

HALL COUNTY
FINANCIAL REPORT
For the Year Ended June 30, 2016

TABLE OF CONTENTS
(Continued)

Schedule 14 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the register of deeds	54
Schedule 15 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of veteran's service	55
Schedule 16 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the county assessor	56
Schedule 17 – Schedule of cash receipts, cash disbursements and changes in cash balances – office of the parks and recreation department	57
Schedule 18 – Schedule of cash receipts, cash disbursements and changes in cash balances – extension office	58
Schedule 19 – Comparative analysis of tax certified – corrections and collections	59

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Schedule of expenditures of federal awards	60-61
Notes to the schedule of expenditures of federal awards	62
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 <i>GOVERNMENT AUDITING STANDARDS</i>	63-64
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE	65-66
Schedule of findings and questioned costs	67-69
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, as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position-cash basis, 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 for governments in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 9 and the budgetary comparison information on pages 30 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hall County's basic financial statements. The additional schedules located on pages 38 through 59 and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the financial statements.

The additional schedules located on pages 38 through 59 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional schedules located on pages 38 through 59 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 January 3, 2017, 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 PC

McDermott & Miller, P.C.
Grand Island, Nebraska
January 3, 2017

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

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, 2016. Please read it in conjunction with the County's financial statements, which follow 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 position. Over time, increases or decreases in the County's net position 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) and the Hall County Convention and Visitors' Bureau are component units of the County because of the significance of their relationship with the County. Condensed financial statements of both entities as of June 30, 2016 are presented in the notes to the financial statements; see Note 9 and Note 10 for further information. A complete copy of each entities' financial statements are 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, 2016

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, 2016 was \$33,090,004 compared with \$23,913,399 at June 30, 2015. This was an increase of \$9,176,605 or 38%.
- General fund expenditures and transfers were \$27,057,656 for the current fiscal year, compared with \$24,907,143 at June 30, 2015. This is an increase of \$2,150,513 or 9%.
- Federal program expenditures were \$1,089,820 for the current fiscal year, compared with \$948,085 at June 30, 2015. This is an increase of \$141,735 or 14.9%.
- Major capital projects of the County included the following:
 - Road Improvement Projects \$1,294,019
 - Road Equipment Purchases, Bridge Repair, and Engineering Fees \$954,309
 - Purchase of land for future Road Department \$150,311
 - Courthouse HVAC Project \$2,409,325
 - Courthouse Rubber Membrane \$42,734
 - Corrections Building Expenses & Water Heaters \$65,725
 - County Office Building Roof \$65,891
 - Juvenile Diversion Office Remodel \$56,064
 - Public Defender Office Remodel \$64,917
 - County Office Restroom Remodel \$48,907

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

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 and although disbursements increased over the prior year, an overall increase in the net position of the County occurred strengthening the financial position.

The largest single source of receipts for the County is property taxes. The County's property taxes recorded in the governmental funds for 2014-2015 were \$18,110,096 and for 2015-2016, it increased by \$734,136 to \$18,844,232.

In 2014-2015, the County's assessed valuation was \$4,758,657,256. In 2015-2016, it increased by \$424,098,623 to \$5,182,755,879.

The County follows GASB 54 standards for the classification of fund balances in governmental funds. See Note 1 and 14 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>2015-2016</u>	<u>2014-2015</u>	<u>Change</u>	<u>Percentage</u>
Total Assets	\$ 33,090,004	\$ 23,913,399	\$ 9,176,605	38.4%
Total Liabilities	339,359	357,722	(18,363)	(5.1%)
Total Net Position	32,750,645	23,555,677	9,194,968	39.0%
Total Restricted Net Position	13,258,330	4,974,503	8,283,827	166.5%
Total Unrestricted Net Position	19,492,315	18,581,174	911,141	4.9%

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

	<u>2015-2016</u>	<u>2014-2015</u>	<u>Change</u>	<u>Percentage</u>
Receipts				
Program Receipts				
Fees and Charges for Services	\$ 13,247,620	\$ 12,692,944	\$ 554,676	4.4%
Operating Grants and Contributions	955,661	942,231	13,430	1.4%
Capital Grants and Contributions	290,789	281,932	8,857	3.1%
General Receipts				
Property Taxes	18,844,232	18,110,096	734,136	4.1%
Other Taxes	6,873,324	5,321,469	1,551,855	29.2%
Other General Receipts	8,964,577	28,732	8,935,845	31,100.7%
Total Receipts	<u>\$ 49,176,203</u>	<u>\$ 37,377,404</u>	<u>\$ 11,798,799</u>	<u>31.6%</u>
Program Disbursements				
General Government	\$ 15,232,106	\$ 13,174,965	\$ 2,057,141	15.6%
Public Safety	15,633,097	14,203,389	1,429,708	10.1%
Public Works	5,486,079	5,407,179	78,900	1.5%
Public Health	541,250	523,869	17,381	3.3%
Public Welfare and Social Services	946,397	932,843	13,554	1.5%
Culture and Recreation	2,142,306	1,667,003	475,303	28.5%
Total Disbursements	<u>\$ 39,981,235</u>	<u>\$ 35,909,248</u>	<u>\$ 4,071,987</u>	<u>11.3%</u>
Change in Net Position	<u>\$ 9,194,968</u>	<u>\$ 1,468,156</u>	<u>\$ 7,726,812</u>	<u>526.3%</u>

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

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>Building & Improvement Reserve</u>	<u>Other Governmental Funds</u>
Receipts	\$27,320,315	\$ 2,007,669	\$ 2,172,894	\$ 2,937,397	\$ 2,566,537	\$ 44,719	\$ 3,221,672
Disbursements	(23,747,396)	(1,961,751)	(798,088)	(5,159,826)	(3,619,121)	(1,938,041)	(2,757,012)
Refunding Bonds	-	8,905,000	-	-	-	-	-
Transfers In	345,000	-	718,000	2,466,157	336,223	1,555,639	86,103
Transfers Out	(3,310,260)	-	(1,555,639)	(279,584)	-	-	(361,639)
Net Change in Fund Balances	607,659	8,950,918	537,167	(35,856)	(716,361)	(337,683)	189,124
Beginning Fund Balance	9,982,238	1,874,568	3,696,834	548,869	2,009,401	2,969,161	2,474,606
Ending Fund Balance	10,589,897	10,825,486	4,234,001	513,013	1,293,040	2,631,478	2,663,730

The Jail Bond Fund had the greatest change in value. This was attributed to a refunding of bonds described in Note 13 and in the section on Long Term Debt Highlights. The increase in the Inheritance Fund is attributed to an increase of \$1,151,085 of total receipts compared to the prior year. The decrease in the Road Fund is attributable to an increase of disbursements totaling \$29,879 compared to the prior year.

The following table shows the property tax rates, by fund or component unit, for fiscal years 2014-2015 and 2015-2016 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 2015-2016 would be \$396.14.

Fund	2014-2015 Levy	2015-2016 Levy	Levy Change	Percentage Change
General Fund	0.351453	0.336385	(0.015068)	-4.29%
Dependent Fund	0.001446	0.001534	0.000088	6.09%
Institutions	0.000092	0.000081	(0.000011)	-11.96%
Jail Bond Fund	0.039000	0.039000	0.000000	0.00%
Veteran's Aid	0.000087	0.000141	0.000054	62.07%
Museum	0.019000	0.019000	0.000000	0.00%
County Totals	0.411078	0.396141	(0.014937)	-3.63%

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

General Fund Budgetary Highlights

In comparing the General Fund's actual expenditures to the budget prepared for the year, mostly favorable variances were noted. Total General Fund expenditures were under budget by \$2,551,600 or 10.74%. This was mostly due to the Public Safety function being under budget by \$1,167,613 and the General Government function being under budget by \$1,255,964. See the Budgetary Comparison Schedule for the General Fund on pages 30-32 for more detailed information.

Over the course of the 2015-2016 fiscal year, the County's General Fund balance increased by approximately \$607,659. The following table provides a detailed picture of the increase in fund balance.

	2015-2016 Budget	Year-End Actual	Difference
07/01/15 Beginning Balance		\$ 9,982,238	
Receipts:			
Property/Motor Vehicle Taxes	\$ 19,191,632	\$ 18,721,440	\$ (470,192)
Federal	823,999	540,422	(283,577)
State	651,260	1,782,061	1,130,801
Other Local	5,114,038	6,276,392	1,162,354
Total Receipts	\$ 25,780,929	\$ 27,320,315	\$ 1,539,386
Expenditures	\$ 26,298,996	\$ 23,747,396	\$ 2,551,600
Net Transfers	\$ (2,965,260)	\$ (2,965,260)	\$ -
Net (Decrease)/Increase	\$ (3,483,327)	\$ 607,659	\$ 4,090,986
06/30/16 Ending Balance		\$ 10,589,897	

HALL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

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%. On July 14, 2015, the Hall County Board of Supervisors approved a resolution calling for the early redemption, refinancing and prepayment of \$9,600,000 in aggregate principal amount of the County's General Obligation Bonds, Series 2011. On September 30, 2015 the County closed on this transaction for Series 2015 bonds for the final amount of \$8,905,000. The Series 2015 bonds are payable over a period not longer than 12 years and callable at the County's option after 5 years. The interest rate fluctuates between 0.35% and 2.60%. The redemption is expected to save the County approximately \$4,162,706 and will reduce the final payment date by 6 years. The advanced refunded was completed in September 2016. See Note 13 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 2012), 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 2012).

Subsequent Events

Subsequent events have been evaluated through January 3, 2017, which is the date the financial statements were available to be issued. The County notes the following items for disclosure.

The Nebraska Department of Correctional Services had indicated that they will no longer house inmates with the county after June 30, 2017. For the year ended June 30, 2016, the Hall County Department of Corrections received \$2,541,952 in income from the Nebraska Department of Correction Services for inmates housed in Hall County, Nebraska.

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, 2016

		Primary Government
		Governmental Activities
ASSETS		
Pooled cash and cash equivalents	\$	18,470,407
Pooled certificates of deposit		2,697,392
Restricted assets:		
Cash and cash equivalents		11,402,753
Certificates of deposit		519,452
Total assets	\$	33,090,004
LIABILITIES		
Due to other governments	\$	52,254
Due to others		287,105
Total liabilities	\$	339,359
NET POSITION		
Restricted for:		
Debt service	\$	10,825,486
Capital projects - Extension Office		26,282
Health and life insurance claims		1,022,005
911 emergency services		7,178
Visitors promotion/improvement		484,910
Veterans services		37,927
Drug enforcement		111,062
Keno lottery		508,765
Traffic safety		27,473
Indigent welfare		158,567
P&M fund - Register of Deeds		48,162
Unrestricted		19,492,828
Total net position	\$	32,750,645

See Notes to Financial Statements

HALL COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2016

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	\$ 15,232,106	\$ 9,612,348	\$ 238,808	\$ 289,179	\$ (5,091,771)
Public safety	15,633,097	648,416	389,097	-	(14,595,584)
Public works	5,486,079	2,986,856	-	1,610	(2,497,613)
Public health	541,250	-	-	-	(541,250)
Public welfare and social services	946,397	-	327,756	-	(618,641)
Culture and recreation	2,142,306	-	-	-	(2,142,306)
Total governmental activities	<u>\$ 39,981,235</u>	<u>\$ 13,247,620</u>	<u>\$ 955,661</u>	<u>\$ 290,789</u>	<u>\$ (25,487,165)</u>
General receipts					
Taxes:					
Property					\$ 18,844,232
Motor vehicle					1,785,403
Property tax credit					947,318
Airline and carline tax allocation					45,429
In-lieu-of tax					95,997
Insurance tax allocation					144,098
Pro-rate motor vehicle					68,279
Homestead					494,148
Lodging					918,420
Inheritance					2,163,636
911 Surcharges					210,597
Bond Proceeds					8,905,000
Fines and licenses					12,807
Interest income					46,769
Total general receipts					<u>\$ 34,682,133</u>
Change in net position					\$ 9,194,968
Net position - beginning					<u>23,555,677</u>
Net position - ending					<u>\$ 32,750,645</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, 2016

	General	Jail Bond Fund	Inheritance Funds	Road Fund	Insurance Fund	Building & Improvement Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and equivalents	\$ 8,191,227	\$ -	\$ 4,234,001	\$ 513,013	\$ 271,035	\$ 2,631,478	\$ 2,629,653	\$ 18,470,407
Certificates of deposit	2,697,392	-	-	-	-	-	-	2,697,392
Restricted assets:								
Cash and cash equivalents	271	10,825,486	-	-	528,835	-	48,161	11,402,753
Certificates of deposit	26,282	-	-	-	493,170	-	-	519,452
Total assets	<u>\$ 10,915,172</u>	<u>\$ 10,825,486</u>	<u>\$ 4,234,001</u>	<u>\$ 513,013</u>	<u>\$ 1,293,040</u>	<u>\$ 2,631,478</u>	<u>\$ 2,677,814</u>	<u>\$ 33,090,004</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to other governments	\$ 50,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,639	\$ 52,254
Due to others	274,660	-	-	-	-	-	12,445	287,105
Total liabilities	<u>\$ 325,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,084</u>	<u>\$ 339,359</u>
Fund balances:								
Restricted	\$ 26,282	\$ 10,825,486	\$ -	\$ -	\$ 1,022,005	\$ -	\$ 1,384,044	\$ 13,257,817
Committed	-	-	-	513,013	271,035	2,631,478	1,279,686	4,695,212
Assigned	-	-	4,234,001	-	-	-	-	4,234,001
Unassigned	10,563,615	-	-	-	-	-	-	10,563,615
Total fund balances	<u>\$ 10,589,897</u>	<u>\$ 10,825,486</u>	<u>\$ 4,234,001</u>	<u>\$ 513,013</u>	<u>\$ 1,293,040</u>	<u>\$ 2,631,478</u>	<u>\$ 2,663,730</u>	<u>\$ 32,750,645</u>
Total liabilities and fund balances	<u>\$ 10,915,172</u>	<u>\$ 10,825,486</u>	<u>\$ 4,234,001</u>	<u>\$ 513,013</u>	<u>\$ 1,293,040</u>	<u>\$ 2,631,478</u>	<u>\$ 2,677,814</u>	<u>\$ 33,090,004</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, 2016

	General	Jail Bond Fund	Inheritance Funds	Road Fund	Insurance Fund	Building & Improvement Reserve	Other Governmental Funds	Total Governmental Funds
RECEIPTS								
Property/Motor Vehicle taxes	\$ 18,721,440	\$ 1,828,289	\$ -	\$ -	\$ -	\$ -	\$ 79,906	\$ 20,629,635
Fines and licenses	12,807	-	-	-	-	-	-	12,807
State	1,782,061	149,326	-	2,645,608	-	-	1,101,543	5,678,538
Federal	540,422	-	-	1,610	-	-	-	542,032
Interest income	16,180	20,617	9,258	-	-	-	714	46,769
Other	6,247,405	9,437	2,163,636	290,179	2,566,537	44,719	2,039,509	13,361,422
Total receipts	\$ 27,320,315	\$ 2,007,669	\$ 2,172,894	\$ 2,937,397	\$ 2,566,537	\$ 44,719	\$ 3,221,672	\$ 40,271,203
DISBURSEMENTS								
General government	\$ 8,222,504	\$ -	\$ 798,088	\$ -	\$ 3,619,121	\$ 1,938,041	\$ 654,352	\$ 15,232,106
Public safety	12,695,821	1,961,751	-	-	-	-	975,525	15,633,097
Public works	233,787	-	-	5,159,826	-	-	92,466	5,486,079
Public health	541,250	-	-	-	-	-	-	541,250
Public welfare and social services	874,069	-	-	-	-	-	72,328	946,397
Culture and recreation	1,179,965	-	-	-	-	-	962,341	2,142,306
Total disbursements	\$ 23,747,396	\$ 1,961,751	\$ 798,088	\$ 5,159,826	\$ 3,619,121	\$ 1,938,041	\$ 2,757,012	\$ 39,981,235
Excess (deficiency) of receipts over (under) disbursements	\$ 3,572,919	\$ 45,918	\$ 1,374,806	\$ (2,222,429)	\$ (1,052,584)	\$ (1,893,322)	\$ 464,660	\$ 289,968
OTHER FINANCING SOURCES (USES)								
Refunding bonds	\$ -	\$ 8,905,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,905,000
Transfers in	345,000	-	718,000	2,466,157	336,223	1,555,639	86,103	5,507,122
Transfers out	(3,310,260)	-	(1,555,639)	(279,584)	-	-	(361,639)	(5,507,122)
Total other financing sources	\$ (2,965,260)	\$ 8,905,000	\$ (837,639)	\$ 2,186,573	\$ 336,223	\$ 1,555,639	\$ (275,536)	\$ 8,905,000
Net change in fund balances	\$ 607,659	\$ 8,950,918	\$ 537,167	\$ (35,856)	\$ (716,361)	\$ (337,683)	\$ 189,124	\$ 9,194,968
Fund balances - beginning	9,982,238	1,874,568	3,696,834	548,869	2,009,401	2,969,161	2,474,606	23,555,677
Fund balances - ending	\$ 10,589,897	\$ 10,825,486	\$ 4,234,001	\$ 513,013	\$ 1,293,040	\$ 2,631,478	\$ 2,663,730	\$ 32,750,645

See Notes to Financial Statements

HALL COUNTY
STATEMENT OF FIDUCIARY NET POSITION-CASH BASIS
FIDUCIARY FUNDS
For the Year Ended June 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 2,849,968</u>
LIABILITIES	
Due to other governments	
State	\$ 1,021,573
Schools	1,256,438
Natural Resource District	23,866
Fire Districts	9,230
Municipalities	463,864
Agricultural Society	1,860
Partial Payment	37,289
Townships	15,415
Airport Authority	20,071
Lodging Sales Tax	362
SID	-
Total liabilities	<u>\$ 2,849,968</u>
TOTAL NET POSITION	<u><u>\$ -</u></u>

See Notes to Financial Statements

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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) and Hall County Convention and Visitors' Bureau are component units of the County because of the significance of their relationship with the County. Condensed financial statements of Stuhr Museum as of June 30, 2016 is presented in the notes to the financial statements; see Note 9 and Note 10 for further information. A complete copy of each entities' financial statements are 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,

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

Neb. Rev. Stat. Secs. 13-1201 through 13-1212 (Reissue 2012), and the Federal Transit Act. Under the agreement, Industries will provide transportation to citizens within Hall County 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 Governmental 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 position into three components— net investment in capital assets; 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 pooled cash and cash equivalents, pooled certificates of deposit, restricted assets, due to other governments, and due to others. The statement also presents net position that is 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.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

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 this fund, the general operating expenses, the fixed charges and the capital improvement costs are paid for expenses that are not paid from other funds.

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.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Pooled Cash and Investments

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

Cash 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 2009), 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. All investments are Level 1 investments. Level 1 inputs are stated at quoted prices (unadjusted) in active markets for identical assets or liabilities.

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.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

Net Position/Fund Balances

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

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

- *Net Investment in Capital Assets* - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. The County does not present this category of net position as capital assets and debt are not presented under the cash basis of accounting.
- *Restricted Net Position* - This category represents net position 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 Position* - This category represents net position 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

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

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

Internal Activities

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

Use of Estimates

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

Compensated Absences

County employees may carry over some of 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. Certain employees receive compensatory time off. Some of the prior year's amount can be carried over to the following year. These employees will receive compensation for any accrued compensatory time off if they leave County employment. Under the cash receipts and disbursements basis of accounting, accumulated unpaid vacation pay, sick pay, and compensatory time off is not accrued in the governmental fund types. Under governmental GAAP, the accumulated unpaid vacation pay, sick pay, and compensatory time off 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.

HALL COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

Note 3. Deposits/Investments

The 2015-2016 fiscal year levy for property taxes was \$20,531,039, or \$.396141 per \$100 of assessed valuation. The 2014-2015 fiscal year levy for property taxes was \$19,561,805, or \$.411078 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.

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 credit 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 2009).

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)		
		<u><1</u>	<u>1-5</u>	
CDs	\$	2,860,267	\$	356,577
		\$ 2,860,267	\$ 356,577	
		\$ 2,860,267	\$ 356,577	

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

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 3. Deposits/Investments (Continued)

value price at all times. The trust was invested in Government Agency Securities – 43.00%, Certificate of Deposits in various Nebraska Banks – 12.06%, Demand Deposit and Money Market Accounts – 30.65%, and Repurchase agreements (collateralized by U.S. Government Securities) – 14.29% at June 30, 2016.

The cash and cash equivalents balance as of June 30, 2016 includes \$12,834,795 of funds held at NPAIT. Included in the aforementioned NPAIT balance is \$271 of funds held for others by the Hall County Clerk of the District Court.

An adjustment totaling \$1,044,407 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, 2016.

Additionally, the County was in possession of \$528,835 in cash and \$493,170 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, 2016.

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 2009) to determine allowed collateral. At June 30, 2016, the amounts on deposit for the County were adequately secured by each institution.

Note 4. Employee's Retirement System

The County Board has adopted the provisions of Neb. Rev. Stat. Secs. 23-2301 to 23-2335 (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, 2016, the County contributed \$859,688 to the employer's account. Employees contributed \$582,060 to the Plan for the year ended June 30, 2016. As of December 31, 2015 and 2014, the County's share of the net pension asset was \$27,852 and \$1,442,588, respectively. These amounts were determined by the audit report issued by the Nebraska Public Employees Retirement System dated August 18, 2016, with a measurement date of December 31, 2015. The County also paid \$244 directly to retired individuals for prior service benefits on a pay-as-you-go basis.

HALL COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

Note 5. Deferred Compensation Plan

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

Note 6. Contingencies

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

Note 7. Interfund Transfers, Receivables, and Payables

Interfund transfers for the year ended June 30, 2016 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 345,000	\$ 3,310,260
Road Fund	2,466,157	279,584
Equipment & Improvement Fund	1,275	-
Building & Land Improvement Fund	1,555,639	-
Insurance Fund	336,223	-
Drug Court Fund	33,640	44,012
Inheritance Fund	718,000	1,555,639
Keno/Lottery Fund	-	275,000
Inmate Welfare Fund	3,637	30,000
Noxious Weed Fund	47,551	12,627
Totals	\$ 5,507,122	\$ 5,507,122

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.

There were no interfund receivables and payables as of June 30, 2016.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 8. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omission; injuries to employees; or acts of God. In March, 1988, the County joined together with other counties in the State of Nebraska to form the Nebraska Intergovernmental Risk Management Association, a public entity risk pool currently operating as a common risk management and insurance program for 78 member counties. The County pays an annual premium to Nebraska Intergovernmental Risk Management Association for its general insurance coverage. The Agreement for Formation of the Nebraska Intergovernmental Risk Management Association will be self-sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$250,000 for each property, \$300,000 for liability, and \$550,000 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 and 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 exceeding the \$60,000 limit for the plan year ending June 30, 2016 were paid through an excess loss insurance.

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 \$716,326 for the year ending June 30, 2016.

The insurance reserve fund has a reserve of \$508,084 at June 30, 2016. 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, 2016, received an unqualified opinion dated November 15, 2016. The following is a summary of the Stuhr Museum's June 30, 2016 financial statements (A complete copy of the audited financial statements of Stuhr Museum is on file with the Hall County Clerk.):

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 9. Stuhr Museum (Continued)

Total Assets	\$ 7,479,477
Total Deferred Outflows of Resources	71,213
Total Liabilities	152,037
Total Deferred Inflows of Resources	5,865
Net Position:	
Invested in Capital Assets	6,959,212
Restricted - Expendable	32,846
Unrestricted	400,730
Expenses - General Government	(1,907,999)
Program Revenues	1,090,794
Revenue from Hall County Support	929,965
Investment Income	1,191
Reimbursements	25,183
Miscellaneous Revenue	7,671
Change in Net Position	146,805
Beginning Net Position	7,245,983
Ending Net Position	\$ 7,392,788

Note 10. Hall County Convention and Visitor's Bureau

The Hall County Convention and Visitor's Bureau is a private tax-exempt entity which receives support in the form of occupancy taxes, which is then used to create new or improve existing visitor attractions or facilities within Hall County. The Hall County Convention and Visitor's Bureau Board of Directors is appointed by the Hall County, Nebraska Board of Supervisors. The Hall County Convention and Visitor's Bureau is also financially dependent on Hall County, Nebraska. The financial statements of Hall County, Nebraska, do not include the assets, liabilities, fund balances, revenues, and expenses of the Hall County Convention and Visitor's Bureau, except the collection of occupancy taxes and related distribution to the Hall County Convention and Visitor's Bureau. These balances are not material to the financial statement of Hall County, Nebraska. Therefore, the financial statements of the Hall County Convention and Visitor's Bureau have been omitted. Please refer to Schedule 3 in the financial statements for occupancy tax received and dispersed to the Hall County Convention and Visitor's Bureau.

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 11. Related Party Transactions

For the year ended June 30, 2016 there were no county officials with outstanding real estate or personal property taxes due.

Note 12. 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, 2016, was \$647,628.

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, 2016, was \$899,491.

It is the County's policy to pay out all of an employee's accrued but unused compensatory time off upon the employee's separation of employment with the County. The total amount of accrued but unpaid compensatory time off at June 30, 2016, was \$69,762.

Note 13. 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 Refunding Bonds were refinanced in September 2015 with the Series 2015 Refunding Bond. The Series 2015 bonds are payable over a period not longer than 12 years and callable at the County's option after 5 years. The interest rate fluctuates between 0.35% and 2.60%. 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, 2016, \$233,371 of interest and \$1,115,000 of principal were paid for the Series 2012 and 2015 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 2012), 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 2012).

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 13. Long-Term Debt (Continued)

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

The maturity schedule of the 2015 series bonds is as follows:

Series 2015	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
6/30/2017	285,000	189,130	474,130
6/30/2018	295,000	183,330	478,330
6/30/2019	295,000	177,430	472,430
6/30/2020	305,000	171,430	476,430
6/30/2021	310,000	165,280	475,280
6/30/22 to 26	6,080,000	654,778	6,734,778
6/30/27 to 28	995,000	12,935	1,007,935
Totals	<u>\$8,565,000</u>	<u>\$1,554,313</u>	<u>\$ 10,119,313</u>

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

Series 2012	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
6/30/2017	785,000	88,749	873,749
6/30/2018	790,000	79,100	869,100
6/30/2019	805,000	67,726	872,726
6/30/2020	815,000	54,356	869,356
6/30/2021	835,000	38,875	873,875
6/30/22 to 23	1,325,000	26,663	1,351,663
Totals	<u>\$ 5,355,000</u>	<u>\$ 355,469</u>	<u>\$ 5,710,469</u>

Changes in long-term debt are as follows:

	<u>Balance 6/30/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2016</u>
Bonds	<u>\$ 15,730,000</u>	<u>\$ 8,905,000</u>	<u>\$ (10,715,000)</u>	<u>\$ 13,920,000</u>

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 14. Net Position/Fund Balances

The government-wide statement of net position reports \$13,257,817 of restricted net position. Net position totaling \$12,070,995 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, 2016, governmental fund balances are classified as follows:

	General Fund	Jail Bond Fund	Inheritance Fund	Road Fund	Insurance Fund	Building and Improvement Reserve	Other Funds	Total
Fund balances:								
Restricted for:								
Debt service	\$ -	\$10,825,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$10,825,486
Capital projects - Extension Office	26,282	-	-	-	-	-	-	26,282
Parks & recreation	-	-	-	-	-	-	-	-
911 emergency services	-	-	-	-	-	-	7,178	7,178
Visitors promotion/improvement	-	-	-	-	-	-	484,910	484,910
Veterans services	-	-	-	-	-	-	37,927	37,927
Drug enforcement	-	-	-	-	-	-	111,062	111,062
Keno lottery	-	-	-	-	-	-	508,765	508,765
Traffic safety	-	-	-	-	-	-	27,473	27,473
Health & life insurance claims	-	-	-	-	1,022,005	-	-	1,022,005
Indigent welfare	-	-	-	-	-	-	158,567	158,567
P & M Fund - Register of Deeds	-	-	-	-	-	-	48,162	48,162
Total Restricted	\$ 26,282	\$10,825,486	\$ -	\$ -	\$1,022,005	\$ -	\$1,384,044	\$13,257,817
Committed to:								
Street & highways	\$ -	\$ -	\$ -	\$ 513,013	\$ -	\$ -	\$ -	\$ 513,013
Special projects	-	-	-	-	-	-	52,431	52,431
Equipment & improvement costs	-	-	-	-	-	-	342,245	342,245
Sick & vacation compensation	-	-	-	-	-	-	36,111	36,111
Building & land improvements	-	-	-	-	-	2,631,478	-	2,631,478
Unemployment compensation	-	-	-	-	-	-	79,239	79,239
Insurance claims	-	-	-	-	271,035	-	508,084	779,119
Drug court	-	-	-	-	-	-	109,997	109,997
Inmate welfare	-	-	-	-	-	-	109,676	109,676
Weed control	-	-	-	-	-	-	41,903	41,903
Total Committed	\$ -	\$ -	\$ -	\$ 513,013	\$ 271,035	\$ 2,631,478	\$1,279,686	\$ 4,695,212
Assigned to:								
Capital projects	\$ -	\$ -	\$ 4,234,001	\$ -	\$ -	\$ -	\$ -	\$ 4,234,001
Property tax relief	-	-	-	-	-	-	-	-
Total Assigned	\$ -	\$ -	\$ 4,234,001	\$ -	\$ -	\$ -	\$ -	\$ 4,234,001
Unassigned:	\$10,563,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$10,563,615
Total fund balances	\$10,589,897	\$10,825,486	\$ 4,234,001	\$ 513,013	\$1,293,040	\$ 2,631,478	\$2,663,730	\$32,750,645

HALL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Note 15. Leases

The County leased six (6) Caterpillar motor graders under an agreement classified as a capital lease. Rent shall be paid in five (5) annual payments. The first four (4) shall be \$244,433 beginning on November 4, 2016 with one (1) final payment of \$244,433 due on November 4, 2020. The title of ownership has transferred at the beginning of the lease, if payments are made timely.

Future minimum lease payments under the capital lease are as follows as of June 30, 2016:

6/30/2017	244,433
6/30/2018	244,433
6/30/2019	244,433
6/30/2020	244,433
6/30/2021	244,433
Total minimum payment	<u>\$1,222,165</u>
Less: amount representing interest	<u>(70,786)</u>
Present value of minimum lease payments	<u>\$1,151,379</u>

Note 16. Financial Statement Presentation

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

Note 17. Subsequent Events

Subsequent events have been evaluated through January 3, 2017, which is the date the financial statements were available to be issued. The County notes the following items for disclosure.

The Nebraska Department of Correctional Services had indicated that they will no longer house inmates with the county after June 30, 2017. For the year ended June 30, 2016, the Hall County Department of Corrections received \$2,541,952 in income from the Nebraska Department of Correction Services for inmates housed in Hall County, Nebraska.

OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON

HALL COUNTY
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
 GENERAL GOVERNMENTAL FUND
 For the Year Ended June 30, 2016

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
Receipts			
Taxes			
Property and motor vehicle taxes/fees	\$ 19,191,632	\$ 18,721,440	\$ (470,192)
Intergovernmental receipts			
Federal			
Inmate housing	3,000	7,144	4,144
Child support-Title IV-D	350,000	250,809	(99,191)
Medical Assistance Program	29,000	76,947	47,947
Other	441,999	205,522	(236,477)
State			
Airline and carline tax allocation	43,200	42,413	(787)
Insurance tax allocation	120,000	144,098	24,098
Pro-rate motor vehicle	62,800	62,015	(785)
Homestead exemption	-	444,045	444,045
Property tax credit	-	850,682	850,682
Other	425,260	238,808	(186,452)
Local fees, licenses, commissions and miscellaneous			
Licenses and permits	72,620	13,620	(59,000)
In lieu of taxes	79,250	86,114	6,864
Inter local agreements	379,682	360,985	(18,697)
Treasurer fees	275,700	295,676	19,976
Clerk fees	6,100	200,315	194,215
Register of Deeds fees	300,000	339,590	39,590
Clerk of the District Court fees	124,007	125,725	1,718
Election Commissioner	60,250	22,047	(38,203)
Sheriff fees	2,445,992	3,169,952	723,960
Attorney fees	2,500	2,713	213
Jail fees	222,000	413,913	191,913
Interest on investments	9,000	16,180	7,180
Sale of surplus property	-	3,364	3,364
Fines	7,000	12,687	5,687
Commissions	824,700	943,804	119,104
Miscellaneous	215,737	183,596	(32,141)
Parks and recreation fees	46,500	42,515	(3,985)
Insurance settlements	43,000	43,596	596
Total receipts	\$ 25,780,929	\$ 27,320,315	\$ 1,539,386
Disbursements			
General Government			
Board of Supervisors	\$ 321,332	\$ 317,791	\$ 3,541
Clerk	324,885	309,129	15,756
Treasurer	820,777	781,485	39,292

(CONTINUED)

See Notes to Other Supplementary Information - Budgetary Comparison

HALL COUNTY
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
 GENERAL GOVERNMENTAL FUND
 For the Year Ended June 30, 2016

Disbursements (Continued)	Budget (Original & Final)	Actual	Favorable (Unfavorable)
Assessor	\$ 529,758	\$ 476,388	\$ 53,370
Superintendent of Schools	4,000	4,000	-
Register of Deeds	124,920	87,481	37,439
Data processing	789,781	767,651	22,130
Election Commissioner	155,374	148,644	6,730
Clerk of the District Court	537,825	505,683	32,142
Special election	60,000	2,448	57,552
Justice system	1,779,755	1,395,417	384,338
County Court system	26,028	25,839	189
Building and Grounds	853,679	809,869	43,810
Agriculture Extension Agent	248,833	226,615	22,218
District Judge	166,675	164,470	2,205
Public Defender	630,396	625,968	4,428
Equipment acquisition	89,000	88,800	200
Cadastral maps	170,643	166,936	3,707
Miscellaneous	1,844,807	1,317,890	526,917
Public Safety			
Sheriff	3,733,702	3,375,782	357,920
Attorney	1,781,345	1,686,034	95,311
Jail	6,893,252	6,600,739	292,513
Building Inspector	145,000	28,371	116,629
Probation Officer	77,300	68,771	8,529
Grants	232,834	12,834	220,000
Juvenile diversion	412,526	351,348	61,178
Safety	7,900	4,586	3,314
Miscellaneous	579,575	567,356	12,219
Public Works			
Surveyor	100,098	99,540	558
Miscellaneous	141,383	134,247	7,136
Public Welfare and Social Services			
Veteran's Service Officer	362,416	353,977	8,439
Miscellaneous	609,982	520,092	89,890
Culture and Recreation			
Parks	-	-	-
Stuhr Museum	919,965	919,965	-
Miscellaneous	282,000	260,000	22,000
Public Health			
Miscellaneous	541,250	541,250	-
Total disbursements	\$ 26,298,996	\$ 23,747,396	\$ 2,551,600
Excess (deficiency) of receipts over disbursements	\$ (518,067)	\$ 3,572,919	\$ 4,090,986

(CONTINUED)

See Notes to Other Supplementary Information - Budgetary Comparison

HALL COUNTY
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
 GENERAL GOVERNMENTAL FUND
 For the Year Ended June 30, 2016

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
Other Financing Sources			
Transfers in	\$ 345,000	\$ 345,000	\$ -
Transfers out	(3,310,260)	(3,310,260)	-
Total other financing sources	\$ (2,965,260)	\$ (2,965,260)	\$ -
Net change in fund balance	\$ (3,483,327)	\$ 607,659	\$ 4,090,986
Fund balance - beginning	9,982,238	9,982,238	\$ -
Fund balance - ending	\$ 6,498,911	\$ 10,589,897	\$ 4,090,986

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, 2016

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
<u>Jail Bond</u>			
Receipts			
Taxes - property/motor vehicle	\$ 1,925,048	\$ 1,828,289	\$ (96,759)
Intergovernmental receipts:			
State:			
Homestead exemption	-	47,966	47,966
Property tax credit	-	92,472	92,472
Pro-rate motor vehicles	5,500	6,001	501
Carline/airline tax	2,500	2,887	387
Local fees, licenses, etc.:			
In-lieu-of tax	8,000	9,437	1,437
Interest	-	20,617	20,617
Proceeds of long-term debt	9,000,000	8,905,000	(95,000)
Total receipts	<u>\$ 10,941,048</u>	<u>\$ 10,912,669</u>	<u>\$ (28,379)</u>
Disbursements			
Debt servicing	\$ 12,815,616	\$ 1,961,751	\$ 10,853,865
Operating expense	-	-	-
Total disbursements	<u>\$ 12,815,616</u>	<u>\$ 1,961,751</u>	<u>\$ 10,853,865</u>
Net change in fund balance	\$ (1,874,568)	\$ 8,950,918	\$ 10,825,486
Fund balance - beginning	<u>1,874,568</u>	<u>1,874,568</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 10,825,486</u>	<u>\$ 10,825,486</u>
<u>Inheritance Tax</u>			
Receipts			
Intergovernmental receipts:			
State - other	\$ -	\$ -	\$ -
Local fees, licenses, etc.:			
Interest	10,000	9,258	(742)
Inheritance tax	900,000	2,163,636	1,263,636
Other income	-	-	-
Interfund transfers	718,000	718,000	-
Total receipts	<u>\$ 1,628,000</u>	<u>\$ 2,890,894</u>	<u>\$ 1,262,894</u>
Disbursements			
Operating expense	\$ 503,111	\$ -	\$ 503,111
Capital outlay	2,266,084	798,088	1,467,996
Interfund transfers	1,555,639	1,555,639	-
Total disbursements	<u>\$ 4,324,834</u>	<u>\$ 2,353,727</u>	<u>\$ 1,971,107</u>
Net change in fund balance	\$ (2,696,834)	\$ 537,167	\$ 3,234,001
Fund balance - beginning	<u>3,696,834</u>	<u>3,696,834</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,000,000</u>	<u>\$ 4,234,001</u>	<u>\$ 3,234,001</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, 2016

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
Road Fund			
Receipts			
Intergovernmental receipts:			
Federal - other grants	\$ -	\$ 1,610	\$ 1,610
State:			
Highway/street allocations	2,572,971	2,321,007	(251,964)
Motor vehicle fee	200,000	203,299	3,299
Incentive payments	10,500	10,500	-
Grants	20,900	110,802	89,902
Local fees, licenses, etc.:			
Machine hire	5,000	49,526	44,526
Sale of supplies & materials	16,000	19,852	3,852
Sale of property	5,000	-	(5,000)
Other	189,200	220,801	31,601
Interfund transfers	2,466,157	2,466,157	-
Total receipts	<u>\$ 5,485,728</u>	<u>\$ 5,403,554</u>	<u>\$ (82,174)</u>
Disbursements			
Personal service	\$ 1,584,040	\$ 1,524,583	\$ 59,457
Operating expense	157,300	216,874	(59,574)
Supplies/material	972,350	906,006	66,344
Equipment rental	212,276	223,156	(10,880)
Capital outlay	2,579,631	2,289,207	290,424
Interfund transfers	279,000	279,584	(584)
Total disbursements	<u>\$ 5,784,597</u>	<u>\$ 5,439,410</u>	<u>\$ 345,187</u>
Net change in fund balance	\$ (298,869)	\$ (35,856)	\$ 263,013
Fund balance - beginning	<u>548,869</u>	<u>548,869</u>	<u>-</u>
Fund balance - ending	<u>\$ 250,000</u>	<u>\$ 513,013</u>	<u>\$ 263,013</u>
Insurance Fund			
Receipts			
Other	\$ 2,762,286	\$ 2,566,537	\$ (195,749)
Interfund transfers	341,500	336,223	(5,277)
Total receipts	<u>\$ 3,103,786</u>	<u>\$ 2,902,760</u>	<u>\$ (201,026)</u>
Disbursements			
Personal service	\$ 770,000	\$ 706,956	\$ 63,044
Operating expense	2,604,857	2,912,165	(307,308)
Interfund transfers	-	-	-
Total disbursements	<u>\$ 3,374,857</u>	<u>\$ 3,619,121</u>	<u>\$ (244,264)</u>
Net change in fund balance	\$ (271,071)	\$ (716,361)	\$ (445,290)
Fund balance - beginning	<u>2,009,401</u>	<u>2,009,401</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,738,330</u>	<u>\$ 1,293,040</u>	<u>\$ (445,290)</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, 2016

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
<u>Building & Improvement Reserve</u>			
Receipts			
Other	\$ -	\$ 44,719	\$ 44,719
Interfund transfers	1,555,639	1,555,639	-
Total receipts	<u>\$ 1,555,639</u>	<u>\$ 1,600,358</u>	<u>\$ 44,719</u>
Disbursements			
Capital outlay	\$ 4,524,800	\$ 1,938,041	\$ 2,586,759
Interfund transfers	-	-	-
Total disbursements	<u>\$ 4,524,800</u>	<u>\$ 1,938,041</u>	<u>\$ 2,586,759</u>
Net change in fund balance	\$ (2,969,161)	\$ (337,683)	\$ 2,631,478
Fund balance - beginning	<u>2,969,161</u>	<u>2,969,161</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 2,631,478</u>	<u>\$ 2,631,478</u>

See Notes to Other Supplementary Information - Budgetary Comparison

HALL COUNTY
NOTES TO OTHER SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON
June 30, 2016

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, 2016.

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, 2016

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, 2016.

OTHER SUPPLEMENTARY INFORMATION

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

	Equipment & Improvement Reserve	Insurance Reserve	Sick & Vacation Liability	Special Revenue	Reappraisal	Register of Deeds
Receipts						
Taxes:						
Property/motor vehicle	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receipts:						
Federal:						
Other grants	-	-	-	-	-	-
State:						
Lodging tax	-	-	-	-	-	-
Homestead exemption	-	-	-	-	-	-
Property tax credit	-	-	-	-	-	-
Pro-rate motor vehicles	-	-	-	-	-	-
Carline/airline tax	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
Local fees, licenses, commissions and miscellaneous:						
P&M fees	-	-	-	-	-	33,895
In-lieu-of tax	-	-	-	-	-	-
911 surcharges	-	-	-	-	-	-
Sale of supplies & materials	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Commissary sales	-	-	-	-	-	-
House arrest	-	-	-	-	-	-
Weed spraying assessment	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Lottery	-	-	-	-	-	-
Other	289,153	-	46,800	6,197	-	-
Interfund transfers	1,275	-	-	-	-	-
Total receipts	\$ 290,428	\$ -	\$ 46,800	\$ 6,197	\$ -	\$ 33,895
Disbursements						
Personal service	\$ -	\$ -	\$ 68,915	\$ -	\$ -	\$ -
Operating expense	-	-	-	5,396	-	-
Supplies & material	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-
Capital outlay	95,237	-	-	1,026	-	-
Debt servicing	-	-	-	-	-	-
Interfund transfers	-	-	-	-	-	-
Total disbursements	\$ 95,237	\$ -	\$ 68,915	\$ 6,422	\$ -	\$ -
Net change in fund balance	\$ 195,191	\$ -	\$ (22,115)	\$ (225)	\$ -	\$ 33,895
Fund balances - beginning	147,054	508,084	58,226	52,656	-	14,267
Fund balances - ending	\$ 342,245	\$ 508,084	\$ 36,111	\$ 52,431	\$ -	\$ 48,162
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,162
Committed	342,245	508,084	36,111	52,431	-	-
	\$ 342,245	\$ 508,084	\$ 36,111	\$ 52,431	\$ -	\$ 48,162

See Notes to Financial Statements

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

	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	-	176,431	-	-	-	-
Other	-	-	-	-	-	-
Local fees, licenses, commissions and miscellaneous:						
P&M fees	-	-	-	-	-	-
In-lieu-of tax	-	-	-	-	-	-
911 surcharges	-	-	-	-	-	-
Sale of supplies & materials	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Commissary sales	-	-	-	-	-	-
House arrest	-	-	-	-	-	-
Weed spraying assessment	-	-	-	-	-	-
Interest	-	-	-	-	18	-
Lottery	-	-	-	-	-	-
Other	-	139,104	-	64,008	-	5,214
Interfund transfers	-	33,640	-	-	-	-
Total receipts	\$ -	\$ 349,175	\$ -	\$ 64,008	\$ 18	\$ 5,214
Disbursements						
Personal service	\$ -	\$ 257,360	\$ -	\$ -	\$ -	\$ -
Operating expense	-	62,994	2,238	8,237	6,714	-
Supplies & material	-	8,805	-	-	-	-
Equipment rental	-	2,400	-	-	-	-
Capital outlay	-	-	-	-	-	13,402
Debt servicing	-	-	-	-	-	-
Interfund transfers	-	44,012	-	-	-	-
Total disbursements	\$ -	\$ 375,571	\$ 2,238	\$ 8,237	\$ 6,714	\$ 13,402
Net change in fund balance	\$ -	\$ (26,396)	\$ (2,238)	\$ 55,771	\$ (6,696)	\$ (8,188)
Fund balances - beginning	-	136,393	16,374	28,754	19,097	35,661
Fund balances - ending	\$ -	\$ 109,997	\$ 14,136	\$ 84,525	\$ 12,401	\$ 27,473
Restricted	\$ -	\$ -	\$ 14,136	\$ 84,525	\$ 12,401	\$ 27,473
Committed	-	109,997	-	-	-	-
Total	\$ -	\$ 109,997	\$ 14,136	\$ 84,525	\$ 12,401	\$ 27,473

See Notes to Financial Statements

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

Inmate Welfare	ADA Fund	Institutions	Dependent	Veterans Services	Emergency Management	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 3,993	\$ 70,298	\$ 5,615	\$ -	\$ 79,906
-	-	-	-	-	-	-
-	-	-	-	-	-	918,420
-	-	102	1,872	164	-	2,138
-	-	192	3,637	334	-	4,163
-	-	13	231	19	-	263
-	-	6	112	10	-	128
-	-	-	-	-	-	176,431
-	-	-	-	-	-	-
-	-	-	-	-	-	33,895
-	-	20	388	39	-	447
-	-	-	-	-	210,592	210,592
-	-	-	-	-	-	-
-	-	-	-	-	-	-
310,310	-	-	-	-	-	310,310
30,673	-	-	-	-	-	30,673
-	-	-	-	-	-	50,980
-	-	-	-	-	-	714
-	-	-	-	-	-	752,503
83,356	-	-	-	-	-	650,109
3,637	-	-	-	-	-	86,103
<u>\$ 427,976</u>	<u>\$ -</u>	<u>\$ 4,326</u>	<u>\$ 76,538</u>	<u>\$ 6,181</u>	<u>\$ 210,592</u>	<u>\$ 3,307,775</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,345
348,052	-	13,345	46,861	12,122	224,769	2,163,343
33,228	-	-	-	-	-	57,733
-	-	-	-	-	-	2,400
7,326	-	-	-	-	-	119,191
-	-	-	-	-	-	-
30,000	-	-	-	-	-	361,639
<u>\$ 418,606</u>	<u>\$ -</u>	<u>\$ 13,345</u>	<u>\$ 46,861</u>	<u>\$ 12,122</u>	<u>\$ 224,769</u>	<u>\$ 3,118,651</u>
\$ 9,370	\$ -	\$ (9,019)	\$ 29,677	\$ (5,941)	\$ (14,177)	\$ 189,124
100,306	-	45,996	91,913	43,868	21,355	2,474,606
<u>\$ 109,676</u>	<u>\$ -</u>	<u>\$ 36,977</u>	<u>\$ 121,590</u>	<u>\$ 37,927</u>	<u>\$ 7,178</u>	<u>\$ 2,663,730</u>
\$ -	\$ -	\$ 36,977	\$ 121,590	\$ 37,927	\$ 7,178	\$ 1,384,044
109,676	-	-	-	-	-	1,279,686
<u>\$ 109,676</u>	<u>\$ -</u>	<u>\$ 36,977</u>	<u>\$ 121,590</u>	<u>\$ 37,927</u>	<u>\$ 7,178</u>	<u>\$ 2,663,730</u>

See Notes to Financial Statements

HALL COUNTY
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2016

	State	Schools	Natural Resource District	Fire Districts	Municipalities	Agricultural Society
ASSETS						
Cash and cash equivalents						
Total assets - beginning	\$ 1,115,216	\$ 1,224,238	\$ 24,088	\$ 9,377	\$ 325,908	\$ 1,932
Additions	12,290,912	68,999,162	1,971,047	508,773	13,239,070	154,796
Deductions	(12,384,555)	(68,966,962)	(1,971,269)	(508,920)	(13,101,114)	(154,868)
Total assets - ending	<u>\$ 1,021,573</u>	<u>\$ 1,256,438</u>	<u>\$ 23,866</u>	<u>\$ 9,230</u>	<u>\$ 463,864</u>	<u>\$ 1,860</u>
LIABILITIES						
Due to other governments						
Total liabilities - beginning	\$ 1,115,216	\$ 1,224,238	\$ 24,088	\$ 9,377	\$ 325,908	\$ 1,932
Additions	12,290,912	68,999,162	1,971,047	508,773	13,239,070	154,796
Deductions	(12,384,555)	(68,966,962)	(1,971,269)	(508,920)	(13,101,114)	(154,868)
Total liabilities - ending	<u>\$ 1,021,573</u>	<u>\$ 1,256,438</u>	<u>\$ 23,866</u>	<u>\$ 9,230</u>	<u>\$ 463,864</u>	<u>\$ 1,860</u>

See Notes to Financial Statements

HALL COUNTY
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2016

Partial Payment	Townships	Airport Authority	Lodging Sales Tax	Unclaimed Property Trust Fund	SID	Total
\$ 24,621	\$ 5,582	\$ 19,458	\$ 422	\$ -	\$ 2,252	\$ 2,753,094
185,369 (172,701)	9,833 -	1,627,986 (1,627,373)	1,909 (1,969)	- -	- (2,252)	98,988,857 (98,891,983)
<u>\$ 37,289</u>	<u>\$ 15,415</u>	<u>\$ 20,071</u>	<u>\$ 362</u>	<u>\$ -</u>	<u>\$ --</u>	<u>\$ 2,849,968</u>
\$ 24,621	\$ 5,582	\$ 19,458	\$ 422	\$ -	\$ 2,252	\$ 2,753,094
185,369 (172,701)	9,833 -	1,627,986 (1,627,373)	1,909 (1,969)	- -	- (2,252)	98,988,857 (98,891,983)
<u>\$ 37,289</u>	<u>\$ 15,415</u>	<u>\$ 20,071</u>	<u>\$ 362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,849,968</u>

See Notes to Financial Statements

HALL COUNTY
 SCHEDULE OF DISBURSEMENTS COMPARED TO BUDGET - CASH BASIS
 GENERAL FUND BY DEPARTMENT
 For the Year Ended June 30, 2016
 With Comparative Totals For The Year Ended June 30, 2015

	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	\$ 314,824	226,908	\$ 761,674	\$ 449,425	\$ -	\$ 81,937	\$ 269,548	\$ 111,928	\$ 471,031
Operating expenses	1,567	78,107	4,156	20,420	4,000	3,346	403,276	7,394	24,480
Supplies/material	563	4,114	13,153	6,543	-	1,289	876	21,166	9,319
Equipment rental	-	-	-	-	-	-	-	3,156	-
Capital outlay	837	-	2,502	-	-	909	93,951	5,000	853
Interfund transfers	-	-	-	-	-	-	-	-	-
Total Disbursements	\$ 317,791	\$ 309,129	\$ 781,485	\$ 476,388	\$ 4,000	\$ 87,481	\$ 767,651	\$ 148,644	\$ 505,683
Budget	321,332	324,885	820,777	529,758	4,000	124,920	789,781	155,374	537,825
Favorable	\$ 3,541	\$ 15,756	\$ 39,292	\$ 53,370	\$ -	\$ 37,439	\$ 22,130	\$ 6,730	\$ 32,142

	Public Safety								
	Sheriff	Attorney	Jail	Building Inspector	Misc	Probation Officer	Grants	Juvenile Diversion/ Attention	Safety
Disbursements:									
Personal service	\$ 2,950,815	\$ 1,628,102	\$ 4,726,751	\$ 22,877	\$ -	\$ -	\$ -	\$ 225,104	\$ -
Operating expenses	116,509	42,528	1,495,041	2,897	567,356	20,898	-	119,911	4,424
Supplies/material	75,675	11,983	166,042	2,597	-	30,270	-	5,578	162
Equipment rental	-	-	-	-	-	-	-	-	-
Capital outlay	232,783	3,421	212,905	-	-	17,603	12,834	755	-
Interfund transfers	-	-	-	-	-	-	-	-	-
Total Disbursements	\$ 3,375,782	\$ 1,686,034	\$ 6,600,739	\$ 28,371	\$ 567,356	\$ 68,771	\$ 12,834	\$ 351,348	\$ 4,586
Budget	3,733,702	1,781,345	6,893,252	145,000	579,575	77,300	232,834	412,526	7,900
Favorable (Unfavorable)	\$ 357,920	\$ 95,311	\$ 292,513	\$ 116,629	\$ 12,219	\$ 8,529	\$ 220,000	\$ 61,178	\$ 3,314

See Notes to Financial Statements

HALL COUNTY
 SCHEDULE OF DISBURSEMENTS COMPARED TO BUDGET - CASH BASIS
 GENERAL FUND BY DEPARTMENT
 For the Year Ended June 30, 2016
 With Comparative Totals For The Year Ended June 30, 2015

General Government									
Special Election	Justice System	County Court System	Building and Grounds	Agriculture Ext. Agent	Misc.	District Judge	Public Defender	Equipment Acquisition	Cadastral Maps
\$ -	\$ 20,098	\$ -	\$ 480,282	\$ 142,486	\$ 244	\$ 160,601	\$ 596,314	\$ -	\$ 141,219
2,448	1,375,319	787	238,097	54,181	1,317,646	1,119	23,784	-	9,407
-	-	19,164	29,808	1,461	-	2,420	2,837	-	1,810
-	-	-	3,000	3,069	-	-	-	-	-
-	-	5,888	58,682	25,418	-	330	3,033	88,800	14,500
-	-	-	-	-	-	-	-	-	-
\$ 2,448	\$ 1,395,417	\$ 25,839	\$ 809,869	\$ 226,615	\$ 1,317,890	\$ 164,470	\$ 625,968	\$ 88,800	\$ 166,936
60,000	1,779,755	26,028	853,679	248,833	1,844,807	166,675	630,396	89,000	170,643
\$ 57,552	\$ 384,338	\$ 189	\$ 43,810	\$ 22,218	\$ 526,917	\$ 2,205	\$ 4,428	\$ 200	\$ 3,707

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) 2016	(Memorandum only) 2015
\$ 92,722	\$ -	\$ 317,292	\$ 377,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,569,471	\$ 13,812,059
375	134,247	35,312	138,799	-	919,965	10,000	541,250	-	7,719,046	7,485,380
1,048	-	173	4,004	-	-	-	-	-	412,055	396,018
-	-	-	-	-	-	-	-	-	9,225	66,216
5,395	-	1,200	-	-	-	250,000	-	-	1,037,599	830,523
-	-	-	-	-	-	-	-	3,310,260	3,310,260	2,316,947
\$ 99,540	\$ 134,247	\$ 353,977	\$ 520,092	\$ -	\$ 919,965	\$ 260,000	\$ 541,250	\$ 3,310,260	\$ 27,057,656	\$ 24,907,143
100,098	141,383	362,416	609,982	-	919,965	282,000	541,250	3,310,260	29,609,256	27,317,541
\$ 558	\$ 7,136	\$ 8,439	\$ 89,890	\$ -	\$ -	\$ 22,000	\$ -	\$ -	\$ 2,551,600	\$ 2,410,398

See Notes to Financial Statements

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE CLERK
 For the Year Ended June 30, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	2016	2015
Receipts:		
Imprest - Vendor	\$ 29,822,046	\$ 26,815,415
Imprest - Payroll	14,847,527	13,849,862
Recording fees	-	15
Photo copy	5,126	3,728
Marriage licenses	11,820	6,135
Plat books	135	535
Total receipts	\$ 44,686,654	\$ 40,675,690
Disbursements:		
Imprest - Vendor	\$ 29,822,046	\$ 26,815,415
Imprest - Payroll	14,657,536	13,836,543
Recording fees	-	15
Photo copy	4,930	3,705
Marriage licenses	11,555	6,075
Plat books	180	530
Total disbursements	\$ 44,496,247	\$ 40,662,283
Receipts over (under) disbursements	\$ 190,407	\$ 13,407
Cash balance, beginning of year	134,009	120,602
Cash balance, end of year	\$ 324,416	\$ 134,009
Cash balance consists of:		
Cash on hand	\$ 27	\$ 27
Cash in bank	324,389	133,982
Total cash balance	\$ 324,416	\$ 134,009

See Notes to Financial Statements

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, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	2016	2015
Receipts:		
Fees	\$ 380,569	\$ 407,476
Interest	145	13
Trust receipts	347,625	612,693
Alimony/Child Support		
Work Release/Judgments	1,859,743	1,614,982
Total receipts	\$ 2,588,082	\$ 2,635,164
Disbursements:		
Fees	\$ 387,732	\$ 395,468
Interest	99	-
Trust disbursements	367,464	573,645
Alimony/Child Support		
Work Release/Judgments	1,837,769	1,620,573
Total disbursements	\$ 2,593,064	\$ 2,589,686
Receipts over (under) disbursements	\$ (4,982)	\$ 45,478
Cash balance, beginning of year	309,816	264,338
Cash balance, end of year	\$ 304,834	\$ 309,816
Cash balance consists of:		
Cash on hand	\$ 137	\$ 200
Cash in bank	304,697	309,616
Total cash balance	\$ 304,834	\$ 309,816
Cash balance due to other governments	\$ 13,827	\$ 16,553
Cash balance due to others	\$ 273,278	\$ 275,913

See Notes to Financial Statements

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE COUNTY SHERIFF
 For the Year Ended June 30, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	2016	2015
Receipts:		
Writ fees, commissions, mileage, etc.	\$ 262,363	\$ 357,392
Vehicle inspection	39,840	42,150
Distress warrant collections	156,981	170,097
Hand gun permits	1,720	1,135
Law enforcement	1,337	1,191
Total receipts	\$ 462,241	\$ 571,965
Disbursements:		
Writ fees, commissions, mileage, etc.	\$ 274,639	\$ 359,697
Vehicle inspection	39,380	41,950
Distress warrant collection	157,081	170,895
Hand gun permits	1,705	1,140
Law enforcement	1,337	1,191
Total disbursements	\$ 474,142	\$ 574,873
Receipts over (under) disbursements	\$ (11,901)	\$ (2,908)
Cash balance, beginning of year	47,595	50,503
Cash balance, end of year	\$ 35,694	\$ 47,595
Cash balance consists of:		
Cash on hand	\$ 1,823	\$ 966
Cash in bank	33,871	46,629
Total cash balance	\$ 35,694	\$ 47,595

See Notes to Financial Statements

HALL COUNTY
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
DEPARTMENT OF CORRECTIONS
For the Year Ended June 30, 2016
With Comparative Totals For the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
Receipts:		
ICE detainee housing	\$ 196,022	\$ 298,779
NDCS prisoner housing	2,541,952	2,817,385
Federal prisoner housing	7,144	3,055
Miscellaneous receipts	6,486	14,274
Inmate welfare	16,685	17,071
Inmate trust	<u>1,113,927</u>	<u>1,333,923</u>
 Total receipts	 \$ 3,882,216	 \$ 4,484,487
Disbursements:		
ICE detainee housing	\$ 2,737,974	\$ 3,116,164
Federal prisoner housing	7,144	3,605
Miscellaneous receipts	6,458	859
Inmate welfare	16,666	16,307
Inmate trust	<u>1,087,445</u>	<u>1,342,705</u>
 Total disbursements	 <u>\$ 3,855,687</u>	 <u>\$ 4,479,640</u>
Receipts over (under) disbursements	\$ 26,529	\$ 4,847
Cash balance, beginning of year	<u>47,235</u>	<u>42,388</u>
Cash balance, end of year	<u>\$ 73,764</u>	<u>\$ 47,235</u>
Cash balance consists of:		
Cash on hand	\$ 2,283	\$ 17,296
Cash in bank	<u>71,481</u>	<u>29,939</u>
 Total cash balance	 <u>\$ 73,764</u>	 <u>\$ 47,235</u>
Cash balance due to others	<u>\$ 12,445</u>	<u>\$ 8,965</u>

See Notes to Financial Statements

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, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
Receipts:		
Service fees	\$ 50,980	\$ 55,639
Other receipts	<u>88</u>	<u>74</u>
Total receipts	\$ 51,068	\$ 55,713
Disbursements:		
County Treasurer	<u>\$ 51,000</u>	<u>\$ 56,066</u>
Total disbursements	<u>\$ 51,000</u>	<u>\$ 56,066</u>
Receipts over (under) disbursements	\$ 68	\$ (353)
Cash balance, beginning of year	<u>581</u>	<u>934</u>
Cash balance, end of year	<u><u>\$ 649</u></u>	<u><u>\$ 581</u></u>
Cash balance consists of:		
Cash on hand	\$ 83	\$ 101
Cash in bank	<u>566</u>	<u>480</u>
Total cash balance	<u><u>\$ 649</u></u>	<u><u>\$ 581</u></u>

See Notes to Financial Statements

HALL COUNTY
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
OFFICE OF THE COUNTY ATTORNEY
For the Year Ended June 30, 2016
With Comparative Totals For the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
Receipts:		
Check restitution	\$ 30,480	\$ 27,299
Criminal restitution	4,546	2,603
Law enforcement	<u>8,161</u>	<u>6,333</u>
Total receipts	\$ 43,187	\$ 36,235
Disbursements:		
Check restitution	\$ 30,512	\$ 27,462
Criminal restitution	3,594	2,443
Law enforcement	8,416	6,266
Federal drug forfeiture	<u>-</u>	<u>3,444</u>
Total disbursements	<u>\$ 42,522</u>	<u>\$ 39,615</u>
Receipts over (under) disbursements	\$ 665	\$ (3,380)
Cash balance, beginning of year	<u>2,566</u>	<u>5,946</u>
Cash balance, end of year	<u>\$ 3,231</u>	<u>\$ 2,566</u>
Cash balance consists of:		
Cash on hand	\$ 180	\$ 180
Cash in bank	<u>3,051</u>	<u>2,386</u>
Total cash balance	<u>\$ 3,231</u>	<u>\$ 2,566</u>
Cash balance due to others	<u>\$ 1,382</u>	<u>\$ 462</u>

See Notes to Financial Statements

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE HIGHWAY DEPARTMENT
 For the Year Ended June 30, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	2016	2015
Receipts:		
Service fees	\$ 133,287	\$ 73,693
Total receipts	\$ 133,287	\$ 73,693
Disbursements:		
County Treasurer	\$ 133,287	\$ 73,693
Total disbursements	\$ 133,287	\$ 73,693
Receipts over (under) disbursements	\$ -	\$ -
Cash balance, beginning of year	-	-
Cash balance, end of year	\$ -	\$ -
Cash balance consists of:		
Cash on hand	\$ -	\$ -

See Notes to Financial Statements

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, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
Receipts:		
Zoning permits	\$ 10,200	\$ 9,000
Conditional use permits	<u>2,500</u>	<u>4,000</u>
Total receipts	\$ 12,700	\$ 13,000
Disbursements:		
County Treasurer	<u>\$ 13,000</u>	<u>\$ 13,300</u>
Total disbursements	<u>\$ 13,000</u>	<u>\$ 13,300</u>
Receipts over (under) disbursements	\$ (300)	\$ (300)
Cash balance, beginning of year	<u>300</u>	<u>600</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ 300</u>
Cash balance consists of:		
Cash on hand	<u>\$ -</u>	<u>\$ 300</u>

See Notes to Financial Statements

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, 2016
With Comparative Totals For the Year Ended June 30, 2015

	2016	2015
Receipts:		
Recording fees	\$ 208,694	\$ 212,113
Recording fees - P&M Fund	33,895	34,489
Document stamp tax	577,555	495,417
Copies	304	635
Total receipts	\$ 820,448	\$ 742,654
Disbursements:		
County Treasurer:		
Recording fees	\$ 215,248	\$ 213,490
Document stamp tax	133,399	102,296
P&M Fund	31,082	31,148
Copies	434	644
State:		
Document stamp tax	466,958	358,083
Miscellaneous	404	634
Total disbursements	\$ 847,525	\$ 706,295
Receipts over (under) disbursements	\$ (27,077)	\$ 36,359
Cash balance, beginning of year	89,716	53,357
Cash balance, end of year	\$ 62,639	\$ 89,716
Cash balance consists of:		
Cash on hand	\$ 90	\$ 7,634
Cash in bank	62,549	82,082
Total cash balance	\$ 62,639	\$ 89,716
Cash balance due to State of Nebraska	\$ 36,783	\$ 54,185
Cash balance due to others	\$ -	\$ -

See Notes to Financial Statements

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF VETERAN'S SERVICE
 For the Year Ended June 30, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
Receipts:		
County Treasurer	\$ 12,243	\$ 959
Total receipts	\$ 12,243	\$ 959
Disbursements:		
Medical/Funeral expenses	\$ 5,028	\$ 4,259
Rent, utilities and food supplies	7,095	7,983
Total disbursements	\$ 12,123	\$ 12,242
Receipts over (under) disbursements	\$ 120	\$ (11,283)
Cash balance, beginning of year	<u>25,217</u>	<u>36,500</u>
Cash balance, end of year	<u>\$ 25,337</u>	<u>\$ 25,217</u>
Cash balance consists of:		
Cash in bank	<u>\$ 25,337</u>	<u>\$ 25,217</u>
Cash balance due to other governments	<u>\$ 1,644</u>	<u>\$ 1,644</u>

See Notes to Financial Statements

HALL COUNTY
 SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
 OFFICE OF THE COUNTY ASSESSOR
 For the Year Ended June 30, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	2016	2015
Receipts:		
Copies	\$ 185	\$ 216
Other Fees	25	25
Total receipts	\$ 210	\$ 241
Disbursements:		
County Treasurer	\$ 201	\$ 227
Total disbursements	\$ 201	\$ 227
Receipts over (under) disbursements	\$ 9	\$ 14
Cash balance, beginning of year	26	12
Cash balance, end of year	\$ 35	\$ 26
Cash balance consists of:		
Cash on hand	\$ 35	\$ 26

See Notes to Financial Statements

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, 2016
 With Comparative Totals For the Year Ended June 30, 2015

	<u>2016</u>	<u>2015</u>
Receipts:		
Park fees	\$ 40,549	\$ 45,069
Picnic fees	1,850	1,870
Shower fees	699	274
Sales tax	2,170	2,415
Lodging tax	<u>2,016</u>	<u>2,241</u>
Total receipts	\$ 47,284	\$ 51,869
Disbursements:		
County Treasurer	<u>\$ 45,519</u>	<u>\$ 53,851</u>
Total disbursements	<u>\$ 45,519</u>	<u>\$ 53,851</u>
Receipts over (under) disbursements	\$ 1,765	\$ (1,982)
Cash balance, beginning of year	<u>1,683</u>	<u>3,665</u>
Cash balance, end of year	<u><u>\$ 3,448</u></u>	<u><u>\$ 1,683</u></u>
Cash balance consists of:		
Cash on hand	<u><u>\$ 3,448</u></u>	<u><u>\$ 1,683</u></u>

See Notes to Financial Statements

HALL COUNTY
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BALANCES
EXTENSION OFFICE

For the Year Ended June 30, 2016
With Comparative Totals For the Year Ended June 30, 2015

	2016	2015
Receipts:		
Reimbursed expenses - Hall Co.	\$ 80,221	\$ 80,062
Room rental fees	4,240	4,880
Vending machine income	487	1,304
Interest	66	65
Total receipts	\$ 85,014	\$ 86,311
Disbursements:		
Telephone	\$ 1,270	\$ 1,172
Utilities & maintenance	44,148	45,250
Capital outlay	25,921	21,661
County sinking fund expenses	13,205	14,955
Office equipment rental	3,069	2,914
Office supplies	1,034	3,629
Insurance	3,421	3,395
Miscellaneous	1,357	2,021
Total disbursements	\$ 93,425	\$ 94,997
Receipts over (under) disbursements	\$ (8,411)	\$ (8,686)
Cash balance, beginning of year	47,183	55,869
Cash balance, end of year	\$ 38,772	\$ 47,183
Cash balance consists of:		
Cash on hand	\$ -	\$ 20
Cash in bank	12,490	20,947
Certificates of deposit - restricted	26,282	26,216
Total cash balance	\$ 38,772	\$ 47,183

See Notes to Financial Statements

HALL COUNTY
COMPARATIVE ANALYSIS OF TAX CERTIFIED
CORRECTIONS AND COLLECTIONS
For the Year Ended June 30, 2016

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Tax certified by Assessor:					
Real estate, personal, specials & intangible	<u>\$ 75,700,634</u>	<u>\$ 79,235,096</u>	<u>\$ 83,188,039</u>	<u>\$ 91,123,870</u>	<u>\$ 94,363,076</u>
Total	<u>\$ 75,700,634</u>	<u>\$ 79,235,096</u>	<u>\$ 83,188,039</u>	<u>\$ 91,123,870</u>	<u>\$ 94,363,076</u>
Corrections:					
Additions	\$ 51,737	\$ 115,849	\$ 85,609	\$ 122,001	\$ 72,227
Deductions	<u>(387,145)</u>	<u>(283,492)</u>	<u>(186,948)</u>	<u>(225,640)</u>	<u>(223,420)</u>
Net additions/(deductions)	<u>\$ (335,408)</u>	<u>\$ (167,643)</u>	<u>\$ (101,339)</u>	<u>\$ (103,639)</u>	<u>\$ (151,193)</u>
Correct certified tax	<u>\$ 75,365,226</u>	<u>\$ 79,067,453</u>	<u>\$ 83,086,700</u>	<u>\$ 91,020,231</u>	<u>\$ 94,211,883</u>
Net tax collected (refunded) by County Treasurer for year ended:					
June 30, 2012	\$ 42,924,007	\$ -	\$ -	\$ -	\$ -
June 30, 2013	32,398,447	45,242,940	-	-	-
June 30, 2014	17,254	33,865,655	48,140,982	-	-
June 30, 2015	24,065	(35,072)	34,948,613	53,681,363	-
June 30, 2016	<u>44</u>	<u>(6,781)</u>	<u>5,982</u>	<u>37,312,656</u>	<u>55,715,189</u>
Total net collections	<u>\$ 75,363,817</u>	<u>\$ 79,066,742</u>	<u>\$ 83,095,577</u>	<u>\$ 90,994,019</u>	<u>\$ 55,715,189</u>
Total uncollected tax	<u>\$ 1,409</u>	<u>\$ 711</u>	<u>\$ (8,877)</u>	<u>\$ 26,212</u>	<u>\$ 38,496,694</u>
Percentage of uncollected tax	<u>0.00%</u>	<u>0.00%</u>	<u>-0.01%</u>	<u>0.03%</u>	<u>40.86%</u>

See Notes to Financial Statements

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

HALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Federal Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Disbursements/ Expenditures
<u>Department of Health and Human Services</u>			
Passed through State of Nebraska Department of Welfare			
Child Support Enforcement*	93.563	0G1004NE4005	\$ 513,966
Total-Department of Health and Human Services			\$ 513,966
<u>Federal Emergency Management Agency</u>			
Passed through State of Nebraska Civil Defense			
Homeland Security Grant Program	97.067	SCPETR 2014 SHSP	\$ 5,161 8,452
Total-Federal Emergency Management Agency			\$ 13,613
<u>Department of Justice</u>			
Direct Programs:			
State Criminal Alien Assistance Program	16.606		\$ 32,986
Edward Byrne Memorial Justice Assistance Grant Program	16.738		4,469
Total-Department of Justice			\$ 37,455
<u>Department of the Interior</u>			
Direct Program:			
National Wildlife Refuge Fund	15.659		\$ 7,079
Total-Department of the Interior			\$ 7,079

(Continued)

See Notes to Schedule of Expenditures of Federal Awards

HALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Federal Grantor Program Title	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Disbursements/ Expenditures</u>
<u>Department of Transportation</u>			
Passed through State of Nebraska Roads			
Formula Grants for other than Urbanized Areas	20.509 RPT-C401 (215 & 216)		\$ 356,109
Passed through Nebraska Office of Highway Safety			
Alcohol Compliance Checks	16.727		\$ 750
Bullet Proof Vests Partnership Program	16.607		2,569
Organized Crime Drug Enforcement Task Force	Unknown		477
Highway Planning and Construction	20.205	HSIP0034	4,197
		HSIP0036	9,008
		HSIP0038	2,733
		HSIP0040	6,798
Highway Safety Cluster			
In-car Cameras	20.616	405D(1602)	7,000
Lifesavers' Conference	20.600	402(1625)	2,127
			9,127
Total Pass Through-Nebraska Office of Highway Safety			\$ 35,660
Total-Department of Transportation			\$ 391,769
<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	14HD04	
		14HD07	
		15HD04	
		15HD07	\$ 125,940
Total-Executive Office of the President			\$ 125,940
Total Federal Financial Assistance			\$ 1,089,820

*Major Program

See Notes to Schedule of Expenditures of Federal Awards

HALL COUNTY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 June 30, 2016

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 Uniform Guidance, 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 Uniform Guidance, 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.

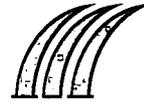
Note 6. Cost Rate

The County has elected to not use the de minimus 10% cost rate.

Note 7. 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 Sub-recipients</i>
Formula Grants for other than Urbanized Areas	20.509	\$356,109



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*

County Board of 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, 2016, and the related notes to the financial statements, which collectively comprise Hall County's basic financial statements, and have issued our report thereon dated January 3, 2017. 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 for governments in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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 2016-001 through 2016-002 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 PC

McDermott & Miller, P.C.
Grand Island, Nebraska
January 3, 2017



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 THE UNIFORM GUIDANCE**

County Board of Supervisors
Hall County
Grand Island, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Hall County's compliance with the types of compliance requirements described in *the U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. 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

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hall County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hall County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hall County's compliance.

Opinion on Each Major Federal Program

In our opinion, Hall County complied, in all material respects, with the types of 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, 2016.

Report on Internal Control over Compliance

Management of Hall County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hall County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. *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.

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, and therefore deficiencies, significant deficiencies, or material weaknesses may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McDermott & Miller PC

McDermott & Miller, P.C.
Grand Island, Nebraska
January 3, 2017

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?	__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?	___ Yes	__X__ None Reported
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	__X__ No
Identification of major programs:		
CFDA Number(s) and Name of Federal Program or Cluster: 93.563 Child Support Enforcement		
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as a low risk auditee?	___ Yes	__X__ No

Section II: Financial Statement Findings

Finding 2016-001: 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 and Context: For the year ending June 30, 2016, 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 2016-002: 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 requests for reimbursement of 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 and Context: For the year ending June 30, 2016, 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 and reporting of cash accounts.

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 and 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 the Register of Deeds over multiple years. Some progress has been made and the committee will continue to work with the department to remind them of these procedures.

Section III: Federal Awards Findings

None.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2015-01 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.

Status: The County has limited resources to fully correct this deficiency.

2015-02 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.

Status: Partially corrected this fiscal year; the county will continue to pursue improved processes until the issue is fully addressed.

2015-03 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 a claim being paid for more than the invoice amount.

Status: This deficiency was addressed during the current fiscal year.