054,122</u>	<u>\$ 4,236,600</u>	<u>\$ (182,478)</u>
Disbursements				
Personal service	\$ 1,352,300	\$ 1,352,300	\$ 1,310,354	\$ 41,946
Operating expense	102,500	102,500	116,809	(14,309)
Supplies/material	910,900	910,900	910,899	1
Equipment rental	216,307	216,307	215,148	1,159
Capital outlay	1,360,506	1,360,506	1,217,999	142,507
Interfund transfers	299,173	299,173	299,972	(799)
Total disbursements	<u>\$ 4,241,686</u>	<u>\$ 4,241,686</u>	<u>\$ 4,071,181</u>	<u>\$ 170,505</u>
Net change in fund balance	\$ (187,564)	\$ (187,564)	\$ 165,419	\$ (352,983)
<b>Fund balance - beginning</b>	<u>387,574</u>	<u>387,574</u>	<u>387,574</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 200,010</u>	<u>\$ 200,010</u>	<u>\$ 552,993</u>	<u>\$ (352,983)</u>
<b><u>Insurance Fund</u></b>				
Receipts				
Other	\$ 2,652,022	\$ 2,652,022	\$ 2,508,172	\$ 143,850
Interfund transfers	356,485	356,485	356,656	(171)
Total receipts	<u>\$ 3,008,507</u>	<u>\$ 3,008,507</u>	<u>\$ 2,864,828</u>	<u>\$ 143,679</u>
Disbursements				
Personal service	\$ 565,000	\$ 565,000	\$ 459,706	\$ 105,294
Operating expense	2,728,331	2,728,331	1,812,558	915,773
Total disbursements	<u>\$ 3,293,331</u>	<u>\$ 3,293,331</u>	<u>\$ 2,272,264</u>	<u>\$ 1,021,067</u>
Net change in fund balance	\$ (284,824)	\$ (284,824)	\$ 592,564	\$ (877,388)
<b>Fund balance - beginning</b>	<u>2,244,667</u>	<u>2,244,667</u>	<u>2,244,667</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 1,959,843</u>	<u>\$ 1,959,843</u>	<u>\$ 2,837,231</u>	<u>\$ (877,388)</u>

See Notes to Other Supplementary Information - Budgetary Comparison

HALL COUNTY  
NOTES TO OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON  
June 30, 2012

Budgetary Comparison Schedules

Note 1. Presentation

The County has presented budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. These budgetary comparison schedules 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.

An amendment to the original budget for the year ended June 30, 2012 was approved by the Board of Supervisors on June 19, 2012 to reflect the refunding of the Series 2006 general obligation bonds within the Jail Bond fund. Original and final budget amounts are presented in separate columns on the budgetary comparison schedule for major funds (Schedule 2). Only one column was used to indicate original and final budgets on the budgetary comparison schedule for the General Fund as there were no changes to the budget for this fund.

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 and controls 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.

HALL COUNTY  
NOTES TO OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON  
June 30, 2012

Note 2. Budget Process (Continued)

- 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.

Note 3. Budget Shortages

There were no expenditures in excess of budgeted appropriations at the appropriate budgetary control level for the year ended June 30, 2012.

OTHER SUPPLEMENTARY INFORMATION

HALL COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
 NONMAJOR GOVERNMENT FUNDS  
 For the Year Ended June 30, 2012

	Equipment & Improvement Reserve	Building & Improvement Reserve	Insurance Reserve	Sick & Vacation Liability	Special Revenue	Reappraisal
<b>Receipts</b>						
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	-	119,744	-	-	-	-
Commissary sales	-	-	-	-	-	-
House arrest	-	-	-	-	-	-
Weed spraying assessment	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Lottery	-	-	-	-	-	-
Other	35,400	45,204	-	21,900	19,325	-
Interfund transfers	-	200,000	-	27,000	-	-
<b>Total receipts</b>	<b>\$ 35,400</b>	<b>\$ 364,948</b>	<b>\$ -</b>	<b>\$ 48,900</b>	<b>\$ 19,325</b>	<b>\$ -</b>
<b>Disbursements</b>						
Personal service	\$ -	\$ -	\$ -	\$ 52,920	\$ -	\$ -
Operating expense	-	-	-	-	-	-
Supplies & material	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-
Capital outlay	38,299	322,635	-	-	8,984	-
Debt servicing	-	-	-	-	-	-
Interfund transfers	-	-	-	-	-	-
<b>Total disbursements</b>	<b>\$ 38,299</b>	<b>\$ 322,635</b>	<b>\$ -</b>	<b>\$ 52,920</b>	<b>\$ 8,984</b>	<b>\$ -</b>
Net change in fund balance	\$ (2,899)	\$ 42,313	\$ -	\$ (4,020)	\$ 10,341	\$ -
<b>Fund balances - beginning</b>	<b>146,203</b>	<b>487,091</b>	<b>508,084</b>	<b>43,127</b>	<b>21,227</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 143,304</b>	<b>\$ 529,404</b>	<b>\$ 508,084</b>	<b>\$ 39,107</b>	<b>\$ 31,568</b>	<b>\$ -</b>
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 10,139	\$ -
Committed	143,304	529,404	508,084	39,107	21,429	-
	<b>\$ 143,304</b>	<b>\$ 529,404</b>	<b>\$ 508,084</b>	<b>\$ 39,107</b>	<b>\$ 31,568</b>	<b>\$ -</b>



HALL COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
 NONMAJOR GOVERNMENT FUNDS  
 For the Year Ended June 30, 2012

Employment Security	Keno Lottery	Keno Reserve	Street Improvements	Noxious Weed	Visitors Promotion	Visitor Promo Improvement	Canine
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	373,149	373,149	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	156	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	150,333	-	-	-
20	700	564	-	-	-	-	-
-	781,960	-	-	-	-	-	-
25,200	7,733	-	-	967	-	-	-
49,650	-	-	-	137,627	-	-	-
<u>\$ 74,870</u>	<u>\$ 790,393</u>	<u>\$ 564</u>	<u>\$ -</u>	<u>\$ 289,083</u>	<u>\$ 373,149</u>	<u>\$ 373,149</u>	<u>\$ -</u>
\$ 15,871	\$ 12,255	\$ -	\$ -	\$ 120,806	\$ -	\$ -	\$ -
-	463,885	564	-	15,595	346,617	313,355	-
-	-	-	-	73,471	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,882	-	-	-
-	-	-	-	-	-	-	-
-	250,000	-	-	18,429	-	-	-
<u>\$ 15,871</u>	<u>\$ 726,140</u>	<u>\$ 564</u>	<u>\$ -</u>	<u>\$ 235,183</u>	<u>\$ 346,617</u>	<u>\$ 313,355</u>	<u>\$ -</u>
\$ 58,999	\$ 64,253	\$ -	\$ -	\$ 53,900	\$ 26,532	\$ 59,794	\$ -
10,031	348,260	50,000	-	37,402	-	282,793	-
<u>\$ 69,030</u>	<u>\$ 412,513</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 91,302</u>	<u>\$ 26,532</u>	<u>\$ 342,587</u>	<u>\$ -</u>
\$ -	\$ 412,513	\$ 50,000	\$ -	\$ -	\$ 26,532	\$ 342,587	\$ -
69,030	-	-	-	91,302	-	-	-
<u>\$ 69,030</u>	<u>\$ 412,513</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 91,302</u>	<u>\$ 26,532</u>	<u>\$ 342,587</u>	<u>\$ -</u>

(CONTINUED)

HALL COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
 NONMAJOR GOVERNMENT FUNDS  
 For the Year Ended June 30, 2012

	Drug Court	Drug Seizure	Drug Enforcement	Federal Drug Forfeiture	Diversion	Inmate Welfare
<b>Receipts</b>						
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	159,567	-	-	-	-	-
Other	-	-	-	-	-	-
Local fees, licenses, commissions and miscellaneous:						
In-lieu-of tax	-	-	-	-	-	-
911 surcharges	-	-	-	-	-	-
Sale of supplies & materials	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Commissary sales	-	-	-	-	-	186,909
House arrest	-	-	-	-	-	14,904
Weed spraying assessment	-	-	-	-	-	-
Interest	-	-	-	29	-	-
Lottery	-	-	-	-	-	-
Other	58,847	-	2,328	5,954	11,398	155,204
Interfund transfers	-	-	-	-	-	-
<b>Total receipts</b>	<b>\$ 218,414</b>	<b>\$ -</b>	<b>\$ 2,328</b>	<b>\$ 5,983</b>	<b>\$ 11,398</b>	<b>\$ 357,017</b>
<b>Disbursements</b>						
Personal service	\$ 168,199	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expense	55,059	-	9	4,241	9,363	267,074
Supplies & material	9,110	-	-	-	-	3,405
Equipment rental	2,400	-	-	-	-	-
Capital outlay	4,308	-	-	6,995	-	19,467
Debt servicing	-	-	-	-	-	-
Interfund transfers	38,256	-	-	-	-	50,000
<b>Total disbursements</b>	<b>\$ 277,332</b>	<b>\$ -</b>	<b>\$ 9</b>	<b>\$ 11,236</b>	<b>\$ 9,363</b>	<b>\$ 339,946</b>
<b>Net change in fund balance</b>	<b>\$ (58,918)</b>	<b>\$ -</b>	<b>\$ 2,319</b>	<b>\$ (5,253)</b>	<b>\$ 2,035</b>	<b>\$ 17,071</b>
<b>Fund balances - beginning</b>	<b>189,123</b>	<b>256</b>	<b>8,540</b>	<b>35,571</b>	<b>26,010</b>	<b>77,909</b>
<b>Fund balances - ending</b>	<b>\$ 130,205</b>	<b>\$ 256</b>	<b>\$ 10,859</b>	<b>\$ 30,318</b>	<b>\$ 28,045</b>	<b>\$ 94,980</b>
Restricted	\$ -	\$ 256	\$ 10,859	\$ 30,318	\$ 28,045	\$ -
Committed	130,205	-	-	-	-	94,980
<b>Total</b>	<b>\$ 130,205</b>	<b>\$ 256</b>	<b>\$ 10,859</b>	<b>\$ 30,318</b>	<b>\$ 28,045</b>	<b>\$ 94,980</b>

HALL COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
 NONMAJOR GOVERNMENT FUNDS  
 For the Year Ended June 30, 2012

ADA Fund	Institutions	Dependent	Veterans Services	Emergency Management	Total Nonmajor Governmental Funds
\$ -	\$ 11,075	\$ 86,908	\$ 7,561	\$ -	\$ 105,544
-	-	-	-	-	-
-	-	-	-	-	746,298
-	170	2,508	187	-	2,865
-	71	2,830	185	-	3,086
-	31	316	26	-	373
-	9	169	12	-	190
-	-	-	-	-	159,567
-	-	-	-	-	-
-	12	418	31	-	461
-	-	-	-	236,924	236,924
-	-	-	-	-	-
-	-	-	-	-	119,900
-	-	-	-	-	186,909
-	-	-	-	-	14,904
-	-	-	-	-	150,333
-	-	-	-	-	1,313
-	-	-	-	-	781,960
-	-	2,628	-	-	392,088
-	-	-	-	-	414,277
<u>\$ -</u>	<u>\$ 11,368</u>	<u>\$ 95,777</u>	<u>\$ 8,002</u>	<u>\$ 236,924</u>	<u>\$ 3,316,992</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 370,051
-	13,591	55,054	16,376	237,000	1,797,783
-	-	-	-	-	85,986
-	-	-	-	-	2,400
-	-	-	-	-	407,570
-	-	-	-	-	-
-	-	-	-	-	356,685
<u>\$ -</u>	<u>\$ 13,591</u>	<u>\$ 55,054</u>	<u>\$ 16,376</u>	<u>\$ 237,000</u>	<u>\$ 3,020,475</u>
\$ -	\$ (2,223)	\$ 40,723	\$ (8,374)	\$ (76)	\$ 296,517
-	73,486	72,939	52,561	49,969	2,520,582
<u>\$ -</u>	<u>\$ 71,263</u>	<u>\$ 113,662</u>	<u>\$ 44,187</u>	<u>\$ 49,893</u>	<u>\$ 2,817,099</u>
\$ -	\$ 71,263	\$ 113,662	\$ 44,187	\$ 49,893	\$ 1,190,254
-	-	-	-	-	1,626,845
<u>\$ -</u>	<u>\$ 71,263</u>	<u>\$ 113,662</u>	<u>\$ 44,187</u>	<u>\$ 49,893</u>	<u>\$ 2,817,099</u>

HALL COUNTY  
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2012

	State	Schools	Natural Resource District	Fire Districts	Municipalities	Agricultural Society
<b>ASSETS</b>						
<b>Cash and cash equivalents</b>						
Total assets - beginning	\$ 902,101	\$ 1,120,745	\$ 27,127	\$ 12,290	\$ 203,624	\$ 2,404
Additions	10,541,250	54,441,049	1,931,610	509,240	10,941,490	155,399
Deductions	(10,473,144)	(54,528,177)	(1,932,324)	(513,465)	(10,879,677)	(155,779)
Total assets - ending	<u>\$ 970,207</u>	<u>\$ 1,033,617</u>	<u>\$ 26,413</u>	<u>\$ 8,065</u>	<u>\$ 265,437</u>	<u>\$ 2,024</u>
<b>LIABILITIES</b>						
<b>Due to other governments</b>						
Total liabilities - beginning	\$ 902,101	\$ 1,120,745	\$ 27,127	\$ 12,290	\$ 203,624	\$ 2,404
Additions	10,541,250	54,441,049	1,931,610	509,240	10,941,490	155,399
Deductions	(10,473,144)	(54,528,177)	(1,932,324)	(513,465)	(10,879,677)	(155,779)
Total liabilities - ending	<u>\$ 970,207</u>	<u>\$ 1,033,617</u>	<u>\$ 26,413</u>	<u>\$ 8,065</u>	<u>\$ 265,437</u>	<u>\$ 2,024</u>

HALL COUNTY  
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2012

Partial Payment	Townships	Airport Authority	Social Security	Lodging Sales Tax	Unclaimed Property Trust Fund	SID	Total
\$ 17,798	\$ 5,491	\$ 12,711	\$ 170	\$ 411	\$ -	\$ 2,163	\$ 2,307,035
69,347 (66,931)	22 -	832,035 (833,907)	- (170)	1,794 (1,888)	- -	- (2,112)	79,423,236 (79,387,574)
<u>\$ 20,214</u>	<u>\$ 5,513</u>	<u>\$ 10,839</u>	<u>\$ -</u>	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ 2,342,697</u>

\$ 17,798	\$ 5,491	\$ 12,711	\$ 170	\$ 411	\$ -	\$ 2,163	\$ 2,307,035
69,347 (66,931)	22 -	832,035 (833,907)	- (170)	1,794 (1,888)	- -	- (2,112)	79,423,236 (79,387,574)
<u>\$ 20,214</u>	<u>\$ 5,513</u>	<u>\$ 10,839</u>	<u>\$ -</u>	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ 2,342,697</u>

HALI COUNTY  
 SCHEDULE OF DISBURSEMENTS COMPARED TO BUDGET - CASH BASIS  
 GENERAL FUND BY DEPARTMENT  
 For the Year Ended June 30, 2012  
 With Comparative Totals For The Year Ended June 30, 2011

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	\$ 272,177	\$ 208,269	\$ 659,122	\$ 333,303	\$ -	\$ 183,017	\$ 242,961	\$ 100,211	\$ 407,960
Operating expenses	5,106	75,226	5,399	54,452	4,000	3,524	336,562	7,810	1,875
Supplies/material	523	4,497	15,810	5,941	-	649	768	18,763	7,896
Equipment rental	-	-	-	-	-	-	-	-	-
Capital outlay	-	143	5,926	-	-	1,143	84,825	-	3,491
Interfund transfers	-	-	-	-	-	-	-	-	-
<b>Total Disbursements</b>	<b>\$ 277,806</b>	<b>\$ 288,135</b>	<b>\$ 686,257</b>	<b>\$ 393,696</b>	<b>\$ 4,000</b>	<b>\$ 188,333</b>	<b>\$ 665,116</b>	<b>\$ 126,784</b>	<b>\$ 421,222</b>
<b>Budget</b>	<b>283,291</b>	<b>296,694</b>	<b>726,472</b>	<b>410,413</b>	<b>4,000</b>	<b>190,934</b>	<b>688,830</b>	<b>141,945</b>	<b>428,668</b>
<b>Favorable</b>	<b>\$ 5,485</b>	<b>\$ 8,559</b>	<b>\$ 40,215</b>	<b>\$ 16,717</b>	<b>\$ -</b>	<b>\$ 2,601</b>	<b>\$ 23,714</b>	<b>\$ 15,161</b>	<b>\$ 7,446</b>

Public Safety									
	Sheriff	Attorney	Jail	Building Inspector	Misc	Probation Officer	Grants	Juvenile Diversion/Attention	Safety
Disbursements:									
Personal service	\$ 2,389,684	\$ 1,314,051	\$ 4,140,485	\$ 6,769	\$ -	\$ -	\$ -	\$ 119,927	\$ -
Operating expenses	111,856	36,627	1,240,078	454	387,048	8,478	-	10,482	4,101
Supplies/material	135,220	16,500	73,923	1,399	-	17,475	-	2,779	76
Equipment rental	-	-	-	-	-	2,909	-	-	-
Capital outlay	159,411	6,579	34,494	-	-	9,440	70,245	-	588
Interfund transfers	-	-	-	-	-	-	-	-	-
<b>Total Disbursements</b>	<b>\$ 2,796,171</b>	<b>\$ 1,373,757</b>	<b>\$ 5,488,980</b>	<b>\$ 8,622</b>	<b>\$ 387,048</b>	<b>\$ 38,302</b>	<b>\$ 70,245</b>	<b>\$ 133,188</b>	<b>\$ 4,765</b>
<b>Budget</b>	<b>3,102,720</b>	<b>1,419,304</b>	<b>5,689,652</b>	<b>8,691</b>	<b>403,963</b>	<b>38,325</b>	<b>372,009</b>	<b>190,246</b>	<b>7,900</b>
<b>Favorable</b>	<b>\$ 306,549</b>	<b>\$ 45,547</b>	<b>\$ 200,672</b>	<b>\$ 69</b>	<b>\$ 16,915</b>	<b>\$ 23</b>	<b>\$ 301,764</b>	<b>\$ 57,058</b>	<b>\$ 3,135</b>

HALL COUNTY  
 SCHEDULE OF DISBURSEMENTS COMPARED TO BUDGET - CASH BASIS  
 GENERAL FUND BY DEPARTMENT  
 For the Year Ended June 30, 2012  
 With Comparative Totals For The Year Ended June 30, 2011

General Government									
Special Election	Justice System	County Court System	Building and Grounds	Agriculture Ext. Agent	Misc.	District Judge	Public Defender	Equipment Acquisition	Cadastral Maps
\$ -	\$ 22,985	\$ -	\$ 429,113	\$ 137,283	\$ 288	\$ 127,715	\$ 514,181	\$ -	\$ 61,432
-	1,137,238	1,442	231,731	48,506	1,141,264	1,053	25,497	-	5,174
-	-	20,269	32,567	2,805	-	3,472	2,299	-	170
-	-	-	309	3,192	-	-	-	-	-
-	-	4,276	55,037	7,194	-	1,530	1,600	-	284
-	-	-	-	-	-	-	-	-	-
\$ -	\$ 1,160,223	\$ 25,987	\$ 748,757	\$ 198,980	\$ 1,141,552	\$ 133,770	\$ 543,577	\$ -	\$ 67,060
24,288	1,378,530	26,028	771,765	239,143	1,431,534	140,570	557,393	-	73,440
<u>\$ 24,288</u>	<u>\$ 218,307</u>	<u>\$ 41</u>	<u>\$ 23,008</u>	<u>\$ 40,163</u>	<u>\$ 289,982</u>	<u>\$ 6,800</u>	<u>\$ 13,816</u>	<u>\$ -</u>	<u>\$ 6,380</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) 2012	(Memorandum only) 2011
\$ 86,171	\$ -	\$ 246,462	\$ 339,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,343,333	12,227,070
615	108,428	21,224	125,046	-	840,000	9,942	539,555	-	6,529,793	6,819,063
10	-	693	5,226	-	-	-	-	-	369,730	326,535
-	-	-	-	-	-	-	-	-	6,410	12,953
150	-	1,200	230	-	-	4,530	-	-	452,316	643,896
-	-	-	-	-	-	-	-	2,085,685	2,085,685	1,777,593
\$ 86,946	\$ 108,428	\$ 269,579	\$ 470,269	\$ -	\$ 840,000	\$ 14,472	\$ 539,555	\$ 2,085,685	\$ 21,787,267	\$ 21,807,110
88,459	124,651	294,635	563,271	-	840,000	17,000	539,555	2,220,805	23,735,124	23,429,249
<u>\$ 1,513</u>	<u>\$ 16,223</u>	<u>\$ 25,056</u>	<u>\$ 93,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,528</u>	<u>\$ -</u>	<u>\$ 135,120</u>	<u>\$ 1,947,857</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, 2012  
 With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
Receipts:		
Imprest - Vendor	\$ 21,828,740	\$ 23,367,887
Imprest - Payroll	11,862,238	11,658,044
Recording fees	133	210
Photo copy	3,609	3,300
Marriage licenses	6,360	6,465
Plat books	<u>650</u>	<u>690</u>
Total receipts	\$ 33,701,730	\$ 35,036,596
Disbursements:		
Imprest - Vendor	\$ 21,828,740	\$ 23,367,887
Imprest - Payroll	11,862,238	11,658,044
Recording fees	153	200
Photo copy	3,616	3,275
Marriage licenses	6,300	6,435
Plat books	690	689
Game and parks	<u>134</u>	<u>-</u>
Total disbursements	<u>\$ 33,701,871</u>	<u>\$ 35,036,530</u>
Receipts over (under) disbursements	\$ (141)	\$ 66
Cash balance, beginning of year	<u>13,206</u>	<u>13,140</u>
Cash balance, end of year	<u>\$ 13,065</u>	<u>\$ 13,206</u>
Cash balance consists of:		
Cash on hand	\$ 27	\$ 27
Cash in bank	<u>13,038</u>	<u>13,179</u>
Total cash balance	<u>\$ 13,065</u>	<u>\$ 13,206</u>



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, 2012  
 With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
Receipts:		
Fees	\$ 644,795	\$ 302,988
Interest	-	3
Trust receipts	778,646	1,091,897
Alimony/Child Support Work Release/Judgements	<u>1,801,688</u>	<u>1,169,064</u>
Total receipts	\$ 3,225,129	\$ 2,563,952
Disbursements:		
Fees	\$ 654,648	\$ 305,873
Interest	7	13
Trust disbursements	1,434,147	510,821
Alimony/Child Support Work Release/Judgements	<u>1,836,739</u>	<u>1,223,529</u>
Total disbursements	<u>\$ 3,925,541</u>	<u>\$ 2,040,236</u>
Receipts over (under) disbursements	\$ (700,412)	\$ 523,716
Cash balance, beginning of year	<u>1,443,689</u>	<u>919,973</u>
Cash balance, end of year	<u>\$ 743,277</u>	<u>\$ 1,443,689</u>
Cash balance consists of:		
Cash on hand	\$ 200	\$ 200
Cash in bank	<u>743,077</u>	<u>1,443,489</u>
Total cash balance	<u>\$ 743,277</u>	<u>\$ 1,443,689</u>
Cash balance due to other governments	<u>\$ 9,316</u>	<u>\$ 13,112</u>
Cash balance due to others	<u>\$ 713,544</u>	<u>\$ 1,411,920</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, 2012  
With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
<b>Receipts:</b>		
Writ fees, commissions, mileage, etc.	\$ 353,623	\$ 480,239
Vehicle inspection	38,730	37,740
Distress warrant collections	97,836	60,019
Hand gun permits	1,340	1,085
Law enforcement	<u>2,012</u>	<u>1,309</u>
Total receipts	\$ 493,541	\$ 580,392
<b>Disbursements:</b>		
Writ fees, commissions, mileage, etc.	\$ 347,718	\$ 487,302
Vehicle inspection	38,370	38,300
Distress warrant collection	99,737	56,625
Hand gun permits	1,335	1,090
Law enforcement	<u>2,012</u>	<u>1,309</u>
Total disbursements	<u>\$ 489,172</u>	<u>\$ 584,626</u>
Receipts over (under) disbursements	\$ 4,369	\$ (4,234)
Cash balance, beginning of year	<u>37,773</u>	<u>42,007</u>
Cash balance, end of year	<u><u>\$ 42,142</u></u>	<u><u>\$ 37,773</u></u>
<b>Cash balance consists of:</b>		
Cash on hand	\$ 1,405	\$ 768
Cash in bank	<u>40,737</u>	<u>37,005</u>
Total cash balance	<u><u>\$ 42,142</u></u>	<u><u>\$ 37,773</u></u>

HALL COUNTY  
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES  
DEPARTMENT OF CORRECTIONS  
For the Year Ended June 30, 2012  
With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
Receipts:		
ICE detainee housing	\$ 1,741,418	\$ 1,934,508
State prisoner housing	-	236,721
Federal prisoner housing	2,907	3,843
Miscellaneous receipts	54	-
Inmate welfare	5,097	10,519
Inmate trust	<u>1,128,624</u>	<u>1,171,407</u>
Total receipts	\$ 2,878,100	\$ 3,356,998
Disbursements:		
ICE detainee housing	\$ 1,741,418	\$ 1,934,508
State prisoner housing	-	236,721
Federal prisoner housing	2,907	3,843
Miscellaneous receipts	699	1,261
Inmate welfare	4,150	11,426
Inmate trust	<u>1,118,728</u>	<u>1,174,714</u>
Total disbursements	<u>\$ 2,867,902</u>	<u>\$ 3,362,473</u>
Receipts over (under) disbursements	\$ 10,198	\$ (5,475)
Cash balance, beginning of year	<u>35,907</u>	<u>41,382</u>
Cash balance, end of year	<u><u>\$ 46,105</u></u>	<u><u>\$ 35,907</u></u>
Cash balance consists of:		
Cash on hand	\$ 4,199	\$ 9,155
Cash in bank	<u>41,906</u>	<u>26,752</u>
Total cash balance	<u><u>\$ 46,105</u></u>	<u><u>\$ 35,907</u></u>
Cash balance due to others	<u><u>\$ 15,103</u></u>	<u><u>\$ 18,012</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, 2012  
 With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
Receipts:		
Service fees	\$ 129,402	\$ 122,701
Other receipts	<u>967</u>	<u>622</u>
Total receipts	\$ 130,369	\$ 123,323
Disbursements:		
County Treasurer	\$ 130,500	\$ 123,000
Other disbursements	<u>-</u>	<u>-</u>
Total disbursements	<u>\$ 130,500</u>	<u>\$ 123,000</u>
Receipts over (under) disbursements	\$ (131)	\$ 323
Cash balance, beginning of year	<u>587</u>	<u>264</u>
Cash balance, end of year	<u><u>\$ 456</u></u>	<u><u>\$ 587</u></u>
Cash balance consists of:		
Cash on hand	\$ 71	\$ 194
Cash in bank	<u>385</u>	<u>393</u>
Total cash balance	<u><u>\$ 456</u></u>	<u><u>\$ 587</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, 2012  
With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
Receipts:		
Check restitution	\$ 54,163	\$ 36,201
Criminal restitution	16,162	7,524
Law enforcement	<u>11,257</u>	<u>11,065</u>
Total receipts	\$ 81,582	\$ 54,790
Disbursements:		
Check restitution	\$ 49,254	\$ 36,088
Criminal restitution	16,088	7,642
Law enforcement	<u>13,257</u>	<u>11,290</u>
Total disbursements	<u>\$ 78,599</u>	<u>\$ 55,020</u>
Receipts over (under) disbursements	\$ 2,983	\$ (230)
Cash balance, beginning of year	<u>6,419</u>	<u>6,649</u>
Cash balance, end of year	<u><u>\$ 9,402</u></u>	<u><u>\$ 6,419</u></u>
Cash balance consists of:		
Cash on hand	\$ 180	\$ 180
Cash in bank	<u>9,222</u>	<u>6,239</u>
Total cash balance	<u><u>\$ 9,402</u></u>	<u><u>\$ 6,419</u></u>
Cash balance due to others	<u><u>\$ 5,084</u></u>	<u><u>\$ 101</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, 2012  
 With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
Receipts:		
Service fees	<u>\$ 298,520</u>	<u>\$ 497,309</u>
Total receipts	\$ 298,520	\$ 497,309
Disbursements:		
County Treasurer	<u>\$ 298,529</u>	<u>\$ 497,302</u>
Total disbursements	<u>\$ 298,529</u>	<u>\$ 497,302</u>
Receipts over (under) disbursements	\$ (9)	\$ 7
Cash balance, beginning of year	9	2
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 9</u></u>
Cash balance consists of:		
Cash on hand	<u><u>\$ -</u></u>	<u><u>\$ 9</u></u>

HALL COUNTY  
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES  
 OFFICE OF THE BUILDING INSPECTOR/ZONING  
 For the Year Ended June 30, 2012  
 With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
Receipts:		
Zoning permits	\$ 8,250	\$ 5,400
Conditional use permits	1,000	1,500
Building permits	-	3,862
Variance permits	<u>100</u>	<u>-</u>
Total receipts	\$ 9,350	\$ 10,762
Disbursements:		
County Treasurer	<u>\$ 9,350</u>	<u>\$ 12,897</u>
Total disbursements	<u>\$ 9,350</u>	<u>\$ 12,897</u>
Receipts over (under) disbursements	\$ -	\$ (2,135)
Cash balance, beginning of year	<u>150</u>	<u>2,285</u>
Cash balance, end of year	<u><u>\$ 150</u></u>	<u><u>\$ 150</u></u>
Cash balance consists of:		
Cash on hand	<u><u>\$ 150</u></u>	<u><u>\$ 150</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, 2012  
 With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
<b>Receipts:</b>		
Recording fees	\$ 218,196	\$ 204,040
Document stamp tax	485,699	301,618
Copies	<u>1,590</u>	<u>3,641</u>
Total receipts	\$ 705,485	\$ 509,299
<b>Disbursements:</b>		
County Treasurer:		
Recording fees	\$ 209,428	\$ 205,207
Document stamp tax	105,272	69,839
Copies	1,610	3,860
State:		
Document stamp tax	368,503	244,470
Miscellaneous	<u>14</u>	<u>28</u>
Total disbursements	<u>\$ 684,827</u>	<u>\$ 523,404</u>
Receipts over (under) disbursements	\$ 20,658	\$ (14,105)
Cash balance, beginning of year	<u>39,271</u>	<u>53,376</u>
Cash balance, end of year	<u><u>\$ 59,929</u></u>	<u><u>\$ 39,271</u></u>
Cash balance consists of:		
Cash on hand	\$ 4,939	\$ 6,673
Cash in bank	<u>54,990</u>	<u>32,598</u>
Total cash balance	<u><u>\$ 59,929</u></u>	<u><u>\$ 39,271</u></u>
Cash balance due to State of Nebraska	<u><u>\$ 28,525</u></u>	<u><u>\$ 19,251</u></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, 2012  
 With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
Receipts:		
County Treasurer	<u>\$ 1,021</u>	<u>\$ 12,766</u>
Total receipts	\$ 1,021	\$ 12,766
Disbursements:		
Medical/Funeral expenses	\$ 1,654	\$ -
Rent, utilities and food supplies	<u>14,722</u>	<u>1,021</u>
Total disbursements	<u>\$ 16,376</u>	<u>\$ 1,021</u>
Receipts over (under) disbursements	\$ (15,355)	\$ 11,745
Cash balance, beginning of year	<u>34,794</u>	<u>23,049</u>
Cash balance, end of year	<u><u>\$ 19,439</u></u>	<u><u>\$ 34,794</u></u>
Cash balance consists of:		
Cash in bank	<u><u>\$ 19,439</u></u>	<u><u>\$ 34,794</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, 2012  
 With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
Receipts:		
Copies	\$ 363	\$ 373
Other Fees	<u>265</u>	<u>175</u>
Total receipts	\$ 628	\$ 548
Disbursements:		
County Treasurer	<u>\$ 647</u>	<u>\$ 517</u>
Total disbursements	<u>\$ 647</u>	<u>\$ 517</u>
Receipts over (under) disbursements	\$ (19)	\$ 31
Cash balance, beginning of year	<u>47</u>	<u>16</u>
Cash balance, end of year	<u><u>\$ 28</u></u>	<u><u>\$ 47</u></u>
Cash balance consists of:		
Cash on hand	<u><u>\$ 28</u></u>	<u><u>\$ 47</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, 2012  
 With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
Receipts:		
Park fees	\$ 33,631	\$ 31,281
Picnic fees	725	640
Sales tax	2,004	1,839
Lodging tax	<u>1,875</u>	<u>1,745</u>
Total receipts	\$ 38,235	\$ 35,505
Disbursements:		
County Treasurer	<u>\$ 37,255</u>	<u>\$ 36,095</u>
Total disbursements	<u>\$ 37,255</u>	<u>\$ 36,095</u>
Receipts over (under) disbursements	\$ 980	\$ (590)
Cash balance, beginning of year	<u>790</u>	<u>1,380</u>
Cash balance, end of year	<u><u>\$ 1,770</u></u>	<u><u>\$ 790</u></u>
Cash balance consists of:		
Cash on hand	<u><u>\$ 1,770</u></u>	<u><u>\$ 790</u></u>

HALL COUNTY  
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES  
EXTENSION OFFICE  
For the Year Ended June 30, 2012  
With Comparative Totals For the Year Ended June 30, 2011

	2012	2011
Receipts:		
Reimbursed expenses - Hall Co.	\$ 58,587	\$ 56,804
Room rental fees	2,530	2,227
Interest	<u>126</u>	<u>219</u>
Total receipts	\$ 61,243	\$ 59,250
Disbursements:		
Telephone	\$ 1,960	\$ 1,889
Utilities & maintenance	35,466	42,421
Capital outlay	7,137	5,538
College Park sinking fund	4,500	4,500
Kids' College room rental	3,210	-
Office supplies	2,870	3,192
Insurance	2,543	-
Miscellaneous	<u>768</u>	<u>168</u>
Total disbursements	<u>\$ 58,454</u>	<u>\$ 57,708</u>
Receipts over (under) disbursements	\$ 2,789	\$ 1,542
Cash balance, beginning of year	<u>44,144</u>	<u>42,602</u>
Cash balance, end of year	<u><u>\$ 46,933</u></u>	<u><u>\$ 44,144</u></u>
Cash balance consists of:		
Cash on hand	\$ -	\$ 8,335
Cash in bank	20,919	9,921
Certificates of deposit - restricted	<u>26,014</u>	<u>25,888</u>
Total cash balance	<u><u>\$ 46,933</u></u>	<u><u>\$ 44,144</u></u>

HALL COUNTY  
COMPARATIVE ANALYSIS OF TAX CERTIFIED  
CORRECTIONS AND COLLECTIONS  
For the Year Ended June 30, 2012

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Tax certified by Assessor:					
Real estate, personal, specials & intangible	\$ 61,903,055	\$ 64,160,874	\$ 68,462,317	\$ 71,325,819	\$ 75,760,059
Total	<u>\$ 61,903,055</u>	<u>\$ 64,160,874</u>	<u>\$ 68,462,317</u>	<u>\$ 71,325,819</u>	<u>\$ 75,760,059</u>
Corrections:					
Additions	\$ 35,046	\$ 157,563	\$ 348,421	\$ 551,004	\$ 23,160
Deductions	(91,447)	(36,565)	(134,942)	(59,021)	(70,078)
Net additions/(deductions)	<u>\$ (56,401)</u>	<u>\$ 120,998</u>	<u>\$ 213,479</u>	<u>\$ 491,983</u>	<u>\$ (46,918)</u>
Correct certified tax	<u>\$ 61,846,654</u>	<u>\$ 64,281,872</u>	<u>\$ 68,675,796</u>	<u>\$ 71,817,802</u>	<u>\$ 75,713,141</u>
Net tax collected (refunded) by County Treasurer for year ended:					
June 30, 2007	\$ -	\$ -	\$ -	\$ -	\$ -
June 30, 2008	34,680,678	-	-	-	-
June 30, 2009	27,159,465	36,108,416	-	-	-
June 30, 2010	11,667	28,103,817	38,447,946	-	-
June 30, 2011	(306)	25,102	30,226,629	40,237,277	--
June 30, 2012	184	1,591	(29,272)	31,532,954	42,924,007
Total net collections	<u>\$ 61,851,688</u>	<u>\$ 64,238,926</u>	<u>\$ 68,645,303</u>	<u>\$ 71,770,231</u>	<u>\$ 42,924,007</u>
Total uncollected tax	<u>\$ (5,034)</u>	<u>\$ 42,946</u>	<u>\$ 30,493</u>	<u>\$ 47,571</u>	<u>\$ 32,789,134</u>
Percentage of uncollected tax	<u>-0.01%</u>	<u>0.07%</u>	<u>0.04%</u>	<u>0.07%</u>	<u>43.31%</u>

## FEDERAL FINANCIAL ASSISTANCE PROGRAMS

HALL COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012

<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	0G1004NE4005	\$ 451,285
Medical Assistance Program*	93.778	051205NE5ADM	45,844
Department of Health and Human Services Miscellaneous Expenses	Unknown		284
Passed through Central Nebraska Council Alcoholism and Addictions			
Drug Free Communities Support Program	93.276		<u>481</u>
Total-Department of Health and Human Services			<u>\$ 497,894</u>
<u>Federal Emergency Management Agency</u>			
Passed through State of Nebraska Civil Defense			
Homeland Security Grant Program	97.067	2007SHSP 2009SHSP 2010SHSP	<u>\$ 72,009</u>
Total-Federal Emergency Management Agency			<u>\$ 72,009</u>
<u>Department of Justice</u>			
Direct Programs:			
State Criminal Alien Assistance Program	16.606		\$ 51,348
Bullet Proof Vests Partnership Program	16.607		664
Edward Byrne Memorial Justice Assistance Grant Program	16.738		498
Organized Crime Drug Enforcement Task Force	Unknown		<u>2,882</u>
Total Direct-Department of Justice			<u>\$ 55,392</u>
Passed through Nebraska Commission on Law Enforcement and Criminal Justice			
JABG - Probation Intake*	16.523	10-JA-0602	<u>\$ 11,110</u>
Total-Department of Justice			<u>\$ 66,502</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, 2012

<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 (212)	<u>\$ 188,988</u>
Passed through Nebraska Office of Highway Safety			
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	410-11-5 410-12-5 410-12-2	\$ 23,836
Occupant Protection Incentive Grant	20.602	405-12-8	4,709
Highway Planning and Construction	20.205	HSIP0002 HSIP0904	<u>17,835</u>
Total Pass Through-Nebraska Office of Highway Safety			<u>\$ 46,380</u>
Total-Department of Transportation			<u>\$ 235,368</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	11 HD04 11 HD07	<u>\$ 123,450</u>
Total-Executive Office of the President			<u>\$ 123,450</u>
Total Federal Financial Assistance			<u><u>\$ 995,223</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, 2012

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.

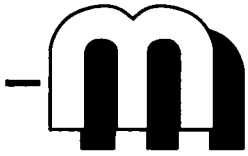
Note 5. Matching Costs

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	\$188,988



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, 2012, and have issued our report thereon dated November 19, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the County prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 2012-01 through 2012-03 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.

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*Compliance and Other Matters*

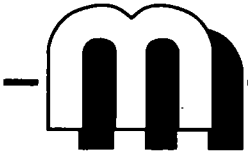
As part of obtaining reasonable assurance about whether Hall County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 Board of 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  
November 19, 2012



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, 2012. 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, 2012.

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 auditing 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

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the 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-04. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

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 the responses.

This report is intended solely for the information and use of the Hall County Board of 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  
November 19, 2012

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Section I: Summary of Auditor's Results

#### ***Financial Statements***

Type of auditor's report issued: Unqualified

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	___ None Reported
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?	__X__ Yes	___ 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)?	__X__ Yes	___ No

Identification of major programs:

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

93.563 Child Support Enforcement
93.778 Medical Assistance Program
16.523 JABG – Probation Intake Officer

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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Section II: Financial Statement Findings**

**Finding 2012-01:** 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:* Management is responsible for establishing and maintaining a sound system of internal control to prevent and detect misstatements due to error or fraud on a timely basis.

*Condition:* For the year ending June 30, 2012, 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 recognizes that we are unable to provide the necessary resources to fully segregate duties. However, we will continue to work with county officials to review ways to establish, document and maintain controls which mitigate the lack of segregation of duties.

**Finding 2012-02:** 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 of changes in bank or petty cash accounts and failure to prepare accurate and complete bank or cash account reconciliations. (Significant Deficiency)

*Criteria:* Management is responsible for establishing and maintaining a sound system of internal control to prevent and detect misstatements due to error or fraud on a timely basis.

*Condition:* For the year ending June 30, 2012, 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 and ensure appropriate monitoring of cash accounts and reporting of all petty cash funds.

*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.

*Responsible Official's Response:* The Board of Supervisors has established procedures for monthly reconciliation and review of all bank accounts and petty cash accounts, and the opening and closing of such accounts. The Board has addressed this issue with particular departments and will continue to work with county officials to remind them of these processes to make certain that cash accounts are properly managed.

**Finding 2012-03:** The County's policies and procedures implemented to monitor inventory of the County do not provide for the prevention or detection of misstatements due to error or fraud as evidenced by inaccurate or incomplete inventory forms and inadequate monitoring. (Significant Deficiency)

*Criteria:* Management is responsible for establishing and maintaining a sound system of internal control to prevent and detect misstatements due to error or fraud on a timely basis.

*Condition:* For the year ending June 30, 2012, management failed to properly monitor the policies and procedures that were established to prevent or detect misstatements in the inventory of the County.

*Cause:* The entity failed to monitor procedures which would provide for the accurate preparation and review of inventory forms and monitoring of their completion.

*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 properly establish and monitor procedures which provide for the accurate preparation and review of inventory forms.

*Responsible Official's Response:* The Audit Committee will review and update inventory policies and procedures including requiring all inventories to be submitted with an accounting of items as of June 30 of each year, and will conduct additional training for all county officials.

### **Section III: Federal Awards Findings**

Finding 2012-4:

*Federal Program:* CFDA 93.778—Medical Assistance Program.

*Pass-Through Entity:* State of Nebraska Department of Health and Human Services.

*Compliance Requirements:* Cash Management.



*Type of Finding:* Significant Deficiency.

*Criteria:* To provide reasonable assurance that there is an appropriate level of supervisory review of cash management activities, including the receipt of an appropriate amount of reimbursement for costs incurred for program activities.

*Condition:* For the year ended June 30, 2012, we reviewed the annual reimbursement requests for direct and indirect costs submitted to the State of Nebraska Department of Health and Human Services. In the process of determining controls that were in place to monitor the receipt of the correct amount of funds, it was determined that there was no active oversight of the receipt of funds for the correct amount.

*Cause:* No individual has been assigned the responsibility for providing oversight of the receipt of the correct dollar amount of the funds.

*Effect or Potential Effect:* A reimbursement that is incorrect could potentially be unnoticed by Hall County personnel.

*Recommendation:* Hall County should appoint an individual with sufficient knowledge of the program with the oversight responsibility for monitoring the receipt of funds for correct reimbursement.

*Responsible Official's Response and Corrective Action Planned:* The Audit Committee will appoint the Board Assistant to monitor the receipt of funds to ensure correct reimbursement.

*Planned Implementation Date of Corrective Action:* December 31, 2012.

*Person Responsible for Corrective Action:* Chair of Hall County Audit Committee

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**2011-1** 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: Planned corrective action completed this fiscal year.

**2011-2** 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.

**2011-3** 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.

**2011-4** Due to its size, the County cannot provide for appropriate technical skills related to the preparation of financial statements.

Status: Planned corrective action completed this fiscal year.