

HALL COUNTY
FINANCIAL REPORT
For the Year Ended June 30, 2013

TABLE OF CONTENTS

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

TABLE OF CONTENTS
(Continued)

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

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Schedule of expenditures of federal awards	57-58
Notes to the schedule of expenditures of federal awards	59
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	60-61
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	62-64
Schedule of findings and questioned costs	65-69
Summary schedule of prior audit findings	70



MCDERMOTT + MILLER

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

County Board of Supervisors
Hall County
Grand Island, Nebraska

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hall County, Nebraska, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise Hall County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hall County, as of June 30, 2013, and the respective changes in financial

position-cash basis and, where applicable, cash flows, thereof for the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

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

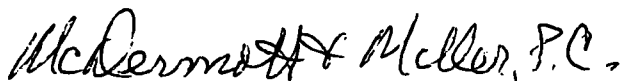
Other Matters

The management's discussion and analysis on pages 3 through 8 and the budgetary comparison information on pages 28 through 34 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hall County's financial statements. The additional schedules located on pages 35 through 56 and the 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 financial statements. The additional schedules located on pages 35 through 56 and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to 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 additional schedules located on pages 35 through 56 and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014, on our consideration of Hall County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hall County's internal control over financial reporting and compliance.



McDermott & Miller, P.C.
Grand Island, Nebraska
March 18, 2014

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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, 2013. 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 Position - 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 Position – 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, 2013 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, 2013

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, 2013 was \$19,494,159 compared with \$18,334,196 at June 30, 2012. This was an increase of \$1,159,963 or 6%.
- General fund expenditures and transfers were \$23,235,013 for the current fiscal year, compared with \$21,787,267 at June 30, 2012. This is an increase of \$1,447,746 or 7%.
- Federal program expenditures were \$969,805 for the current fiscal year, compared with \$995,224 at June 30, 2012. This is a decrease of \$25,419 or 3%.
- Major capital projects of the County included the following:
 - Road Improvement Projects \$985,067
 - Courthouse Improvement Projects \$63,024
 - Veterans Service Office Project \$52,004
 - Road Equipment Purchases, Bridge Repair, and Engineering Fees \$611,818

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 the net position of the County and a strengthening of the financial position.

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

The largest single source of receipts for the County is property taxes. The County's property taxes recorded in the governmental funds for 2011-2012 were \$15,610,703 and for 2012-2013, it increased by \$633,369 to \$16,244,072.

In 2011-2012, the County's assessed valuation was \$3,860,618,995. In 2012-2013, it increased by \$161,867,246 to \$4,022,486,241.

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 Position and how it compares to the prior year.

	<u>2012-2013</u>	<u>2011-2012</u>	<u>Change</u>	<u>Percentage</u>
Total Assets	\$ 19,494,159	\$ 18,334,196	\$ 1,159,963	6.3%
Total Liabilities	346,905	771,572	(424,667)	(55.0%)
Total Net Assets	19,147,254	17,562,624	1,584,630	9.0%
Total Restricted Net Assets	4,533,757	4,656,414	(122,657)	(2.6%)
Total Unrestricted Net Assets	14,613,497	12,906,210	1,707,287	13.2%

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

	<u>2012-2013</u>	<u>2011-2012</u>	<u>Change</u>	<u>Percentage</u>
Revenues				
Program Revenues				
Fees and Charges for Services	\$ 10,883,078	\$ 10,875,575	\$ 7,503	0.1%
Operating Grants and Contributions	1,091,286	894,784	196,502	22.0%
Capital Grants and Contributions	155,359	193,018	(37,659)	(19.5%)
General Revenues				
Property Taxes	16,244,072	15,610,703	633,369	4.1%
Other Taxes	4,817,221	5,130,229	(313,008)	(6.1%)
Other General Revenue	40,116	41,752	(1,636)	(3.9%)
Total Revenues	33,231,132	32,746,061	485,071	1.5%
Program Expenses				
General Government	11,219,325	10,262,449	956,876	9.3%
Public Safety	12,717,829	14,285,067	(1,567,238)	(11.0%)
Public Works	4,577,743	4,183,337	394,406	9.4%
Public Health	549,109	539,555	9,554	1.8%
Public Welfare and Social Services	852,157	824,869	27,288	3.3%
Culture and Recreation	1,730,339	1,523,427	206,912	13.6%
Total Expenses	31,646,502	31,618,704	27,798	0.1%
Change in Net Assets	1,584,630	1,127,357	457,273	40.6%

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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	\$ 22,636,405	\$ 1,566,944	\$ 902,797	\$ 2,387,039	\$ 2,517,681	\$ 3,220,266
Disbursements	(20,337,083)	(1,354,532)	(8,350)	(4,286,227)	(3,092,402)	(2,567,908)
Transfers In	384,990	-	369,539	2,320,927	322,642	717,465
Transfers Out	(2,897,930)	-	(572,178)	(271,645)	-	(373,810)
Net Change in Fund Balances Beginning	(213,618)	212,412	691,808	150,094	(252,079)	996,013
Fund Balance Ending	7,411,646	885,269	3,058,386	552,993	2,837,231	2,817,099
Ending Fund Balance	7,198,028	1,097,681	3,750,194	703,087	2,585,152	3,813,112

The Inheritance Fund had the greatest change in value. This was attributed to the decrease in funds that were transferred to other funds. There was a total decrease of \$279,966 of transfers out of the Inheritance Fund compared to the prior year. The decrease in the General Fund is attributable primarily to an increase of \$812,245 of funds transferred out, with the Road Fund receiving the majority of the funds. The Other Governmental Funds had an increase in fund balance due to a receipt of \$508,084 in the Insurance Reserve that is expected to be an expenditure in the following year.

The following table shows the property tax rates, by fund or component unit, for fiscal years 2011-2012 and 2012-2013 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 2012-2013 would be \$434.18.

Fund	2011-2012 Levy	2012-2013 Levy	Levy Change	Percentage Change
General Fund	0.370445	0.372337	0.001892	0.51%
Dependent Fund	0.002192	0.001271	(0.000921)	-42.02%
Institutions	0.000055	0.000052	(0.000003)	-5.45%
Jail Bond Fund	0.039000	0.039000	0.000000	0.00%
Veteran's Aid	0.000143	0.000173	(0.000030)	20.98%
Museum	0.022347	0.021349	(0.000998)	-4.47%
County Totals	0.434182	0.434182	0.000000	0.00%

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 \$1,713,225 or 6.9% under the budget.

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Over the course of the 2012-2013 fiscal year, the County's General Fund fund balance decreased by approximately \$213,618. The following table provides a detailed picture of the decrease in fund balance.

	2012-2013 Budget	Year-End Actual	Difference
07/01/12 Actual Beginning Balance		<u>\$7,411,646</u>	
Receipts:			
Property/Motor Vehicle Taxes	\$16,581,871	\$16,293,032	(\$288,839)
Federal	775,426	854,873	79,447
State	629,056	1,245,376	616,320
Other Local	<u>4,457,641</u>	<u>4,243,124</u>	<u>(214,517)</u>
Total Receipts	\$22,443,994	\$22,636,405	\$192,411
Expenditures	\$21,850,308	\$20,337,083	\$1,513,225
Net Transfers	<u>(\$2,677,841)</u>	<u>(\$2,512,940)</u>	<u>\$164,901</u>
Net (Decrease)/Increase	(\$2,084,155)	<u>(\$213,618)</u>	\$1,870,537
06/30/13 Ending Balance		<u><u>\$7,198,028</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, 2013, \$480,364 of interest and \$865,000 of principal were paid for the Series 2011 and 2012 bonds. 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, 2013

Subsequent Events

Upon evaluation, the County notes that there were no material subsequent events between the date of the financial statements and the date that the financial statements were issued or available to be issued.

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 POSITION - CASH BASIS
June 30, 2013

		Primary Government
		Governmental Activities
ASSETS		
Pooled cash and cash equivalents	\$	13,826,124
Pooled certificates of deposit		2,147,392
Restricted assets:		
Cash and cash equivalents		1,969,360
Certificates of deposit		1,551,283
Total assets	\$	19,494,159
LIABILITIES		
Due to other governments	\$	38,634
Due to others		308,271
Total liabilities	\$	346,905
NET ASSETS		
Restricted for:		
Debt service	\$	1,097,681
Capital projects - extension office		26,086
Health and life insurance claims		2,299,235
Parks and recreation		213
911 emergency services		559
Visitors promotion/improvement		374,857
Veterans services		47,443
Drug enforcement		41,876
Keno lottery		414,046
Traffic safety		29,475
Indigent welfare		184,831
P & M fund - register of deeds		17,455
Unrestricted		14,613,497
Total net assets	\$	19,147,254

See Notes to Financial Statements

HALL COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2013

FUNCTIONS/PROGRAMS	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
General government	\$ 11,219,325	\$ 7,943,447	\$ 82,756	\$ 155,206	\$ (3,037,916)
Public safety	12,717,829	489,330	427,572	-	(11,800,927)
Public works	4,577,743	2,450,091	-	153	(2,127,499)
Public health	549,109	-	-	-	(549,109)
Public welfare and social services	852,157	210	580,958	-	(270,989)
Culture and recreation	1,730,339	-	-	-	(1,730,339)
Total governmental activities	<u>\$ 31,646,502</u>	<u>\$ 10,883,078</u>	<u>\$ 1,091,286</u>	<u>\$ 155,359</u>	<u>\$ (19,516,779)</u>
General receipts					
Taxes:					
Property					\$ 16,244,072
Motor vehicle					1,578,371
Property tax credit					555,344
Airline and carline tax allocation					58,023
In-lieu-of tax					82,889
Insurance tax allocation					116,021
Pro-rate motor vehicle					61,185
Homestead					476,093
Lodging					830,832
Inheritance					844,797
911 Surcharges					213,666
Fines and licenses					8,455
Interest income					31,661
Total general receipts					<u>\$ 21,101,409</u>
Change in net assets					\$ 1,584,630
Net assets - beginning					<u>17,562,624</u>
Net assets - ending					<u>\$ 19,147,254</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, 2013

	General	Jail Bond Fund	Inheritance Funds	Road Fund	Insurance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and equivalents	\$ 5,261,946	\$ -	\$ 3,750,194	\$ 703,087	\$ 285,917	\$ 3,824,980	\$ 13,826,124
Certificates of deposit	2,147,392	-	-	-	-	-	2,147,392
Restricted assets:							
Cash and cash equivalents	97,641	1,097,681	-	-	774,038	-	1,969,360
Certificates of deposit	26,086	-	-	-	1,525,197	-	1,551,283
Total assets	<u>\$ 7,533,065</u>	<u>\$ 1,097,681</u>	<u>\$ 3,750,194</u>	<u>\$ 703,087</u>	<u>\$ 2,585,152</u>	<u>\$ 3,824,980</u>	<u>\$ 19,494,159</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other governments	\$ 36,990	\$ -	\$ -	\$ -	\$ -	\$ 1,644	\$ 38,634
Due to others	298,047	-	-	-	-	10,224	308,271
Total liabilities	<u>\$ 335,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,868</u>	<u>\$ 346,905</u>
Fund balances:							
Restricted	\$ 26,086	\$ 1,097,681	\$ -	\$ -	\$ 2,299,235	\$ 1,110,755	\$ 4,533,757
Committed	-	-	-	703,087	285,917	2,702,357	3,691,361
Assigned	-	-	3,750,194	-	-	-	3,750,194
Unassigned	7,171,942	-	-	-	-	-	7,171,942
Total fund balances	<u>\$ 7,198,028</u>	<u>\$ 1,097,681</u>	<u>\$ 3,750,194</u>	<u>\$ 703,087</u>	<u>\$ 2,585,152</u>	<u>\$ 3,813,112</u>	<u>\$ 19,147,254</u>
Total liabilities and fund balances	<u>\$ 7,533,065</u>	<u>\$ 1,097,681</u>	<u>\$ 3,750,194</u>	<u>\$ 703,087</u>	<u>\$ 2,585,152</u>	<u>\$ 3,824,980</u>	<u>\$ 19,494,159</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, 2013

	General	Jail Bond Fund	Inheritance Funds	Road Fund	Insurance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property/Motor Vehicle taxes	\$ 16,293,032	\$ 1,459,302	\$ -	\$ -	\$ -	\$ 70,107	\$ 17,822,441
Fines and licenses	8,455	-	-	-	-	-	8,455
State	1,245,376	100,003	-	2,283,462	-	987,706	4,616,547
Federal	854,873	-	-	153	-	827	855,853
Interest income	12,009	202	18,558	-	-	892	31,661
Other	4,222,660	7,437	884,239	103,424	2,517,681	2,160,734	9,896,175
Total receipts	\$ 22,636,405	\$ 1,566,944	\$ 902,797	\$ 2,387,039	\$ 2,517,681	\$ 3,220,266	\$ 33,231,132
DISBURSEMENTS							
General government	\$ 7,379,658	\$ -	\$ 8,350	\$ -	\$ 3,092,402	\$ 738,915	\$ 11,219,325
Public safety	10,553,260	1,354,532	-	-	-	810,037	12,717,829
Public works	207,025	-	-	4,286,227	-	84,491	4,577,743
Public health	549,109	-	-	-	-	-	549,109
Public welfare and social services	780,649	-	-	-	-	71,508	852,157
Culture and recreation	867,382	-	-	-	-	862,957	1,730,339
Total disbursements	\$ 20,337,083	\$ 1,354,532	\$ 8,350	\$ 4,286,227	\$ 3,092,402	\$ 2,567,908	\$ 31,646,502
Excess (deficiency) of receipts over (under) disbursements	\$ 2,299,322	\$ 212,412	\$ 894,447	\$ (1,899,188)	\$ (574,721)	\$ 652,358	\$ 1,584,630
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ 384,990	\$ -	\$ 369,539	\$ 2,320,927	\$ 322,642	\$ 717,465	\$ 4,115,563
Transfers out	(2,897,930)	-	(572,178)	(271,645)	-	(373,810)	(4,115,563)
Total other financing sources	\$ (2,512,940)	\$ -	\$ (202,639)	\$ 2,049,282	\$ 322,642	\$ 343,655	\$ -
Net change in fund balances	\$ (213,618)	\$ 212,412	\$ 691,808	\$ 150,094	\$ (252,079)	\$ 996,013	\$ 1,584,630
Fund balances - beginning	7,411,646	885,269	3,058,386	552,993	2,837,231	2,817,099	17,562,624
Fund balances - ending	\$ 7,198,028	\$ 1,097,681	\$ 3,750,194	\$ 703,087	\$ 2,585,152	\$ 3,813,112	\$ 19,147,254

See Notes to Financial Statements

HALL COUNTY
STATEMENT OF FIDUCIARY NET ASSETS-CASH BASIS
FIDUCIARY FUNDS
For the Year Ended June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,262,749</u>
LIABILITIES	
Due to other governments	
State	\$ 976,152
Schools	1,012,729
Natural Resource District	22,073
Fire Districts	10,743
Municipalities	203,975
Agricultural Society	1,903
Partial Payment	13,251
Townships	5,536
Airport Authority	13,754
Lodging Sales Tax	381
SID	2,252
Total liabilities	<u>\$ 2,262,749</u>
TOTAL NET ASSETS	<u><u>\$ -</u></u>

See Notes to Financial Statements

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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, 2013 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, 2013

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 Position - Cash Basis, and a Statement of Activities - Cash Basis. The Statement of Net Position 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, 2013

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 Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting receipts are recorded when earned and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements were also reported on the cash 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 Position – 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, 2013

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 position 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, 2013

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 Position/Fund Balances in the notes to the financial statements for more information.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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 2012-2013 fiscal year levy for property taxes was \$17,464,884, or \$.434182 per \$100 of assessed valuation. The 2011-2012 fiscal year levy for property taxes was \$16,762,135, or \$.434182 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, 2013

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.

	Investment Maturities (in years)	
	<1	1-5
CDs	\$ 2,173,477	\$ -
	\$ 2,173,477	\$ -

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 – 37.31%, Certificate of Deposits in various Nebraska Banks – 15.14%, Demand Deposit and Money Market Accounts – 4.06%, and Repurchase agreements (collateralized by U.S. Government Securities) – 43.49% at June 30, 2013.

The cash and cash equivalents balance as of June 30, 2013 includes \$8,871,417 of funds held at NPAIT. Included in the aforementioned NPAIT balance is \$97,642 of funds held for others by the Hall County Clerk of the District Court.

An adjustment totaling \$680,724 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, 2013.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 3. Deposits/Investments (Continued)

Additionally, the County was in possession of \$774,038 in cash and \$1,525,197 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, 2013.

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, 2013, the amounts on deposit for the County were adequately secured by each institution. Cash in the Insurance Fund held at Pinnacle Bank with the third-party administrator for the County's self insurance exceeded FDIC coverage and no pledged assets were in place for those accounts. The total amount of uncovered funds at June 30, 2013 was \$524,038.

Note 4. Employee's Retirement System

The County Board has adopted the provisions of Neb. Rev. Stat. Secs. 23-2301 to 23-2335 (Reissue 2012), established as law by the County Employees Retirement Act of 1965. 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. These contribution rates are established pursuant to Neb. Rev. Stat. Secs. 23-2307 and 23-2308 (Reissue 2012). 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. Certified law enforcement officers contribution rates are established pursuant to Neb. Rev. Stat. Sec. 23-2332.01 (Reissue 2012). 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, 2013 the County contributed \$721,265 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

HALL COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

Note 6. Contingencies (Continued)

services are requested by Hall County, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Note 7. Interfund Transfers, Receivables, and Payables

Interfund transfers for the year ended June 30, 2013 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 384,990	\$ 2,897,931
Road Fund	2,320,927	271,645
Street Improvement Fund	-	-
Special Revenue Fund	-	-
Equipment & Improvement Fund	-	19,100
Sick/Vacation Fund	10,000	-
Building & Land Improvement Fund	684,445	-
Employment Security Fund	-	-
Insurance Fund	322,642	-
Drug Court Fund	11,551	38,248
Federal Drug Forfeiture Fund	-	1,885
Inheritance Fund	369,539	572,178
Keno/Lottery Fund	-	250,000
Inmate Welfare Fund	-	50,000
Noxious Weed Fund	11,469	14,576
Totals	\$ 4,115,563	\$ 4,115,563

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, 2013 consisted of the following:

<u>Due To:</u>	<u>Due From:</u>	<u>Amount</u>
Inheritance Fund	General Fund (Corrections)	\$238,580

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 \$369,539 payment was recorded during the current year, and \$191,881 of payments were recorded during prior years.

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

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 8. Risk Management (Continued)

counties. The County pays an annual premium to Nebraska Intergovernmental Risk Management Association for its general insurance coverage. The Agreement for Formation of the Nebraska Intergovernmental Risk Management Association will be self-sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$250,000 for each property, \$250,000 for each auto physical damage loss, \$300,000 for liability, and \$350,000 for workmen’s compensation. The County continues to carry commercial insurance for all other risks of loss, including professional liability insurance for the Public Defender, Public Official’s Errors and Omissions. 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 \$1,201,868 for the plan year ending June 30, 2013.

The County utilizes insurance fund cash accounts managed by its third party administrator to pay for the aforementioned claims. The County decreased its overall cash position in these accounts by \$255,642 for the year ending June 30, 2013.

The insurance reserve fund has a reserve of \$1,016,168 at June 30, 2013. 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, 2013, received an unqualified opinion dated September 20, 2013. The following is a summary of the Stuhr Museum’s June 30, 2013 financial statements (A complete copy of the audited financial statements of Stuhr Museum is on file with the Hall County Clerk.):

Total Assets	\$ 2,383,664
Total Liabilities	85,711
Net Assets:	
Invested in Capital Assets	1,810,716
Restricted – Expendable	36,741
Unrestricted	450,496
Expenses - General Government	(1,632,232)
Program Revenues	674,301
Revenue from Hall County Support	849,821
Investment Income	1,610
Change in Net Assets	<u>\$ (106,500)</u>

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 10. Related Party Transactions

For the year ended June 30, 2013 there were no county officials with outstanding real estate or personal property taxes due.

Note 11. Compensated Absences

It is the County's policy to pay out all of an employee's accrued but unused vacation upon the employee's separation of employment with the County. The total amount of accrued but unpaid vacation at June 30, 2013, was \$469,141.

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, 2013 was \$728,337.

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, 2013, \$480,364 of interest and \$865,000 of principal were paid for the Series 2011 and 2012 bonds.

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, 2013

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>
6/30/2014	\$ 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
6/30/2018	115,000	362,708	477,708
06/30/19 to 23	610,000	1,769,256	2,379,256
06/30/24 to 28	2,405,000	1,601,043	4,006,043
06/30/29 to 33	6,250,000	694,511	6,944,511
Totals	<u>\$ 9,815,000</u>	<u>\$ 5,893,811</u>	<u>\$ 15,708,811</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
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
6/30/2018	790,000	79,100	869,100
06/30/19 to 23	3,780,000	187,620	3,967,620
Totals	<u>\$ 7,660,000</u>	<u>\$ 664,577</u>	<u>\$ 8,324,577</u>

Changes in long-term debt are as follows:

	<u>Balance</u> <u>6/30/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2013</u>
Bonds	\$ 18,340,000	\$ -	\$ (865,000)	\$ 17,475,000

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 13. Net Assets/Fund Balances

The government-wide statement of net position reports \$4,533,757 of restricted net assets. Net assets totaling \$1,722,826 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, 2013, governmental fund balances are classified as follows:

	General Fund	Jail Bond Fund	Inheritance Fund	Road Fund	Insurance Fund	Other Funds	Total
Fund balances:							
Restricted for:							
Debt service	\$ -	\$1,097,681	\$ -	\$ -	\$ -	\$ -	\$ 1,097,681
Capital projects - Extension Office	26,086	-	-	-	-	-	26,086
Parks & recreation	-	-	-	-	-	213	213
911 emergency services	-	-	-	-	-	559	559
Visitors promotion/improvement	-	-	-	-	-	374,857	374,857
Veterans services	-	-	-	-	-	47,443	47,443
Drug enforcement	-	-	-	-	-	41,876	41,876
Keno lottery	-	-	-	-	-	414,046	414,046
Traffic safety	-	-	-	-	-	29,475	29,475
Health & life insurance claims	-	-	-	-	2,299,235	-	2,299,235
Indigent welfare	-	-	-	-	-	184,831	184,831
P & M Fund - Register of Deeds	-	-	-	-	-	17,455	17,455
Total Restricted	\$ 26,086	\$1,097,681	\$ -	\$ -	\$2,299,235	\$1,110,755	\$ 4,533,757
Committed to:							
Street & highways	-	-	-	703,087	-	-	703,087
Special projects	-	-	-	-	-	10,755	10,755
Equipment & improvement costs	-	-	-	-	-	110,290	110,290
Sick & vacation compensation	-	-	-	-	-	77,257	77,257
Building & land improvements	-	-	-	-	-	1,107,208	1,107,208
Unemployment compensation	-	-	-	-	-	85,342	85,342
Insurance claims	-	-	-	-	285,917	1,016,168	1,302,085
Drug court	-	-	-	-	-	110,520	110,520
Inmate welfare	-	-	-	-	-	117,908	117,908
Weed control	-	-	-	-	-	66,909	66,909
Total Committed	\$ -	\$ -	\$ -	\$703,087	\$ 285,917	\$2,702,357	\$ 3,691,361
Assigned to:							
Capital projects	-	-	2,812,646	-	-	-	2,812,646
Property tax relief	-	-	937,549	-	-	-	937,549
Total Assigned	\$ -	\$ -	\$ 3,750,194	\$ -	\$ -	\$ -	\$ 3,750,194
Unassigned:							
	7,171,942	-	-	-	-	-	7,171,942
Total fund balances	\$7,198,028	\$1,097,681	\$ 3,750,194	\$703,087	\$2,585,152	\$3,813,112	\$ 19,147,254

HALL COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

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, 2013:

	6/30/2014	\$ 206,305
	6/30/2015	177,275
	6/30/2016	<u>177,275</u>
Total minimum payment		\$ 560,855
Less: amount representing interest		<u>(32,405)</u>
Present value of minimum lease payments		<u><u>\$ 528,450</u></u>

Note 15. Financial Statement Presentation

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

Note 16. Subsequent Events

Upon evaluation, the County notes that there were no material subsequent events between the date of the financial statements and the date that the financial statements were issued or available to be issued.

OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON

HALL COUNTY
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
 GENERAL GOVERNMENTAL FUND
 For the Year Ended June 30, 2013

	Budget (Original & Final)	Actual	Budget Variance
Receipts			
Taxes			
Property and motor vehicle taxes/fees	\$ 16,581,871	\$ 16,293,032	\$ 288,839
Intergovernmental receipts			
Federal			
Inmate housing	3,000	4,730	(1,730)
Child support-Title IV-D	360,000	470,409	(110,409)
Medical Assistance Program	38,000	110,549	(72,549)
Other	374,426	269,185	105,241
State			
Airline and carline tax allocation	56,500	55,254	1,246
Insurance tax allocation	70,000	116,021	(46,021)
Pro-rate motor vehicle	52,000	55,443	(3,443)
Homestead exemption	-	431,910	(431,910)
Property tax credit	-	503,992	(503,992)
Other	450,556	82,756	367,800
Local fees, licenses, commissions and miscellaneous			
Licenses and permits	10,295	11,580	(1,285)
In lieu of taxes	67,200	75,143	(7,943)
Inter local agreements	230,136	226,951	3,185
Treasurer fees	295,100	304,232	(9,132)
Clerk fees	6,200	6,825	(625)
Register of Deed fees	300,000	370,265	(70,265)
Clerk of the District Court fees	107,180	116,103	(8,923)
Election Commissioner	5,100	23,798	(18,698)
Sheriff fees	2,347,184	1,853,049	494,135
Attorney fees	4,500	3,436	1,064
Jail fees	112,000	232,367	(120,367)
Interest on investments	15,000	12,009	2,991
Sale of surplus property	-	8,577	(8,577)
Fines	4,000	8,325	(4,325)
Commissions	712,000	774,955	(62,955)
Miscellaneous	166,746	141,237	25,509
Parks and recreation fees	32,000	41,827	(9,827)
Insurance settlements	43,000	32,445	10,555
Total receipts	\$ 22,443,994	\$ 22,636,405	\$ (192,411)
Disbursements			
General Government			
Board of Supervisors	\$ 290,779	\$ 286,816	\$ 3,963
Clerk	299,908	291,099	8,809
Treasurer	734,673	707,646	27,027

(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, 2013

Disbursements (Continued)	Budget (Original & Final)	Actual	Budget Variance
Assessor	\$ 365,619	\$ 347,163	\$ 18,456
Superintendent of Schools	4,000	4,000	-
Register of Deeds	195,489	184,015	11,474
Data processing	722,864	679,216	43,648
Election Commissioner	143,138	137,554	5,584
Clerk of the District Court	435,563	429,844	5,719
Special election	24,288	2,130	22,158
Justice system	1,378,530	1,233,604	144,926
County Court system	26,028	25,992	36
Building and Grounds	774,951	764,501	10,450
Agriculture Extension Agent	245,174	204,399	40,775
District Judge	143,137	141,395	1,742
Public Defender	561,586	561,376	210
Equipment acquisition	7,634	7,634	-
Cadastral maps	75,740	71,077	4,663
Miscellaneous	1,565,511	1,300,197	265,314
Public Safety			
Sheriff	3,220,049	2,890,599	329,450
Attorney	1,463,704	1,424,355	39,349
Jail	5,726,657	5,567,288	159,369
Building Inspector	10,167	9,079	1,088
Probation Officer	37,225	37,056	169
Grants	334,473	35,896	298,577
Juvenile diversion	183,638	179,485	4,153
Safety	7,900	4,471	3,429
Miscellaneous	405,320	405,031	289
Public Works			
Surveyor	89,200	88,275	925
Miscellaneous	128,381	118,750	9,631
Public Welfare and Social Services			
Veteran's Service Officer	309,325	290,700	18,625
Miscellaneous	524,318	489,949	34,369
Culture and Recreation			
Stuhr Museum	845,230	845,230	-
Miscellaneous	21,000	22,152	(1,152)
Public Health			
Miscellaneous	549,109	549,109	-
Total disbursements	\$ 21,850,308	\$ 20,337,083	\$ 1,513,225
Excess (deficiency) of receipts over disbursements	\$ 593,686	\$ 2,299,322	\$ (1,705,636)

(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, 2013

	<u>Budget (Original & Final)</u>	<u>Actual</u>	<u>Budget Variance</u>
Other Financing Sources			
Transfers in	\$ 420,089	\$ 384,990	\$ 35,099
Transfers out	<u>(3,097,930)</u>	<u>(2,897,930)</u>	<u>(200,000)</u>
Total other financing sources	<u>\$ (2,677,841)</u>	<u>\$ (2,512,940)</u>	<u>\$ (164,901)</u>
Net change in fund balance	\$ (2,084,155)	\$ (213,618)	\$ (1,870,537)
Fund balance - beginning	<u>7,411,646</u>	<u>7,411,646</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 5,327,491</u></u>	<u><u>\$ 7,198,028</u></u>	<u><u>\$ (1,870,537)</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, 2013

	Budget (Original & Final)	Actual	Budget Variance
<u>Jail Bond</u>			
Receipts			
Taxes - property/motor vehicle	\$ 1,494,048	\$ 1,459,302	\$ 34,746
Intergovernmental receipts:			
State:			
Homestead exemption	-	42,397	(42,397)
Property tax credit	-	49,455	(49,455)
Pro-rate motor vehicles	5,000	5,496	(496)
Carline/airline tax	2,800	2,655	145
Local fees, licenses, etc.:			
In-lieu-of tax	6,000	7,437	(1,437)
Interest	-	202	(202)
Proceeds of long-term debt	-	-	-
Total receipts	<u>\$ 1,507,848</u>	<u>\$ 1,566,944</u>	<u>\$ (59,096)</u>
Disbursements			
Debt servicing	\$ 2,384,247	\$ 1,345,364	\$ 1,038,883
Operating expense	8,870	9,168	(298)
Total disbursements	<u>\$ 2,393,117</u>	<u>\$ 1,354,532</u>	<u>\$ 1,038,585</u>
Net change in fund balance	\$ (885,269)	\$ 212,412	\$ (1,097,681)
Fund balance - beginning	<u>885,269</u>	<u>885,269</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 1,097,681</u>	<u>\$ (1,097,681)</u>
<u>Inheritance Tax</u>			
Receipts			
Intergovernmental receipts:			
State - other	\$ -	\$ -	\$ -
Local fees, licenses, etc.:			
Interest	20,000	18,558	1,442
Inheritance tax	800,000	844,797	(44,797)
Other income	-	39,442	(39,442)
Interfund transfers	569,539	369,539	200,000
Total receipts	<u>\$ 1,389,539</u>	<u>\$ 1,272,336</u>	<u>\$ 117,203</u>
Disbursements			
Operating expense	\$ 840,648	\$ 8,350	\$ 832,298
Capital outlay	2,000,000	-	2,000,000
Interfund transfers	607,277	572,178	35,099
Total disbursements	<u>\$ 3,447,925</u>	<u>\$ 580,528</u>	<u>\$ 2,867,397</u>
Net change in fund balance	\$ (2,058,386)	\$ 691,808	\$ (2,750,194)
Fund balance - beginning	<u>3,058,386</u>	<u>3,058,386</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,000,000</u>	<u>\$ 3,750,194</u>	<u>\$ (2,750,194)</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, 2013

	Budget (Original & Final)	Actual	Budget Variance
Road Fund			
Receipts			
Intergovernmental receipts:			
Federal - other grants	\$ -	\$ 153	\$ (153)
State:			
Highway/street allocations	1,952,242	2,072,273	(120,031)
Motor vehicle fee	180,000	181,779	(1,779)
Incentive payments	10,500	10,500	-
Grants	16,000	18,910	(2,910)
Local fees, licenses, etc.:			
Machine hire	5,000	10,666	(5,666)
Sale of supplies & materials	21,000	27,802	(6,802)
Sale of property	10,000	13,111	(3,111)
Other	32,700	51,845	(19,145)
Interfund transfers	2,320,927	2,320,927	-
Total receipts	<u>\$ 4,548,369</u>	<u>\$ 4,707,966</u>	<u>\$ (159,597)</u>
Disbursements			
Personal service	\$ 1,378,800	\$ 1,324,956	\$ 53,844
Operating expense	125,550	169,845	(44,295)
Supplies/material	952,150	908,821	43,329
Equipment rental	221,307	256,979	(35,672)
Capital outlay	1,691,000	1,625,626	65,374
Interfund transfers	282,555	271,645	10,910
Total disbursements	<u>\$ 4,651,362</u>	<u>\$ 4,557,872</u>	<u>\$ 93,490</u>
Net change in fund balance	\$ (102,993)	\$ 150,094	\$ (253,087)
Fund balance - beginning	<u>552,993</u>	<u>552,993</u>	<u>-</u>
Fund balance - ending	<u>\$ 450,000</u>	<u>\$ 703,087</u>	<u>\$ (253,087)</u>
Insurance Fund			
Receipts			
Other	\$ 2,715,168	\$ 2,517,681	\$ 197,487
Interfund transfers	333,645	322,642	11,003
Total receipts	<u>\$ 3,048,813</u>	<u>\$ 2,840,323</u>	<u>\$ 208,490</u>
Disbursements			
Personal service	\$ 565,000	\$ 474,049	\$ 90,951
Operating expense	2,766,168	2,618,353	147,815
Total disbursements	<u>\$ 3,331,168</u>	<u>\$ 3,092,402</u>	<u>\$ 238,766</u>
Net change in fund balance	\$ (282,355)	\$ (252,079)	\$ (30,276)
Fund balance - beginning	<u>2,837,231</u>	<u>2,837,231</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,554,876</u>	<u>\$ 2,585,152</u>	<u>\$ (30,276)</u>

See Notes to Other Supplementary Information - Budgetary Comparison

HALL COUNTY
NOTES TO OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON
June 30, 2013

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.

There were no amendments to the original budget for the year ended June 30, 2013.

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.
- The property tax requirement resulting from the budget process is utilized by the County Assessor to establish the tax levy, which attaches as an enforceable lien on property within the County as of January 1. All unpaid taxes are delinquent as of September 1.

HALL COUNTY
NOTES TO OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON
June 30, 2013

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, 2013.

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, 2013

	Equipment & Improvement Reserve	Building & Improvement Reserve	Insurance Reserve	Sick & Vacation Liability	Special Revenue	Reappraisal
Receipts						
Taxes:						
Property/motor vehicle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receipts:						
Federal:						
Other grants	-	-	-	-	827	-
State:						
Lodging tax	-	-	-	-	-	-
Homestead exemption	-	-	-	-	-	-
Property tax credit	-	-	-	-	-	-
Pro-rate motor vehicles	-	-	-	-	-	-
Carline/airline tax	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
Local fees, licenses, commissions and miscellaneous:						
LB-14 Charges	-	-	-	-	-	-
In-lieu-of tax	-	-	-	-	-	-
911 surcharges	-	-	-	-	-	-
Sale of supplies & materials	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Commissary sales	-	-	-	-	-	-
House arrest	-	-	-	-	-	-
Weed spraying assessment	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Lottery	-	-	-	-	-	-
Other	72,000	40,910	508,084	43,600	16,436	-
Interfund transfers	-	684,445	-	10,000	-	-
Total receipts	\$ 72,000	\$ 725,355	\$ 508,084	\$ 53,600	\$ 17,263	\$ -
Disbursements						
Personal service	\$ -	\$ -	\$ -	\$ 15,450	\$ -	\$ -
Operating expense	-	-	-	-	5,988	-
Supplies & material	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-
Capital outlay	85,914	147,551	-	-	31,875	-
Debt servicing	-	-	-	-	-	-
Interfund transfers	19,100	-	-	-	-	-
Total disbursements	\$ 105,014	\$ 147,551	\$ -	\$ 15,450	\$ 37,863	\$ -
Net change in fund balance	\$ (33,014)	\$ 577,804	\$ 508,084	\$ 38,150	\$ (20,600)	\$ -
Fund balances - beginning	143,304	529,404	508,084	39,107	31,568	-
Fund balances - ending	\$ 110,290	\$ 1,107,208	\$ 1,016,168	\$ 77,257	\$ 10,968	\$ -
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ -
Committed	110,290	1,107,208	1,016,168	77,257	10,755	-
Total	\$ 110,290	\$ 1,107,208	\$ 1,016,168	\$ 77,257	\$ 10,968	\$ -

HALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
 NONMAJOR GOVERNMENT FUNDS
 For the Year Ended June 30, 2013

Register of Deeds	Employment Security	Keno Lottery	Keno Reserve	Street Improvements	Noxious Weed	Visitors Promotion	Visitor Promo Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	415,416	415,416
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,455	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	62,936	-	-
-	37	479	350	-	-	-	-
-	-	681,979	-	-	-	-	-
-	25,000	-	-	-	269	-	-
-	-	-	-	-	11,469	-	-
\$ 17,455	\$ 25,037	\$ 682,458	\$ 350	\$ -	\$ 74,674	\$ 415,416	\$ 415,416
\$ -	\$ 8,725	\$ 12,438	\$ -	\$ -	\$ 57,105	\$ -	\$ -
-	-	468,487	350	-	9,970	408,384	416,710
-	-	-	-	-	15,714	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,702	-	-
-	-	-	-	-	-	-	-
-	-	250,000	-	-	14,576	-	-
\$ -	\$ 8,725	\$ 730,925	\$ 350	\$ -	\$ 99,067	\$ 408,384	\$ 416,710
\$ 17,455	\$ 16,312	\$ (48,467)	\$ -	\$ -	\$ (24,393)	\$ 7,032	\$ (1,294)
-	69,030	412,513	50,000	-	91,302	26,532	342,587
\$ 17,455	\$ 85,342	\$ 364,046	\$ 50,000	\$ -	\$ 66,909	\$ 33,564	\$ 341,293
\$ 17,455	\$ -	\$ 364,046	\$ 50,000	\$ -	\$ -	\$ 33,564	\$ 341,293
-	85,342	-	-	-	66,909	-	-
\$ 17,455	\$ 85,342	\$ 364,046	\$ 50,000	\$ -	\$ 66,909	\$ 33,564	\$ 341,293

(CONTINUED)

HALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
 NONMAJOR GOVERNMENT FUNDS
 For the Year Ended June 30, 2013

	Canine	Drug Court	Drug Seizure	Drug Enforcement	Federal Drug Forfeiture	Diversion
Receipts						
Taxes:						
Property/motor vehicle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receipts:						
Federal:						
Other grants	-	-	-	-	-	-
State:						
Lodging tax	-	-	-	-	-	-
Homestead exemption	-	-	-	-	-	-
Property tax credit	-	-	-	-	-	-
Pro-rate motor vehicles	-	-	-	-	-	-
Carline/airline tax	-	-	-	-	-	-
Grants	-	152,830	-	-	-	-
Other	-	-	-	-	-	-
Local fees, licenses, commissions and miscellaneous:						
LB-14 Charges	-	-	-	-	-	-
In-lieu-of tax	-	-	-	-	-	-
911 surcharges	-	-	-	-	-	-
Sale of supplies & materials	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Commissary sales	-	-	-	-	-	-
House arrest	-	-	-	-	-	-
Weed spraying assessment	-	-	-	-	-	-
Interest	-	-	-	-	26	-
Lottery	-	-	-	-	-	-
Other	-	99,010	-	8,015	-	9,333
Interfund transfers	-	11,551	-	-	-	-
Total receipts	\$ -	\$ 263,391	\$ -	\$ 8,015	\$ 26	\$ 9,333
Disbursements						
Personal service	\$ -	\$ 173,136	\$ -	\$ -	\$ -	\$ -
Operating expense	-	60,035	-	2,700	3,013	7,903
Supplies & material	-	8,404	-	-	-	-
Equipment rental	-	2,400	-	-	-	-
Capital outlay	-	852	-	-	-	-
Debt servicing	-	-	-	-	-	-
Interfund transfers	-	38,249	-	-	1,885	-
Total disbursements	\$ -	\$ 283,076	\$ -	\$ 2,700	\$ 4,898	\$ 7,903
Net change in fund balance	\$ -	\$ (19,685)	\$ -	\$ 5,315	\$ (4,872)	\$ 1,430
Fund balances - beginning	-	130,205	256	10,859	30,318	28,045
Fund balances - ending	\$ -	\$ 110,520	\$ 256	\$ 16,174	\$ 25,446	\$ 29,475
Restricted	\$ -	\$ -	\$ 256	\$ 16,174	\$ 25,446	\$ 29,475
Committed	-	110,520	-	-	-	-
Total	\$ -	\$ 110,520	\$ 256	\$ 16,174	\$ 25,446	\$ 29,475

HALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
 NONMAJOR GOVERNMENT FUNDS
 For the Year Ended June 30, 2013

Inmate Welfare	ADA Fund	Institutions	Dependent	Veterans Services	Emergency Management	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 2,055	\$ 62,033	\$ 6,019	\$ -	\$ 70,107
-	-	-	-	-	-	827
-	-	-	-	-	-	830,832
-	-	57	1,546	183	-	1,786
-	-	66	1,612	219	-	1,897
-	-	7	216	23	-	246
-	-	4	100	11	-	115
-	-	-	-	-	-	152,830
-	-	-	-	-	-	-
-	-	-	-	-	-	17,455
-	-	10	261	38	-	309
-	-	-	-	-	213,666	213,666
-	-	-	-	-	-	-
-	-	-	-	-	-	-
159,080	-	-	-	-	-	159,080
30,596	-	-	-	-	-	30,596
-	-	-	-	-	-	62,936
-	-	-	-	-	-	892
-	-	-	-	-	-	681,979
171,846	-	-	210	-	-	994,713
-	-	-	-	-	-	717,465
<u>\$ 361,522</u>	<u>\$ -</u>	<u>\$ 2,199</u>	<u>\$ 65,978</u>	<u>\$ 6,493</u>	<u>\$ 213,666</u>	<u>\$ 3,937,731</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266,854
278,940	-	9,321	58,950	3,237	263,000	1,996,988
2,874	-	-	-	-	-	26,992
-	-	-	-	-	-	2,400
6,780	-	-	-	-	-	274,674
-	-	-	-	-	-	-
50,000	-	-	-	-	-	373,810
<u>\$ 338,594</u>	<u>\$ -</u>	<u>\$ 9,321</u>	<u>\$ 58,950</u>	<u>\$ 3,237</u>	<u>\$ 263,000</u>	<u>\$ 2,941,718</u>
\$ 22,928	\$ -	\$ (7,122)	\$ 7,028	\$ 3,256	\$ (49,334)	\$ 996,013
94,980	-	71,263	113,662	44,187	49,893	2,817,099
<u>\$ 117,908</u>	<u>\$ -</u>	<u>\$ 64,141</u>	<u>\$ 120,690</u>	<u>\$ 47,443</u>	<u>\$ 559</u>	<u>\$ 3,813,112</u>
\$ -	\$ -	\$ 64,141	\$ 120,690	\$ 47,443	\$ 559	\$ 1,110,755
117,908	-	-	-	-	-	2,702,357
<u>\$ 117,908</u>	<u>\$ -</u>	<u>\$ 64,141</u>	<u>\$ 120,690</u>	<u>\$ 47,443</u>	<u>\$ 559</u>	<u>\$ 3,813,112</u>

HALL COUNTY
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2013

	State	Schools	Natural Resource District	Fire Districts	Municipalities	Agricultural Society
ASSETS						
Cash and cash equivalents						
Total assets - beginning	\$ 970,207	\$ 1,033,617	\$ 26,414	\$ 8,065	\$ 265,437	\$ 2,024
Additions	11,022,539	56,362,462	1,882,551	491,456	11,658,794	153,986
Deductions	(11,016,594)	(56,383,350)	(1,886,892)	(488,778)	(11,720,256)	(154,107)
Total assets - ending	<u>\$ 976,152</u>	<u>\$ 1,012,729</u>	<u>\$ 22,073</u>	<u>\$ 10,743</u>	<u>\$ 203,975</u>	<u>\$ 1,903</u>
LIABILITIES						
Due to other governments						
Total liabilities - beginning	\$ 970,207	\$ 1,033,617	\$ 26,414	\$ 8,065	\$ 265,437	\$ 2,024
Additions	11,022,539	56,362,462	1,882,551	491,456	11,658,794	153,986
Deductions	(11,016,594)	(56,383,350)	(1,886,892)	(488,778)	(11,720,256)	(154,107)
Total liabilities - ending	<u>\$ 976,152</u>	<u>\$ 1,012,729</u>	<u>\$ 22,073</u>	<u>\$ 10,743</u>	<u>\$ 203,975</u>	<u>\$ 1,903</u>

HALL COUNTY
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2013

Partial Payment	Townships	Airport Authority	Social Security	Lodging Sales Tax	Unclaimed Property Trust Fund	SID	Total
\$ 20,214	\$ 5,513	\$ 10,839	\$ -	\$ 316	\$ -	\$ 52	\$ 2,342,698
111,545 (118,508)	23 -	997,707 (994,792)	- -	2,073 (2,008)	- -	2,200 -	82,685,336 (82,765,285)
<u>\$ 13,251</u>	<u>\$ 5,536</u>	<u>\$ 13,754</u>	<u>\$ -</u>	<u>\$ 381</u>	<u>\$ -</u>	<u>\$ 2,252</u>	<u>\$ 2,262,749</u>
\$ 20,214	\$ 5,513	\$ 10,839	\$ -	\$ 316	\$ -	\$ 52	\$ 2,342,698
111,545 (118,508)	23 -	997,707 (994,792)	- -	2,073 (2,008)	- -	2,200 -	82,685,336 (82,765,285)
<u>\$ 13,251</u>	<u>\$ 5,536</u>	<u>\$ 13,754</u>	<u>\$ -</u>	<u>\$ 381</u>	<u>\$ -</u>	<u>\$ 2,252</u>	<u>\$ 2,262,749</u>

HALL COUNTY
SCHEDULE OF DISBURSEMENTS COMPARED TO BUDGET - CASH BASIS
GENERAL FUND BY DEPARTMENT
For the Year Ended June 30, 2013
With Comparative Totals For The Year Ended June 30, 2012

	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	\$ 283,509	\$ 208,562	\$ 679,600	\$ 309,141	\$ -	\$ 178,269	\$ 237,096	\$ 102,681	\$ 416,234
Operating expenses	3,089	74,782	5,380	29,743	4,000	2,359	328,170	8,582	2,951
Supplies/material	218	4,684	12,376	6,479	-	654	1,039	21,791	10,221
Equipment rental	-	-	-	-	-	-	-	-	-
Capital outlay	-	3,071	10,290	1,800	-	2,733	112,911	4,500	438
Interfund transfers	-	-	-	-	-	-	-	-	-
Total Disbursements	\$ 286,816	\$ 291,099	\$ 707,646	\$ 347,163	\$ 4,000	\$ 184,015	\$ 679,216	\$ 137,554	\$ 429,844
Budget	290,779	299,908	734,673	365,619	4,000	195,489	722,864	143,138	435,563
Favorable	\$ 3,963	\$ 8,809	\$ 27,027	\$ 18,456	\$ -	\$ 11,474	\$ 43,648	\$ 5,584	\$ 5,719

	Public Safety								
	Sheriff	Attorney	Jail	Building Inspector	Misc	Probation Officer	Grants	Juvenile Diversion/Attention	Safety
Disbursements:									
Personal service	\$ 2,476,315	\$ 1,360,642	\$ 4,141,165	\$ 6,963	\$ -	\$ -	\$ -	\$ 166,239	\$ -
Operating expenses	126,116	46,893	1,318,056	60	405,031	3,222	-	2,206	4,377
Supplies/material	114,406	16,070	83,782	2,056	-	18,629	-	7,661	94
Equipment rental	-	-	-	-	-	-	-	-	-
Capital outlay	173,762	750	24,285	-	-	15,205	35,896	3,379	-
Interfund transfers	-	-	-	-	-	-	-	-	-
Total Disbursements	\$ 2,890,599	\$ 1,424,355	\$ 5,567,288	\$ 9,079	\$ 405,031	\$ 37,056	\$ 35,896	\$ 179,485	\$ 4,471
Budget	3,220,049	1,463,704	5,726,657	10,167	405,320	37,225	334,473	183,638	7,900
Favorable	\$ 329,450	\$ 39,349	\$ 159,369	\$ 1,088	\$ 289	\$ 169	\$ 298,577	\$ 4,153	\$ 3,429

HALL COUNTY
 SCHEDULE OF DISBURSEMENTS COMPARED TO BUDGET - CASH BASIS
 GENERAL FUND BY DEPARTMENT
 For the Year Ended June 30, 2013
 With Comparative Totals For The Year Ended June 30, 2012

General Government									
Special Election	Justice System	County Court System	Building and Grounds	Agriculture Ext. Agent	Misc.	District Judge	Public Defender	Equipment Acquisition	Cadastral Maps
\$ 100	\$ 23,051	\$ -	\$ 445,398	\$ 139,490	\$ 288	\$ 135,172	\$ 526,115	\$ -	\$ 64,842
2,030	1,210,553	413	220,002	54,935	1,299,909	912	34,059	-	5,697
-	-	20,772	26,006	839	-	2,671	981	-	538
-	-	-	2,400	4,228	-	-	-	-	-
-	-	4,807	70,695	4,907	-	2,640	221	7,634	-
-	-	-	-	-	-	-	-	-	-
\$ 2,130	\$ 1,233,604	\$ 25,992	\$ 764,501	\$ 204,399	\$ 1,300,197	\$ 141,395	\$ 561,376	\$ 7,634	\$ 71,077
24,288	1,378,530	26,028	774,951	245,174	1,565,511	143,137	561,586	7,634	75,740
\$ 22,158	\$ 144,926	\$ 36	\$ 10,450	\$ 40,775	\$ 265,314	\$ 1,742	\$ 210	\$ -	\$ 4,663

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) 2013	(Memorandum only) 2012
\$ 87,102	\$ -	\$ 256,096	\$ 355,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,599,095	\$ 12,343,333
832	118,750	33,455	129,951	-	845,230	10,000	549,109	-	6,880,854	6,529,793
122	-	-	4,973	-	-	-	-	-	357,062	369,730
-	-	-	-	-	-	-	-	-	6,628	6,410
219	-	1,149	-	-	-	12,152	-	-	493,444	452,316
-	-	-	-	-	-	-	-	2,897,930	2,897,930	2,085,685
\$ 88,275	\$ 118,750	\$ 290,700	\$ 489,949	\$ -	\$ 845,230	\$ 22,152	\$ 549,109	\$ 2,897,930	\$ 23,235,013	\$ 21,787,267
89,200	128,381	309,325	524,318	-	845,230	21,000	549,109	3,097,930	24,948,238	23,735,124
\$ 925	\$ 9,631	\$ 18,625	\$ 34,369	\$ -	\$ -	\$ (1,152)	\$ -	\$ 200,000	\$ 1,713,225	\$ 1,947,857

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE CLERK
 For the Year Ended June 30, 2013
 With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
Imprest - Vendor	\$ 23,478,151	\$ 21,828,740
Imprest - Payroll	12,062,677	11,862,238
Recording fees	145	133
Photo copy	3,702	3,609
Marriage licenses	6,555	6,360
Plat books	<u>390</u>	<u>650</u>
 Total receipts	 \$ 35,551,620	 \$ 33,701,730
Disbursements:		
Imprest - Vendor	\$ 23,478,151	\$ 21,828,740
Imprest - Payroll	12,062,677	11,862,238
Recording fees	125	153
Photo copy	3,686	3,616
Marriage licenses	6,720	6,300
Plat books	420	690
Game and parks	<u>-</u>	<u>134</u>
 Total disbursements	 <u>\$ 35,551,779</u>	 <u>\$ 33,701,871</u>
Receipts over (under) disbursements	\$ (159)	\$ (141)
Cash balance, beginning of year	<u>13,065</u>	<u>13,206</u>
Cash balance, end of year	<u>\$ 12,906</u>	<u>\$ 13,065</u>
Cash balance consists of:		
Cash on hand	\$ 27	\$ 27
Cash in bank	<u>12,879</u>	<u>13,038</u>
 Total cash balance	 <u>\$ 12,906</u>	 <u>\$ 13,065</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, 2013
With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
Fees	\$ 355,555	\$ 644,795
Interest	1	-
Trust receipts	473,306	778,646
Alimony/Child Support Work Release/Judgements	<u>2,248,212</u>	<u>1,801,688</u>
Total receipts	\$ 3,077,074	\$ 3,225,129
Disbursements:		
Fees	\$ 352,627	\$ 654,648
Interest	-	7
Trust disbursements	900,836	1,434,147
Alimony/Child Support Work Release/Judgements	<u>2,246,834</u>	<u>1,836,739</u>
Total disbursements	<u>\$ 3,500,297</u>	<u>\$ 3,925,541</u>
Receipts over (under) disbursements	\$ (423,223)	\$ (700,412)
Cash balance, beginning of year	<u>743,277</u>	<u>1,443,689</u>
Cash balance, end of year	<u><u>\$ 320,054</u></u>	<u><u>\$ 743,277</u></u>
Cash balance consists of:		
Cash on hand	\$ 200	\$ 200
Cash in bank	<u>319,854</u>	<u>743,077</u>
Total cash balance	<u><u>\$ 320,054</u></u>	<u><u>\$ 743,277</u></u>
Cash balance due to other governments	<u>\$ 10,899</u>	<u>\$ 9,316</u>
Cash balance due to others	<u><u>\$ 297,654</u></u>	<u><u>\$ 713,544</u></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, 2013
 With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
Writ fees, commissions, mileage, etc.	\$ 369,405	\$ 353,623
Vehicle inspection	37,390	38,730
Distress warrant collections	130,667	97,836
Hand gun permits	2,190	1,340
Law enforcement	<u>2,071</u>	<u>2,012</u>
Total receipts	\$ 541,723	\$ 493,541
Disbursements:		
Writ fees, commissions, mileage, etc.	\$ 366,987	\$ 347,718
Vehicle inspection	37,130	38,370
Distress warrant collection	132,156	99,737
Hand gun permits	2,175	1,335
Law enforcement	<u>2,071</u>	<u>2,012</u>
Total disbursements	<u>\$ 540,519</u>	<u>\$ 489,172</u>
Receipts over (under) disbursements	\$ 1,204	\$ 4,369
Cash balance, beginning of year	<u>42,142</u>	<u>37,773</u>
Cash balance, end of year	<u>\$ 43,346</u>	<u>\$ 42,142</u>
Cash balance consists of:		
Cash on hand	\$ 1,408	\$ 1,405
Cash in bank	<u>41,938</u>	<u>40,737</u>
Total cash balance	<u>\$ 43,346</u>	<u>\$ 42,142</u>

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 DEPARTMENT OF CORRECTIONS
 For the Year Ended June 30, 2013
 With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
ICE detainee housing	\$ 1,379,963	\$ 1,741,418
Federal prisoner housing	4,730	2,907
Miscellaneous receipts	1,568	54
Inmate welfare	2,997	5,097
Inmate trust	<u>1,195,253</u>	<u>1,128,624</u>
 Total receipts	 \$ 2,584,511	 \$ 2,878,100
Disbursements:		
ICE detainee housing	\$ 1,379,963	\$ 1,741,418
Federal prisoner housing	4,730	2,907
Miscellaneous receipts	1,555	699
Inmate welfare	2,997	4,150
Inmate trust	<u>1,205,197</u>	<u>1,118,728</u>
 Total disbursements	 <u>\$ 2,594,442</u>	 <u>\$ 2,867,902</u>
Receipts over (under) disbursements	\$ (9,931)	\$ 10,198
Cash balance, beginning of year	<u>46,105</u>	<u>35,907</u>
Cash balance, end of year	<u>\$ 36,174</u>	<u>\$ 46,105</u>
Cash balance consists of:		
Cash on hand	\$ 5,435	\$ 4,199
Cash in bank	<u>30,739</u>	<u>41,906</u>
 Total cash balance	 <u>\$ 36,174</u>	 <u>\$ 46,105</u>
Cash balance due to others	<u>\$ 10,224</u>	<u>\$ 15,103</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, 2013
 With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
Service fees	\$ 62,936	\$ 129,402
Other receipts	<u>269</u>	<u>967</u>
Total receipts	\$ 63,205	\$ 130,369
Disbursements:		
County Treasurer	<u>\$ 63,000</u>	<u>\$ 130,500</u>
Total disbursements	<u>\$ 63,000</u>	<u>\$ 130,500</u>
Receipts over (under) disbursements	\$ 205	\$ (131)
Cash balance, beginning of year	<u>456</u>	<u>587</u>
Cash balance, end of year	<u><u>\$ 661</u></u>	<u><u>\$ 456</u></u>
Cash balance consists of:		
Cash on hand	\$ 74	\$ 71
Cash in bank	<u>587</u>	<u>385</u>
Total cash balance	<u><u>\$ 661</u></u>	<u><u>\$ 456</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, 2013
With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
Check restitution	\$ 30,698	\$ 54,163
Criminal restitution	18,675	16,162
Law enforcement	<u>12,314</u>	<u>11,257</u>
Total receipts	\$ 61,687	\$ 81,582
Disbursements:		
Check restitution	\$ 35,393	\$ 49,254
Criminal restitution	18,671	16,088
Law enforcement	<u>10,906</u>	<u>13,257</u>
Total disbursements	<u>\$ 64,970</u>	<u>\$ 78,599</u>
Receipts over (under) disbursements	\$ (3,283)	\$ 2,983
Cash balance, beginning of year	<u>9,402</u>	<u>6,419</u>
Cash balance, end of year	<u><u>\$ 6,119</u></u>	<u><u>\$ 9,402</u></u>
Cash balance consists of:		
Cash on hand	\$ 180	\$ 180
Cash in bank	<u>5,939</u>	<u>9,222</u>
Total cash balance	<u><u>\$ 6,119</u></u>	<u><u>\$ 9,402</u></u>
Cash balance due to others	<u><u>\$ 392</u></u>	<u><u>\$ 5,084</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, 2013
With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
Service fees	<u>\$ 108,252</u>	<u>\$ 298,520</u>
Total receipts	\$ 108,252	\$ 298,520
Disbursements:		
County Treasurer	<u>\$ 108,252</u>	<u>\$ 298,529</u>
Total disbursements	<u>\$ 108,252</u>	<u>\$ 298,529</u>
Receipts over (under) disbursements	\$ -	\$ (9)
Cash balance, beginning of year	-	9
Cash balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Cash balance consists of:		
Cash on hand	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2013
 With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
Zoning permits	\$ 9,450	\$ 8,250
Conditional use permits	2,000	1,000
Variance permits	<u>-</u>	<u>100</u>
Total receipts	\$ 11,450	\$ 9,350
Disbursements:		
County Treasurer	<u>\$ 11,450</u>	<u>\$ 9,350</u>
Total disbursements	<u>\$ 11,450</u>	<u>\$ 9,350</u>
Receipts over (under) disbursements	\$ -	\$ -
Cash balance, beginning of year	<u>150</u>	<u>150</u>
Cash balance, end of year	<u>\$ 150</u>	<u>\$ 150</u>
Cash balance consists of:		
Cash on hand	<u>\$ 150</u>	<u>\$ 150</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, 2013
With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
Recording fees	\$ 290,033	\$ 218,196
Document stamp tax	450,655	485,699
Copies	<u>1,046</u>	<u>1,590</u>
Total receipts	\$ 741,734	\$ 705,485
Disbursements:		
County Treasurer:		
Recording fees	\$ 268,741	\$ 209,428
Document stamp tax	101,350	105,272
P & M Fund	17,455	-
Copies	1,172	1,610
State:		
Document stamp tax	354,769	368,503
Miscellaneous	<u>618</u>	<u>14</u>
Total disbursements	\$ 744,105	\$ 684,827
Receipts over (under) disbursements	\$ (2,371)	\$ 20,658
Cash balance, beginning of year	<u>59,929</u>	<u>39,271</u>
Cash balance, end of year	<u><u>\$ 57,558</u></u>	<u><u>\$ 59,929</u></u>
Cash balance consists of:		
Cash on hand	\$ 5,285	\$ 4,939
Cash in bank	<u>52,273</u>	<u>54,990</u>
Total cash balance	\$ 57,558	\$ 59,929
Cash balance due to State of Nebraska	<u><u>\$ 26,091</u></u>	<u><u>\$ 28,525</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, 2013
 With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
County Treasurer	<u>\$ 16,376</u>	<u>\$ 1,021</u>
Total receipts	\$ 16,376	\$ 1,021
Disbursements:		
Medical/Funeral expenses	\$ 952	\$ 1,654
Rent, utilities and food supplies	2,152	14,722
Miscellaneous expense	<u>80</u>	<u>-</u>
Total disbursements	<u>\$ 3,184</u>	<u>\$ 16,376</u>
Receipts over (under) disbursements	\$ 13,192	\$ (15,355)
Cash balance, beginning of year	19,439	34,794
Howard County Veterans Service cash, Hall County custodian	<u>1,644</u>	<u>-</u>
Cash balance, end of year	<u><u>\$ 34,275</u></u>	<u><u>\$ 19,439</u></u>
Cash balance consists of:		
Cash in bank	<u><u>\$ 34,275</u></u>	<u><u>\$ 19,439</u></u>
Cash balance due to other governments	<u><u>\$ 1,644</u></u>	<u><u>\$ -</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, 2013
 With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
Copies	\$ 423	\$ 363
Other Fees	<u>125</u>	<u>265</u>
Total receipts	\$ 548	\$ 628
Disbursements:		
County Treasurer	<u>\$ 553</u>	<u>\$ 647</u>
Total disbursements	<u>\$ 553</u>	<u>\$ 647</u>
Receipts over (under) disbursements	\$ (5)	\$ (19)
Cash balance, beginning of year	<u>28</u>	<u>47</u>
Cash balance, end of year	<u><u>\$ 23</u></u>	<u><u>\$ 28</u></u>
Cash balance consists of:		
Cash on hand	<u><u>\$ 23</u></u>	<u><u>\$ 28</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, 2013
 With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
Park fees	\$ 40,550	\$ 33,631
Picnic fees	1,225	725
Sales tax	2,285	2,004
Lodging tax	<u>2,150</u>	<u>1,875</u>
Total receipts	\$ 46,210	\$ 38,235
Disbursements:		
County Treasurer	<u>\$ 45,115</u>	<u>\$ 37,255</u>
Total disbursements	<u>\$ 45,115</u>	<u>\$ 37,255</u>
Receipts over (under) disbursements	\$ 1,095	\$ 980
Cash balance, beginning of year	<u>1,770</u>	<u>790</u>
Cash balance, end of year	<u><u>\$ 2,865</u></u>	<u><u>\$ 1,770</u></u>
Cash balance consists of:		
Cash on hand	<u><u>\$ 2,865</u></u>	<u><u>\$ 1,770</u></u>

HALL COUNTY
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
EXTENSION OFFICE
For the Year Ended June 30, 2013
With Comparative Totals For the Year Ended June 30, 2012

	2013	2012
Receipts:		
Reimbursed expenses - Hall Co.	\$ 61,117	\$ 58,587
Room rental fees	4,310	2,530
Vending machine income	713	-
Interest	<u>72</u>	<u>126</u>
 Total receipts	 \$ 66,212	 \$ 61,243
Disbursements:		
Telephone	\$ 1,686	\$ 1,960
Utilities & maintenance	41,744	35,466
Capital outlay	4,677	7,137
County sinking fund expenses	3,419	-
College Park sinking fund	4,500	4,500
Office equipment rental	4,148	3,210
Office supplies	935	2,870
Insurance	2,662	2,543
Miscellaneous	<u>290</u>	<u>768</u>
 Total disbursements	 <u>\$ 64,061</u>	 <u>\$ 58,454</u>
Receipts over (under) disbursements	\$ 2,151	\$ 2,789
Cash balance, beginning of year	<u>46,933</u>	<u>44,144</u>
Cash balance, end of year	<u>\$ 49,084</u>	<u>\$ 46,933</u>
Cash balance consists of:		
Cash on hand	\$ -	\$ -
Cash in bank	22,998	20,919
Certificates of deposit - restricted	<u>26,086</u>	<u>26,014</u>
 Total cash balance	 <u>\$ 49,084</u>	 <u>\$ 46,933</u>

HALL COUNTY
 COMPARATIVE ANALYSIS OF TAX CERTIFIED
 CORRECTIONS AND COLLECTIONS
 For the Year Ended June 30, 2013

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Tax certified by Assessor:					
Real estate, personal, specials & intangible	\$ 64,160,874	\$ 68,512,317	\$ 71,375,819	\$ 75,700,634	\$ 79,235,096
Total	<u>\$ 64,160,874</u>	<u>\$ 68,512,317</u>	<u>\$ 71,375,819</u>	<u>\$ 75,700,634</u>	<u>\$ 79,235,096</u>
Corrections:					
Additions	\$ 157,563	\$ 350,140	\$ 557,408	\$ 34,997	\$ 62,787
Deductions	<u>(36,565)</u>	<u>(134,942)</u>	<u>(292,402)</u>	<u>(383,488)</u>	<u>(132,853)</u>
Net additions/(deductions)	<u>\$ 120,998</u>	<u>\$ 215,198</u>	<u>\$ 265,006</u>	<u>\$ (348,491)</u>	<u>\$ (70,067)</u>
Correct certified tax	<u>\$ 64,281,872</u>	<u>\$ 68,727,515</u>	<u>\$ 71,640,825</u>	<u>\$ 75,352,143</u>	<u>\$ 79,165,030</u>
Net tax collected (refunded) by County Treasurer for year ended:					
June 30, 2009	\$ 36,108,416	\$ -	\$ -	\$ -	\$ -
June 30, 2010	28,103,817	38,447,946	-	-	-
June 30, 2011	25,102	30,226,629	40,237,277	-	-
June 30, 2012	1,591	(29,272)	31,532,954	42,924,007	-
June 30, 2013	<u>46,127</u>	<u>47,653</u>	<u>(169,393)</u>	<u>32,398,447</u>	<u>45,242,940</u>
Total net collections	<u>\$ 64,285,053</u>	<u>\$ 68,692,956</u>	<u>\$ 71,600,838</u>	<u>\$ 75,322,454</u>	<u>\$ 45,242,940</u>
Total uncollected tax	<u>\$ (3,181)</u>	<u>\$ 34,560</u>	<u>\$ 39,987</u>	<u>\$ 29,689</u>	<u>\$ 33,922,090</u>
Percentage of uncollected tax	<u>0.00%</u>	<u>0.05%</u>	<u>0.06%</u>	<u>0.04%</u>	<u>42.85%</u>

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

HALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

<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	\$ 474,352
Medical Assistance Program*	93.778	051205NE5ADM	39,686
Total-Department of Health and Human Services			<u>\$ 514,038</u>
<u>Federal Emergency Management Agency</u>			
Passed through State of Nebraska			
Civil Defense			
Emergency Management Performance Grant	97.042		\$ 4,886
Homeland Security Grant Program	97.067	2011SHSP	25,000
Total-Federal Emergency Management Agency			<u>\$ 29,886</u>
<u>Department of Justice</u>			
Direct Programs:			
State Criminal Alien Assistance Program	16.606		\$ 62,784
Sex Offender Roundup	Unknown		827
Edward Byrne Memorial Justice Assistance Grant Program	16.738		10,989
Organized Crime Drug Enforcement Task Force	Unknown		3,267
Total Direct-Department of Justice			<u>\$ 77,867</u>
Passed through Nebraska Commission on Law Enforcement and Criminal Justice			
JABG - Probation Intake	16.523	11-JA-0601	\$ 6,220
Total-Department of Justice			<u>\$ 84,087</u>
<u>Department of the Interior</u>			
Direct Program:			
National Wildlife Refuge Fund	15.659		\$ 3,343
Total-Department of the Interior			<u>\$ 3,343</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, 2013

Federal Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Disbursements/ Expenditures
<u>Department of Transportation</u>			
Passed through State of Nebraska Roads			
Formula Grants for other than Urbanized Areas	20.509	RPT-C401 (212)	\$ 177,681
Passed through Nebraska Office of Highway Safety			
Lifesavers' Conference	20.600		\$ 1,267
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	410-12-5 410-12-2 410-13-2	23,394
Highway Planning and Construction	20.205	HSIP0335	18,350
Total Pass Through-Nebraska Office of Highway Safety			\$ 43,011
Total-Department of Transportation			\$ 220,692
<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 12 HD04 12 HD07 13 HD04	\$ 117,759
Total-Executive Office of the President			\$ 117,759
Total Federal Financial Assistance			\$ 969,805

*Major Program

See Notes to Schedule of Expenditures of Federal Awards

HALL COUNTY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 June 30, 2013

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	\$177,681



McDERMOTT + MILLER

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Hall County Supervisors
Hall County
Grand Island, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hall County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Hall County's basic financial statements, and have issued our report thereon dated March 18, 2014. 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.

Internal Control over Financial Reporting

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

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

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2013-01 through 2013-06 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hall County's financial statements are free from 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 Response to Findings

Hall County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Hall County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

McDermott & Miller, P.C.

McDermott & Miller, P.C.
Grand Island, Nebraska
March 18, 2014



MCDERMOTT + MILLER

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT 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 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, 2013. 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.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Hall County's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our compliance audit 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 U.S. Office of Management and Budget 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 compliance 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. A compliance 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 compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination on Hall County's compliance with those requirements.

Opinion

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, 2013.

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 requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for 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 deficiencies, significant deficiencies, or material weaknesses. *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 compliance 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.

Restricted Use

The purpose of this report is 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this report is not suitable for any other purpose.

McDermott & Miller, P.C.

McDermott & Miller, P.C.
Grand Island, Nebraska
March 18, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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: Unmodified

Internal control over major program compliance:

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

Identification of major programs:

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

93.563 Child Support Enforcement
93.778 Medical Assistance Program

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

\$300,000

Is the auditee qualified as a low-risk auditee?

Yes

No

Section II: Financial Statement Findings

Finding 2013-01: 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, 2013, 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 2013-02: 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 monitoring deficiencies in cash balances, deposits, receipt issuances, and requests for reimbursement of funds and incomplete 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, 2013, 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 related to cash management. The Audit Committee has addressed this issue with particular departments and will continue to work with county officials to remind them of these processes.

Finding 2013-03: 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, 2013, 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 has reviewed and updated inventory policies and procedures and will continue to remind all county officials of this.

Finding 2013-04: The County's policies and procedures implemented to monitor the implementation of TIF Funds do not provide for the prevention or detection of misstatements due to error or fraud as evidenced by collections and disbursements of funds that were incorrectly coded to fiduciary funds. (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, 2013, management failed to properly monitor the implementation of TIF Funds for receipt and disbursement of those funds to the appropriate agency.

Cause: The entity failed to monitor procedures which would provide for the accurate calculation of the funds to be collected for the related agencies.

Effect or Potential Effect: Improper amounts of TIF Funds were distributed to the wrong agencies, which resulted in the need for the recollection and redistribution of those funds.

Recommendation: Management should properly establish and monitor procedures which provide for the accurate calculation of TIF Funds.

Responsible Official's Response: The County Assessor is responsible for implementation of TIF funds and is aware of these procedures. The Audit Committee will encourage the following of these procedures.

Finding 2013-05: The County's policies and procedures implemented to monitor payroll documentation and the related transfers of funds do not provide for the prevention or detection of misstatements due to error or fraud as evidenced by documents missing authorized signatures and required payroll forms being missing. (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, 2013, management failed to have proper authorization by way of an original signature on transfer of funds requests for payroll and required payroll forms were not on file.

Cause: The entity failed to monitor procedures by allowing documents with stamped signatures and required payroll forms to be missing from the payroll files.

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

Recommendation: Management should properly authorize all documents that require signature and maintain required payroll forms on file.

Responsible Official's Response: The County Clerk is responsible for proper payroll documentation and is aware of these procedures. The Audit Committee will encourage the following of these procedures.

Finding 2013-06: The County's policies and procedures implemented for the claims process do not provide for the prevention or detection of misstatements due to error or fraud as evidenced by claims missing required documentation. (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, 2013, management failed to establish and maintain a sound system of internal control which properly prevented or detected misstatements in various aspects of the claims process.

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

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

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

Responsible Official's Response: The Board of Supervisors has established procedures related to the claims process. The Audit Committee has addressed this issue with particular departments and will continue to work with county officials to remind them of these processes.

Section III: Federal Awards Findings

None.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2012-1 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: The County has limited resources to fully correct this deficiency.

2012-2 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.

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

2012-3 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)

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

2012-4 The County did not assign an individual the responsibility for oversight of the direct and indirect cost reimbursements received from the Department of Health and Human Services.

Status: Planned corrective action completed this fiscal year.