

Hall County

Financial Statements and Independent Auditors' Report

June 30, 2019



Hall County

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INDEPENDENT AUDITORS' REPORT

County Board of Commissioners
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 (the "County"), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise Hall County's basic financial statements as listed in the index.

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.

Auditors' 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 auditors' 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, 2019, 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 10 and the budgetary comparison information on pages 32 through 38 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 39 through 43, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional schedules located on pages 39 through 43 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 39 through 43 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 February 12, 2020, 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.

Lutz & Company, P.C.

February 12, 2020

Hall County

Management's Discussion and Analysis

June 30, 2019

This section of Hall County (the "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, 2019. 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 four parts: 1) Management's Discussion and Analysis (this section), 2) the Basic Financial Statements – Cash Basis, 3) Other Supplementary Information - Budgetary Comparison, and 4) Other Supplementary Information.

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; 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, 2019

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; 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, 2019, was \$28,418,097 compared with \$27,465,823 at June 30, 2018. This was an increase of \$952,274 or 3.5%.
- General fund expenditures and transfers were \$30,613,893 for the current fiscal year, compared with \$29,293,866 at June 30, 2018. This is an increase of \$1,320,027 or 4.5%.
- Federal program expenditures were \$597,740 for the current fiscal year, compared with \$1,019,837 at June 30, 2018. This is a decrease of \$422,097 or 41.4%.
- Major capital projects of the County included the following:
 - Road Improvement Projects \$445,347
 - Road Equipment Purchases, Bridge Repair, and Engineering Fees \$438,719
 - Courthouse Repairs \$156,400
 - Administration Building Parking Lot Repair \$263,624

Hall County

Management's Discussion and Analysis

June 30, 2019

Financial Analysis of the County as a Whole

Governmental Activities

The results of operations for the County indicate a positive change in net position, however, the increase in disbursements is greater than the increase in receipts. Overall, the increase in the net position of the County indicates a stable 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 2017-2018 were \$20,121,192 and for 2018-2019, it decreased by \$382,420 to \$19,738,772.

In 2017-2018, the County's assessed valuation was \$5,519,448,528. In 2018-2019, it increased by \$29,182,319 to \$5,548,630,847.

The County follows GASB 54 standards for the classification of fund balances in governmental funds. See Notes 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>2018-2019</u>	<u>2017-2018</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Total Assets	\$ 28,418,097	\$ 27,465,823	\$ 952,274	3.47%
Total Liabilities	588,708	661,420	(72,712)	-10.99%
Total Net Position	27,829,389	26,804,403	1,024,986	3.82%
Total Restricted Net Position	5,376,864	4,222,875	1,153,989	27.33%
Total Unrestricted Net Position	22,452,525	22,581,528	(129,003)	-0.57%

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Management's Discussion and Analysis

June 30, 2019

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

	<u>2018-2019</u>	<u>2017-2018</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Receipts:				
Program Receipts				
Fees and Charges for Services	\$ 15,129,673	\$ 15,327,940	\$ (198,267)	-1.29%
Operating Grants and Contributions	1,518,429	1,421,261	97,168	6.84%
Capital Grants and Contributions	771,914	197,032	574,882	291.77%
General Receipts				
Property Taxes	19,738,772	20,121,192	(382,420)	-1.90%
Other Taxes	6,651,773	6,932,496	(280,723)	-4.05%
Other General Receipts	481,271	212,650	268,621	126.32%
Total Receipts	<u>44,291,832</u>	<u>44,212,571</u>	<u>79,261</u>	<u>0.18%</u>
Program Disbursements:				
General Government	16,630,864	16,021,435	609,429	3.80%
Public Safety	17,811,645	16,922,587	889,058	5.25%
Public Works	5,269,097	5,132,179	136,918	2.67%
Public Health	583,180	581,480	1,700	0.29%
Public Welfare and Social Services	1,122,928	1,100,744	22,184	2.02%
Culture and Recreation	1,849,132	2,029,100	(179,968)	-8.87%
Total Disbursements	<u>43,266,846</u>	<u>41,787,525</u>	<u>1,479,321</u>	<u>3.54%</u>
Increase in Net Position	<u>\$ 1,024,986</u>	<u>\$ 2,425,046</u>	<u>\$ (1,400,060)</u>	<u>-57.73%</u>

Hall County

Management's Discussion and Analysis

June 30, 2019

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>
Receipts	\$ 28,582,313	\$ 2,207,228	\$ 1,528,398	\$ 3,317,779
Disbursements	(28,282,122)	(1,345,156)	(65,217)	(4,933,196)
Transfers In	596,800	-	-	2,184,999
Transfers Out	(2,331,771)	-	(1,692,358)	(498,424)
Net Change in Fund Balances	(1,434,780)	862,072	(229,177)	71,158
Beginning Fund Balance	10,956,243	2,888,532	4,124,221	801,613
Ending Fund Balance	\$ 9,521,463	\$ 3,750,604	\$ 3,895,044	\$ 872,771

	<u>Insurance</u>	<u>Building & Improvement Reserve</u>	<u>Other Governmental Funds</u>
Receipts	\$ 4,354,140	\$ 540,548	\$ 3,761,426
Disbursements	(4,618,450)	(559,076)	(3,463,629)
Transfers In	592,674	1,526,358	98,772
Transfers Out	-	-	(477,050)
Net Change in Fund Balances	328,364	1,507,830	(80,481)
Beginning Fund Balance	459,763	4,320,531	3,253,500
Ending Fund Balance	\$ 788,127	\$ 5,828,361	\$ 3,173,019

The Building & Improvement Reserve Fund had the greatest change in value. This was attributed to transfers in from the Inheritance Fund during the period. The decrease in the General Fund is mostly related to transfers out during the period that went to various funds, with the majority being transferred to the Road Fund.

The following table shows the property tax rates, by fund or component unit, for fiscal years 2017-2018 and 2018- 2019 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 2018- 2019 would be \$390.56.

	<u>2018-2019 Levy</u>	<u>2017-2018 Levy</u>	<u>Levy Change</u>	<u>Percent Change</u>
General Fund	0.333270	0.333160	0.000110	0.03%
Dependent Fund	0.001725	0.001780	(0.000055)	-3.09%
Institutions	0.000332	0.000247	0.000085	34.41%
Jail Bond Fund	0.039000	0.038929	0.000071	0.18%
Veteran's Aid	0.000176	0.000240	(0.000064)	-26.67%
Museum	0.016059	0.016142	(0.000083)	-0.51%
County Totals	0.390562	0.390498	0.000064	0.02%

Hall County

Management's Discussion and Analysis

June 30, 2019

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 \$2,267,295 or 7.4%. This was mostly due to the Public Safety function being under budget by \$1,155,037 and the General Government function being under budget by \$1,057,707. See the Budgetary Comparison Schedule for the General Fund on pages 32 and 33 for more detailed information.

Over the course of the 2018-2019 fiscal year, the County's General Fund balance decreased by \$1,434,780. The following table provides a detailed picture of the decrease in fund balance.

	2018-2019 Budget	Year-End Actual	Difference
July 1, 2018 Beginning Balance		<u>\$ 10,956,243</u>	
Receipts			
Property/Motor Vehicle Taxes	21,277,676	19,648,650	(1,629,026)
Federal	660,506	1,090,312	429,806
State	648,794	1,955,846	1,307,052
Other Local	5,796,811	5,887,505	90,694
Total Receipts	<u>28,383,787</u>	<u>28,582,313</u>	<u>198,526</u>
Expenditures	30,549,417	28,282,122	2,267,295
Net Transfers	<u>(1,484,971)</u>	<u>(1,734,971)</u>	<u>250,000</u>
Net Increase/(Decrease)	(3,650,601)	(1,434,780)	2,215,821
June 30, 2019 Ending Balance		<u><u>\$ 9,521,463</u></u>	

Long-term Debt Highlights

The Hall County voters approved, on November 15, 2005, the issuance of negotiable bonded indebtedness not to exceed \$22,225,000 for the purpose of acquiring, constructing, furnishing, and equipping a county jail and detention facility. The County took possession of the facility in May 2008. These Series 2006 bonds were refinanced in September 2011 with the Series 2011 Refunding Bonds and in January 2012 with the Series 2012 Refunding Bonds. The Series 2011 bonds are payable over a period not longer than 22 years and callable at the County's option after 5 years. The interest rate fluctuates between 0.30% and 4.35%. The Series 2012 bonds are payable over a period not longer than 10 years and callable at the County's option after 5 years. The interest rate fluctuates between 0.35% and 2.40%.

On July 14, 2015, the Hall County Board of Commissioners 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

Hall County

Management's Discussion and Analysis

June 30, 2019

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 refund 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).

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, 2019

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Pooled Cash and Cash Equivalents	\$ 19,828,625
Pooled Certificates of Deposit	3,197,403
Restricted Assets:	
Cash and Cash Equivalents	5,392,069
TOTAL ASSETS	28,418,097
LIABILITIES	
Due to Other Governments	51,686
Due to Others	537,022
TOTAL LIABILITIES	588,708
NET POSITION	
Restricted For:	
Debt Service	3,750,604
Parks and Recreation	587
911 Emergency Services	11,980
Visitors Promotion/Improvement	474,770
Veterans Services	45,265
Drug Enforcement	99,684
Keno Lottery	454,351
Traffic Safety	6,276
Health and Life Insurance Claims	382,946
Indigent Welfare	92,101
P&M Fund - Register of Deeds	58,300
Unrestricted	22,452,525
TOTAL NET POSITION	\$ 27,829,389

Hall County

Statement of Activities – Cash Basis

Year Ended June 30, 2019

	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Fees and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
FUNCTIONS/PROGRAMS					
Primary Government					
Governmental Activities:					
General Government	\$ 16,630,864	\$ 10,875,279	\$ 200,836	\$ 231,366	\$ (5,323,383)
Public Safety	17,811,645	852,893	746,524	-	(16,212,228)
Public Works	5,269,097	3,400,061	-	540,548	(1,328,488)
Public Health	583,180	-	-	-	(583,180)
Public Welfare and Social Services	1,122,928	1,440	571,069	-	(550,419)
Culture and Recreation	1,849,132	-	-	-	(1,849,132)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 43,266,846	\$ 15,129,673	\$ 1,518,429	\$ 771,914	\$ (25,846,830)
GENERAL RECEIPTS					
Taxes:					
Property					\$ 19,738,772
Motor Vehicle					1,993,121
Property Tax Credit					1,080,684
Airline and Carline Tax Allocation					51,714
In-lieu-of Tax					98,918
Insurance Tax Allocation					158,711
Pro-rate Motor Vehicle					64,319
Homestead					567,954
Lodging					983,784
Inheritance					1,475,334
911 Surcharges					177,234
Interest Income					481,271
Total General Receipts					26,871,816
CHANGE IN NET POSITION					1,024,986
NET POSITION, BEGINNING OF THE YEAR					26,804,403
NET POSITION, END OF THE YEAR					\$ 27,829,389

See Notes to Financial Statements.

Hall County

Statement of Assets, Liabilities and Fund Balances – Cash Basis – Governmental Funds

June 30, 2019

	<u>General</u>	<u>Jail Bond Fund</u>	<u>Inheritance Funds</u>	<u>Road Fund</u>	<u>Insurance Fund</u>	<u>Building & Improvement Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and								
Cash Equivalents	\$ 6,864,482	\$ -	\$ 3,895,044	\$ 872,771	\$ 405,181	\$ 5,828,361	\$ 1,962,786	\$ 19,828,625
Certificates of Deposit	3,197,403	-	-	-	-	-	-	3,197,403
Restricted Assets:								
Cash and								
Cash Equivalents	15,205	3,750,604	-	-	382,946	-	1,243,314	5,392,069
TOTAL ASSETS	10,077,090	3,750,604	3,895,044	872,771	788,127	5,828,361	3,206,100	28,418,097
LIABILITIES								
Due to Other								
Governments	50,042	-	-	-	-	-	1,644	51,686
Due to Others	505,585	-	-	-	-	-	31,437	537,022
Total Liabilities	555,627	-	-	-	-	-	33,081	588,708
FUND BALANCES								
Restricted	-	3,750,604	-	-	382,946	-	1,243,314	5,376,864
Committed	-	-	-	872,771	405,181	5,828,361	1,929,705	9,036,018
Assigned	-	-	3,895,044	-	-	-	-	3,895,044
Unassigned	9,521,463	-	-	-	-	-	-	9,521,463
Total Fund Balances	9,521,463	3,750,604	3,895,044	872,771	788,127	5,828,361	3,173,019	27,829,389
TOTAL LIABILITIES AND FUND BALANCES	\$10,077,090	\$ 3,750,604	\$ 3,895,044	\$ 872,771	\$ 788,127	\$ 5,828,361	\$ 3,206,100	\$ 28,418,097

See Notes to Financial Statements.

Hall County

Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Cash Basis – Governmental Funds

Year Ended June 30, 2019

	<u>General</u>	<u>Jail Bond Fund</u>	<u>Inheritance Funds</u>	<u>Road Fund</u>	<u>Insurance Fund</u>	<u>Building & Improvement Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
RECEIPTS								
Property/Motor								
Vehicle Taxes	\$19,648,650	\$ 1,969,717	\$ -	\$ -	\$ -	\$ -	\$ 113,530	\$ 21,731,897
Fines	5,088	-	-	-	-	-	-	5,088
State	1,955,846	172,904	-	3,047,736	-	-	1,206,533	6,383,019
Federal	1,090,312	-	-	-	-	-	-	1,090,312
Interest Income	372,120	54,844	53,064	-	-	-	1,242	481,270
Other	5,510,297	9,763	1,475,334	270,043	4,354,140	540,548	2,440,121	14,600,246
Total Receipts	28,582,313	2,207,228	1,528,398	3,317,779	4,354,140	540,548	3,761,426	44,291,832
DISBURSEMENTS								
General Government	10,254,049	-	65,217	-	4,618,450	559,076	1,134,072	16,630,864
Public Safety	15,284,847	1,345,156	-	-	-	-	1,181,642	17,811,645
Public Works	233,490	-	-	4,933,196	-	-	102,411	5,269,097
Public Health	583,180	-	-	-	-	-	-	583,180
Public Welfare and Social Services	996,556	-	-	-	-	-	126,372	1,122,928
Culture and Recreation	930,000	-	-	-	-	-	919,132	1,849,132
Total Disbursements	28,282,122	1,345,156	65,217	4,933,196	4,618,450	559,076	3,463,629	43,266,846
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 300,191	\$ 862,072	\$ 1,463,181	\$(1,615,417)	\$(264,310)	\$(18,528)	\$ 297,797	\$ 1,024,986

See Notes to Financial Statements.

Hall County

Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Cash Basis – Governmental Funds

Year Ended June 30, 2019

	<u>General</u>	<u>Jail Bond Fund</u>	<u>Inheritance Funds</u>	<u>Road Fund</u>	<u>Insurance Fund</u>	<u>Building & Improvement Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)								
Transfers In	\$ 596,800	\$ -	\$ -	\$ 2,184,999	\$ 592,674	\$ 1,526,358	\$ 98,772	\$ 4,999,603
Transfers Out	(2,331,771)	-	(1,692,358)	(498,424)	-	-	(477,050)	(4,999,603)
Total Other Financing Sources	(1,734,971)	-	(1,692,358)	1,686,575	592,674	1,526,358	(378,278)	-
NET CHANGE IN FUND BALANCES	(1,434,780)	862,072	(229,177)	71,158	328,364	1,507,830	(80,481)	1,024,986
FUND BALANCES, BEGINNING OF THE YEAR	10,956,243	2,888,532	4,124,221	801,613	459,763	4,320,531	3,253,500	26,804,403
FUND BALANCES, END OF THE YEAR	\$ 9,521,463	\$ 3,750,604	\$ 3,895,044	\$ 872,771	\$ 788,127	\$ 5,828,361	\$ 3,173,019	\$ 27,829,389

See Notes to Financial Statements.

Hall County

Statement of Fiduciary Net Position – Cash Basis – Fiduciary Funds

June 30, 2019

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 2,947,024
<hr/>	
LIABILITIES	
Due to Other Governments	
State	1,151,628
Schools	1,243,912
Natural Resource District	16,304
Fire Districts	15,430
Municipalities	449,119
Agricultural Society	1,763
Partial Payment	48,779
Airport Authority	19,732
Lodging Sales Tax	357
TOTAL LIABILITIES	2,947,024
<hr/>	
TOTAL NET POSITION	\$ -

Hall County

Notes to Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies

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

Reporting Entity

The County of Hall was incorporated in 1858. The County has a Board of Commissioners 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, 2019 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.

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.

Hall County

Notes to Financial Statements

June 30, 2019

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

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, 2019

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, 2019

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, 2019

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, enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, 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 Commissioners. The Board of Commissioners 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 Commissioners.

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 Commissioners, elected officials and department heads could assign amounts to specific purposes related to their respective functions pursuant to Board of Commissioners' authorization.

Unassigned - All other spendable amounts in the General Fund.

Hall County

Notes to Financial Statements

June 30, 2019

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 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.

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, 2019

3. Deposits/Investments

The 2018-2019 fiscal year levy for property taxes was \$21,670,844, or \$.390562 per \$100 of assessed valuation. The 2017-2018 fiscal year levy for property taxes was \$21,557,362, or \$.390498 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 Commissioners.

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.

	<u>Investment Maturities (in Years)</u>	
	<u>< 1</u>	<u>1 - 5</u>
Certificate of Deposits	<u>\$ 2,147,403</u>	<u>\$ 1,050,000</u>

Nebraska Public Agency Investment Trust (NPAIT) is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which has accrued to each participant is converted as of the close of business of each calendar month into additional units which thereafter are held in each participant's trust account. The account maintains a \$1.00 market value price at all times. The trust was invested in Government Agency Securities – 18.80%, Certificate of Deposits in various Nebraska Banks – 9.98%, Demand Deposit and Money Market Accounts –

Hall County

Notes to Financial Statements

June 30, 2019

32.24%, and Repurchase agreements (collateralized by U.S. Government Securities) – 38.98% at June 30, 2019. The cash and cash equivalents balance as of June 30, 2019, includes \$13,103,367 of funds held at NPAIT.

An adjustment totaling \$1,228,619 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, 2019.

Additionally, the County was in possession of \$382,946 in cash 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, 2019.

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, 2019, the amounts on deposit for the County were adequately secured by each institution, with the exception of one account for the Insurance Fund, which was in excess of FDIC coverage by approximately \$132,000.

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 a cost-sharing, multiple-employer defined benefit plan administered by the Public Employees Retirement Board. Benefit and contribution provisions are established by State law and may be amended only by the Nebraska Legislature.

Prior to January 1, 2001, the County Plan consisted of a defined contribution plan. Effective January 1, 2003, a cash balance benefit was added to the County Employees Retirement Act. The cash balance benefit is a type of defined benefit plan. Each member employed and participating in the retirement system prior to January 1, 2003, elected either to continue participation in the defined contribution option or to begin participation in the cash balance benefit. The defined contribution option is closed to new entrants. On or after January 1, 2003, all new members of the County Plan become members of the cash balance benefit.

Participation in the County Employees Retirement Plan is required of all full-time employees upon employment and of all fulltime elected officials upon taking office. All permanent part-time employees can elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

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).

Hall County

Notes to Financial Statements

June 30, 2019

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, 2019, the County contributed \$1,062,840 to the employer's account. For the year ended June 30, 2019, 295 employees contributed \$715,167 to the Plan; included in those contributions is \$19,854 towards the supplemental law enforcement plan for 30 law enforcement employees. As of December 31, 2018, and 2017, the County's share of the net pension asset/(liability) was (\$1,214,625) and \$2,536,104, respectively. These amounts were determined by the audit report issued by the Nebraska Public Employees Retirement System dated August 29, 2019, with a measurement date of December 31, 2018. NPERS financial statements for all plans are prepared using the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United State of America (GAAP), which apply to governmental accounting for fiduciary funds and Hall County financial statements are cash basis financial statements, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The report can be obtained from <https://npers.ne.gov>.

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.

6. Contingencies

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

Hall County

Notes to Financial Statements

June 30, 2019

7. Interfund Transfers, Receivables, and Payables

Interfund transfers for the year ended June 30, 2019, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 596,800	\$ 2,283,771
Stuhr Museum	-	48,000
Total General Fund	<u>596,800</u>	<u>2,331,771</u>
Road Fund	2,184,999	498,424
Equipment & Improvement Reserve Fund	-	2,800
Building & Land Improvement Fund	1,526,358	-
Insurance Fund	592,674	-
Drug Court Fund	33,921	73,247
Inheritance Fund	-	1,692,358
Keno/Lottery Fund	-	340,000
Inmate Welfare Fund	-	40,000
Noxious Weed Fund	64,851	21,003
Totals	<u>\$ 4,999,603</u>	<u>\$ 4,999,603</u>

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

There were no interfund receivables and payables as of June 30, 2019.

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.

Hall County

Notes to Financial Statements

June 30, 2019

The County is self-insured for health insurance claims up to \$65,000 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 \$65,000 limit for the plan year ending June 30, 2019, 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 increased its overall cash position in these accounts by \$320,656 for the year ending June 30, 2019.

The insurance reserve fund has a reserve of \$758,084 at June 30, 2019. Management believes that the coverage is adequate to preclude any significant uninsured risk of exposure to the County.

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 Commissioners. 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, 2019, received an unqualified opinion dated September 17, 2019. The following is a summary of the Stuhr Museum's June 30, 2019, financial statements (a complete copy of the audited financial statements of Stuhr Museum is on file with the Hall County Clerk.):

	<u>2019</u>
Total Assets	\$ 6,962,684
Total Deferred Outflows of Resources	139,756
Total Liabilities	306,510
Total Deferred Inflows of Resources	72,094
Net Position:	
Invested in Capital Assets	6,287,639
Unrestricted	436,197
Total Net Position	<u>6,723,836</u>
Expenses - General Government	(1,935,159)
Program Revenues	761,605
Revenue from Hall County Support	910,000
Investment Income	3,552
Gain on Disposal of Assets	8,823
Miscellaneous Revenue	8,533
Transfers to Foundation	<u>(80,804)</u>
Change in Net Position	(323,450)
Beginning Net Position	<u>7,047,286</u>
Ending Net Position	<u>\$ 6,723,836</u>

Hall County

Notes to Financial Statements

June 30, 2019

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 Commissioners. 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 the Combining Schedule of Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Nonmajor Governmental Funds in the financial statements for occupancy tax received and dispersed to the Hall County Convention and Visitor's Bureau.

11. Related Party Transactions

For the year ended June 30, 2019, there were no county officials with outstanding real estate or personal property taxes due.

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, 2019 and 2018, was \$735,276 and \$728,124, respectively.

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, 2019 and 2018, was \$1,999,918 and \$2,083,103, respectively.

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, 2019 and 2018, was \$63,131 and \$65,562, respectively.

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

Hall County

Notes to Financial Statements

June 30, 2019

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, 2019, \$245,156 of interest and \$1,100,000 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).

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
6/30/2020	\$ 305,000	\$ 171,430	\$ 476,430
6/30/2021	310,000	165,280	475,280
6/30/2022	315,000	159,030	474,030
6/30/2023	720,000	148,680	868,680
6/30/2024	1,220,000	128,975	1,348,975
6/30/2025 to 2028	4,820,000	231,028	5,051,028
Totals	<u>\$ 7,690,000</u>	<u>\$ 1,004,423</u>	<u>\$ 8,694,423</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
6/30/2020	\$ 815,000	\$ 54,356	\$ 869,356
6/30/2021	835,000	38,875	873,875
6/30/2022	850,000	20,963	870,963
6/30/2023	475,000	5,700	480,700
Totals	<u>\$ 2,975,000</u>	<u>\$ 119,894</u>	<u>\$ 3,094,894</u>

Changes in long-term debt are as follows:

	<u>Balance</u> <u>6/30/2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2019</u>
Bonds	<u>\$ 11,765,000</u>	<u>\$ -</u>	<u>\$ (1,100,000)</u>	<u>\$ 10,665,000</u>

Hall County

Notes to Financial Statements

June 30, 2019

14. Net Position/Fund Balances

The government-wide statement of net position reports \$5,376,868 of restricted net position. Net position totaling \$4,887,374 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, 2019, governmental fund balances are classified as follows:

	General Fund	Jail Bond Fund	Inheritance Fund	Road Fund	Insurance Fund	Building & Improvement Reserve	Other Funds	Total
Fund Balances								
Restricted for:								
Debt Service	\$ -	\$ 3,750,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,750,604
Parks & Recreation	-	-	-	-	-	-	587	587
911 Emergency Services	-	-	-	-	-	-	11,980	11,980
Visitors Promotion/ Improvement	-	-	-	-	-	-	474,770	474,770
Veterans Services	-	-	-	-	-	-	45,265	45,265
Drug Enforcement	-	-	-	-	-	-	99,684	99,684
Keno Lottery	-	-	-	-	-	-	454,351	454,351
Traffic Safety	-	-	-	-	-	-	6,276	6,276
Health & Life								
Insurance Claims	-	-	-	-	382,946	-	-	382,946
Indigent Welfare	-	-	-	-	-	-	92,101	92,101
P & M Fund -								
Register of Deeds	-	-	-	-	-	-	58,300	58,300
Total Restricted	-	3,750,604	-	-	382,946	-	1,243,314	5,376,864
Committed to:								
Street & Highways	-	-	-	872,771	-	-	-	872,771
Special Projects	-	-	-	-	-	-	38,530	38,530
Equipment & Improvement Costs	-	-	-	-	-	-	640,990	640,990
Sick & Vacation Compensation	-	-	-	-	-	-	131,259	131,259
Building & Land Improvements	-	-	-	-	-	5,828,361	-	5,828,361
Unemployment Compensation	-	-	-	-	-	-	75,172	75,172
Insurance Claims	-	-	-	-	405,181	-	758,084	1,163,265
Drug Court	-	-	-	-	-	-	129,288	129,288
Inmate Welfare	-	-	-	-	-	-	123,367	123,367
Weed Control	-	-	-	-	-	-	33,015	33,015
Total Committed	-	-	-	872,771	405,181	5,828,361	1,929,705	9,036,018
Assigned to:								
Capital Projects	-	-	3,895,044	-	-	-	-	3,895,044
Unassigned:								
	9,521,463	-	-	-	-	-	-	9,521,463
Total Fund Balances	\$ 9,521,463	\$ 3,750,604	\$ 3,895,044	\$ 872,771	\$ 788,127	\$ 5,828,361	\$ 3,173,019	\$27,829,389

Hall County

Notes to Financial Statements

June 30, 2019

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 \$244,439 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, 2019:

06/30/2020	\$ 244,433
06/30/2021	<u>244,439</u>
Total Minimum Payment	488,872
Less: Amount Representing Interest	<u>(14,440)</u>
Present Value of Minimum Lease Payments	<u>\$ 474,432</u>

16. Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. The County has considered such events or transactions through February 12, 2020, noting no items requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Hall County

Budgetary Comparison Schedule – Budget and Actual – General Governmental Fund

Year Ended June 30, 2019

	<u>Budget</u> <u>(Original & Final)</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
RECEIPTS			
Taxes			
Property and Motor Vehicle Taxes/Fees	\$ 21,277,676	\$ 19,648,650	\$ (1,629,026)
Intergovernmental Receipts			
Federal			
Inmate Housing	7,500	444,987	437,487
Child Support - Title IV-D	435,000	497,558	62,558
Medical Assistance Program	-	73,511	73,511
Other	218,006	74,256	(143,750)
State			
Inmate Housing	-	14,451	14,451
Airline and Carline Tax Allocation	41,500	48,259	6,759
Insurance Tax Allocation	140,000	158,711	18,711
Pro-rate Motor Vehicle	55,700	57,530	1,830
Homestead Exemption	-	508,560	508,560
Property Tax Credit	-	967,499	967,499
Other	411,594	200,836	(210,758)
Local Fees, Licenses, Commissions and Miscellaneous			
Licenses and Permits	85,736	51,147	(34,589)
In Lieu of Taxes	89,900	87,392	(2,508)
Interlocal Agreements	282,062	307,649	25,587
Treasurer Fees	287,800	293,878	6,078
Clerk Fees	9,050	10,705	1,655
Register of Deeds Fees	357,020	326,653	(30,367)
Clerk of the District Court Fees	134,908	158,824	23,916
Election Commissioner	60,100	30,482	(29,618)
Sheriff Fees	2,854,683	2,747,766	(106,917)
Attorney Fees	1,200	2,173	973
Jail Fees	269,000	185,378	(83,622)
Interest on Investments	102,500	372,120	269,620
Sale of Surplus Property	-	11,083	11,083
Fines	9,000	5,088	(3,912)
Commissions	1,001,500	1,038,923	37,423
Miscellaneous	145,752	144,497	(1,255)
Parks and Recreation Fees	40,600	43,399	2,799
Weed Spraying Assessments	-	26,642	26,642
Insurance Settlements	66,000	43,706	(22,294)
Total Receipts	28,383,787	28,582,313	198,526
DISBURSEMENTS			
General Government:			
Board of Supervisors	455,923	416,841	39,082
Clerk	414,901	396,961	17,940
Treasurer	1,014,284	976,676	37,608
Assessor	684,859	604,027	80,832
Superintendent of Schools	4,000	4,000	-
Register of Deeds	138,944	117,945	20,999
Data Processing	936,276	920,625	15,651
Election Commissioner	208,254	204,274	3,980

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – General Governmental Fund

Year Ended June 30, 2019

	<u>Budget</u> <u>(Original & Final)</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
DISBURSEMENTS (Continued)			
Clerk of the District Court	\$ 676,789	\$ 658,958	\$ 17,831
Special Election	60,000	-	60,000
Justice System	1,770,255	1,764,773	5,482
County Court System	26,028	25,850	178
Building and Grounds	987,331	959,878	27,453
Agriculture Extension Agent	264,733	235,932	28,801
District Judge	215,282	197,467	17,815
Public Defender	1,046,538	1,024,210	22,328
Equipment Acquisition	162,270	162,061	209
Cadastral Maps	173,417	117,996	55,421
Miscellaneous	2,071,672	1,465,575	606,097
Public Safety:			
Sheriff	4,234,088	3,817,185	416,903
Attorney	2,200,218	2,075,696	124,522
Jail	8,606,415	8,160,024	446,391
Building Inspector	152,562	146,004	6,558
Probation Officer	77,300	77,284	16
Grants	100,000	-	100,000
Juvvenile Diversion	440,954	388,488	52,466
Safety	9,152	4,749	4,403
Miscellaneous	616,946	615,417	1,529
Public Works:			
Surveyor	107,078	106,747	331
Miscellaneous	130,106	126,743	3,363
Public Welfare and Social Services:			
Veteran's Service Officer	442,838	421,468	21,370
Miscellaneous	606,824	575,088	31,736
Culture and Recreation:			
Parks	-	-	-
Stuhr Museum	900,000	900,000	-
Miscellaneous	30,000	30,000	-
Public Health			
Miscellaneous	583,180	583,180	-
Total Disbursements	30,549,417	28,282,122	2,267,295
EXCESS (DEFICIENCY) OF			
RECEIPTS OVER DISBURSEMENTS	(2,165,630)	300,191	2,465,821
OTHER FINANCING SOURCES			
Transfers In	846,800	596,800	(250,000)
Transfers Out	(2,331,771)	(2,331,771)	-
Total Other Financing Sources	(1,484,971)	(1,734,971)	(250,000)
NET CHANGE IN FUND BALANCE	(3,650,601)	(1,434,780)	2,215,821
FUND BALANCE, BEGINNING OF THE YEAR	10,956,243	10,956,243	-
FUND BALANCE, END OF THE YEAR	\$ 7,305,642	\$ 9,521,463	\$ 2,215,821

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – Major Governmental Funds

Year Ended June 30, 2019

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
JAIL BOND FUND			
RECEIPTS			
Taxes			
Property and Motor Vehicle Taxes/Fees	\$ 2,163,400	\$ 1,969,717	\$ (193,683)
Intergovernmental Receipts			
State			
Airline and Carline Tax Allocation	2,500	3,267	767
Pro-rate Motor Vehicle	6,000	6,419	419
Homestead Exemption	-	56,166	56,166
Property Tax Credit	-	107,052	107,052
Local Fees, Licenses, Commissions and Miscellaneous			
In Lieu of Taxes	9,000	9,748	748
Interest on Investments	-	54,844	54,844
Other Receipts	-	15	15
Total Receipts	2,180,900	2,207,228	26,328
DISBURSEMENTS			
Debt Servicing	5,069,432	1,345,156	3,724,276
Repayment of Bonds	-	-	-
Total Disbursements	5,069,432	1,345,156	3,724,276
NET CHANGE IN FUND BALANCE	(2,888,532)	862,072	3,750,604
FUND BALANCE, BEGINNING OF THE YEAR	2,888,532	2,888,532	-
FUND BALANCE, END OF THE YEAR	\$ -	\$ 3,750,604	\$ 3,750,604
INHERITANCE FUND			
RECEIPTS			
Local Fees, Licenses, Commissions and Miscellaneous			
Interest on Investments	\$ 25,779	\$ 53,064	\$ 27,285
Inheritance Tax	1,000,000	1,475,334	475,334
Total Receipts	1,025,779	1,528,398	502,619
DISBURSEMENTS			
Capital Outlay	1,507,642	-	1,507,642
Operating Expense	700,000	65,217	634,783
Interfund Transfers	1,942,358	1,692,358	250,000
Total Disbursements	4,150,000	1,757,575	2,392,425
NET CHANGE IN FUND BALANCE	(3,124,221)	(229,177)	2,895,044
FUND BALANCE, BEGINNING OF THE YEAR	4,124,221	4,124,221	-
FUND BALANCE, END OF THE YEAR	\$ 1,000,000	\$ 3,895,044	\$ 2,895,044

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – Major Governmental Funds

Year Ended June 30, 2019

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
ROAD FUND			
RECEIPTS			
Intergovernmental Receipts			
State			
Highway/Street Allocations	\$ 2,575,897	\$ 2,709,165	\$ 133,268
Motor Vehicle Fee	220,000	220,058	58
Incentive Payments	10,500	10,500	-
Grants	110,000	108,013	(1,987)
Local Fees, Licenses, Commissions and Miscellaneous			
In-Lieu-of Tax	-	1,198	1,198
Machine Hire	10,000	6,213	(3,787)
Sale of Supplies & Materials	16,000	21,217	5,217
Sale of Property	1,000	3,762	2,762
Other Receipts	228,205	237,653	9,448
Interfund Transfers	2,184,999	2,184,999	-
Total Receipts	5,356,601	5,502,778	146,177
DISBURSEMENTS			
Capital Outlay	1,755,899	1,427,572	328,327
Operating Expense	166,375	164,068	2,307
Equipment Rental	269,433	247,608	21,825
Supplies/Materials	1,036,263	1,046,348	(10,085)
Personal Service	2,122,145	2,047,600	74,545
Interfund Transfers	558,100	498,424	59,676
Total Disbursements	5,908,215	5,431,620	476,595
NET CHANGE IN FUND BALANCE	(551,614)	71,158	622,772
FUND BALANCE, BEGINNING OF THE YEAR	801,613	801,613	-
FUND BALANCE, END OF THE YEAR	\$ 249,999	\$ 872,771	\$ 622,772
INSURANCE FUND			
RECEIPTS			
Other Receipts	\$ 4,680,275	\$ 4,354,140	\$ (326,135)
Interfund Transfers	664,600	592,674	(71,926)
Total Receipts	5,344,875	4,946,814	(398,061)
DISBURSEMENTS			
Personal Service	1,150,000	1,119,675	30,325
Operating Expense	4,592,348	3,498,775	1,093,573
Total Disbursements	5,742,348	4,618,450	1,123,898
NET CHANGE IN FUND BALANCE	(397,473)	328,364	725,837
FUND BALANCE, BEGINNING OF THE YEAR	459,763	459,763	-
FUND BALANCE, END OF THE YEAR	\$ 62,290	\$ 788,127	\$ 725,837

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – Major Governmental Funds

Year Ended June 30, 2019

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
<u>BUILDING & IMPROVEMENT RESERVE</u>			
RECEIPTS			
Other Receipts	\$ -	\$ 540,548	\$ 540,548
Interfund Transfers	1,526,358	1,526,358	-
Total Receipts	1,526,358	2,066,906	540,548
DISBURSEMENTS			
Capital Outlay	5,846,889	559,076	5,287,813
Interfund Transfers	-	-	-
Total Disbursements	5,846,889	559,076	5,287,813
NET CHANGE IN FUND BALANCE	(4,320,531)	1,507,830	5,828,361
FUND BALANCE, BEGINNING OF THE YEAR	4,320,531	4,320,531	-
FUND BALANCE, END OF THE YEAR	\$ -	\$ 5,828,361	\$ 5,828,361

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Notes to Required Supplementary Information – Budgetary Comparison

June 30, 2019

1. Presentation

The County 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 budget 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.

Two amendments to the original budget for the year ended June 30, 2019 were approved by the Board of Commissioners during the fiscal year. The first amendment increased the County General Fund Justice System by \$150,000. The second amendment was approved to increase the County General Fund Election Commissioner by \$7,300. These amendments were amounts that were reallocated within the General Fund. For this reason, the amendment will not be reflected on any schedules in this report as an interfund transfer. The final budget numbers have been updated to reflect these amendments.

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 Commissioners 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 Commissioners after holding public hearings, through passage of resolutions.
- The Board of Commissioners 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 Commissioners is also authorized to budget for the transfer of money between County funds.
- During the year, the County monitors budget performance as a management control device.
- Budgeted appropriations lapse at the end of the fiscal year.

Hall County

Notes to Required Supplementary Information – Budgetary Comparison

June 30, 2019

- 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

3. Budget Shortages

There were no expenditures in excess of budgeted appropriations at the appropriate budgetary control level for the year ended June 30, 2019.

OTHER SUPPLEMENTARY INFORMATION

Hall County

Combining Schedule of Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Nonmajor Governmental Funds

Year Ended June 30, 2019

	Equipment & Improvement Reserve	Insurance Reserve	Sick & Vacation Liability	Special Revenue	Reappraisal	Register of Deeds	Employment Security	Keno Lottery	Keno Reserve	Street Improvements	Noxious Weed	Visitors Promotion	Visitor Promo Improvement
RECEIPTS													
Taxes													
Property and Motor Vehicle Taxes/Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Receipts													
State													
Airline and Carline Tax Allocation	-	-	-	-	-	-	-	-	-	-	-	-	-
Lodging Tax	-	-	-	-	-	-	-	-	-	-	-	491,892	491,892
Pro-rate Motor Vehicle	-	-	-	-	-	-	-	-	-	-	-	-	-
Homestead Exemption	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Tax Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Fees, Licenses, Commissions and Miscellaneous													
P&M Fees	-	-	-	-	-	31,496	-	-	-	-	-	-	-
In Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
911 Surcharges	-	-	-	-	-	-	-	-	-	-	-	-	-
Commissary Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
House Arrest	-	-	-	-	-	-	-	-	-	-	-	-	-
Weed Spraying Assessment	-	-	-	-	-	-	-	-	-	-	56,414	-	-
Interest on Investments	-	-	-	-	-	-	23	603	556	-	-	-	-
Lottery	-	-	-	-	-	-	-	872,114	-	-	-	-	-
Other Receipts	344,133	-	148,600	34,875	-	-	1,585	(30,953)	432	-	425	-	-
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	64,851	-	-
Total Receipts	344,133	-	148,600	34,875	-	31,496	1,608	841,764	988	-	121,690	491,892	491,892
DISBURSEMENTS													
Capital Outlay	407,983	-	-	20,941	-	24,041	-	-	-	-	-	-	-
Operating Expense	-	-	-	17,493	-	45,040	-	549,442	1,128	-	9,865	491,892	388,806
Equipment Rental	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies/Materials	-	-	-	-	-	-	-	-	-	-	20,027	-	-
Personal Service	-	-	102,910	-	-	-	3,528	-	-	-	72,519	-	-
Interfund Transfers	2,800	-	-	-	-	-	-	340,000	-	-	21,003	-	-
Total Disbursements	410,783	-	102,910	38,434	-	69,081	3,528	889,442	1,128	-	123,414	491,892	388,806
NET CHANGE IN FUND BALANCE	(66,650)	-	45,690	(3,559)	-	(37,585)	(1,920)	(47,678)	(140)	-	(1,724)	-	103,086
FUND BALANCE, BEGINNING OF THE YEAR	707,640	758,084	85,569	42,676	-	95,885	77,092	452,028	50,141	-	34,739	-	371,684
FUND BALANCE, END OF THE YEAR	640,990	758,084	131,259	39,117	-	58,300	75,172	404,350	50,001	-	33,015	-	474,770
RESTRICTED	-	-	-	587	-	58,300	-	404,350	50,001	-	-	-	474,770
COMMITTED	640,990	758,084	131,259	38,530	-	-	75,172	-	-	-	33,015	-	-
FUND BALANCE, END OF THE YEAR	\$ 640,990	\$ 758,084	\$ 131,259	\$ 39,117	\$ -	\$ 58,300	\$ 75,172	\$ 404,350	\$ 50,001	\$ -	\$ 33,015	\$ -	\$ 474,770

See Notes to Financial Statements.

Hall County

Combining Schedule of Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Nonmajor Governmental Funds

Year Ended June 30, 2019

	<u>Canine</u>	<u>Drug Court</u>	<u>Drug Seizure</u>	<u>Drug Enforcement</u>	<u>Federal Drug Forfeiture</u>	<u>Diversion</u>	<u>Inmate Welfare</u>	<u>ADA Fund</u>	<u>Institutions</u>	<u>Dependent</u>	<u>Veterans Services</u>	<u>Emergency Management</u>	<u>Total Nonmajor Governmental Funds</u>
RECEIPTS													
Taxes													
Property and Motor Vehicle Taxes/Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,068	\$ 88,290	\$ 10,172	\$ -	\$ 113,530
Intergovernmental Receipts													
State													
Airline and Carline Tax Allocation	-	-	-	-	-	-	-	-	26	146	16	-	188
Lodging Tax	-	-	-	-	-	-	-	-	-	-	-	-	983,784
Pro-rate Motor Vehicle	-	-	-	-	-	-	-	-	50	287	33	-	370
Homestead Exemption	-	-	-	-	-	-	-	-	459	2,499	270	-	3,228
Property Tax Credit	-	-	-	-	-	-	-	-	905	4,740	488	-	6,133
Grants	-	212,830	-	-	-	-	-	-	-	-	-	-	212,830
Local Fees, Licenses, Commissions and Miscellaneous													
P&M Fees	-	-	-	-	-	-	-	-	-	-	-	-	31,496
In Lieu of Taxes	-	-	-	-	-	-	-	-	83	448	49	-	580
911 Surcharges	-	-	-	-	-	-	-	-	-	-	-	177,234	177,234
Commissary Sales	-	-	-	-	-	-	309,848	-	-	-	-	-	309,848
House Arrest	-	-	-	-	-	-	14,046	-	-	-	-	-	14,046
Weed Spraying Assessment	-	-	-	-	-	-	-	-	-	-	-	-	56,414
Interest on Investments	-	-	-	-	60	-	-	-	-	-	-	-	1,242
Lottery	-	-	-	-	-	-	-	-	-	-	-	-	872,114
Other Receipts	-	184,322	-	342	-	4,931	288,256	-	-	1,441	-	-	978,389
Interfund Transfers	-	33,921	-	-	-	-	-	-	-	-	-	-	98,772
Total Receipts	-	431,073	-	342	60	4,931	612,150	-	16,591	97,851	11,028	177,234	3,860,198
DISBURSEMENTS													
Capital Outlay	-	2,112	-	-	-	30,147	72,636	-	-	-	-	-	557,860
Operating Expense	-	49,215	7,674	10,465	-	-	530,155	-	17,801	96,777	11,794	179,800	2,407,347
Equipment Rental	-	2,400	-	-	-	-	-	-	-	-	-	-	2,400
Supplies/Materials	-	13,281	-	-	-	-	3,937	-	-	-	-	-	37,245
Personal Service	-	279,820	-	-	-	-	-	-	-	-	-	-	458,777
Interfund Transfers	-	73,247	-	-	-	-	40,000	-	-	-	-	-	477,050
Total Disbursements	-	420,075	7,674	10,465	-	30,147	646,728	-	17,801	96,777	11,794	179,800	3,940,679
NET CHANGE IN FUND BALANCE	-	10,998	(7,674)	(10,123)	60	(25,216)	(34,578)	-	(1,210)	1,074	(766)	(2,566)	(80,481)
FUND BALANCE, BEGINNING OF THE YEAR	-	118,290	9,060	47,375	60,986	31,492	157,945	-	28,610	63,627	46,031	14,546	3,253,500
FUND BALANCE, END OF THE YEAR	-	129,288	1,386	37,252	61,046	6,276	123,367	-	27,400	64,701	45,265	11,980	3,173,019
RESTRICTED	-	-	1,386	37,252	61,046	6,276	-	-	27,400	64,701	45,265	11,980	1,243,314
COMMITTED	-	129,288	-	-	-	-	123,367	-	-	-	-	-	1,929,705
FUND BALANCE, END OF THE YEAR	\$ -	\$ 129,288	\$ 1,386	\$ 37,252	\$ 61,046	\$ 6,276	\$ 123,367	\$ -	\$ 27,400	\$ 64,701	\$ 45,265	\$ 11,980	\$ 3,173,019

See Notes to Financial Statements.

Hall County

Combining Schedule of Changes in Assets and Liabilities – Cash Basis – Fiduciary Funds

June 30, 2019

	<u>State</u>	<u>Schools</u>	<u>Natural Resource District</u>	<u>Fire Districts</u>	<u>Municipalities</u>	<u>Agricultural Society</u>	<u>Partial Payment</u>	<u>Townships</u>	<u>Airport Authority</u>	<u>Lodging Sales Tax</u>	<u>Unclaimed Property Trust Fund</u>	<u>SID</u>	<u>Total</u>
ASSETS													
Cash and Cash Equivalents													
Total Assets, Beginning	\$ 1,235,035	\$ 1,850,351	\$ 19,985	\$ 8,957	\$ 576,470	\$ 1,734	\$ 44,733	\$ -	\$ 18,308	\$ 343	\$ -	\$ -	\$ 3,755,916
Additions	12,841,178	72,248,028	1,537,911	579,008	18,350,860	152,156	5,328,148	-	1,648,023	1,975	-	-	112,687,287
Deductions	(12,924,585)	(72,854,467)	(1,541,592)	(572,535)	(18,478,211)	(152,127)	(5,324,102)	-	(1,646,599)	(1,961)	-	-	(113,496,179)
TOTAL ASSETS, ENDING	\$ 1,151,628	\$ 1,243,912	\$ 16,304	\$ 15,430	\$ 449,119	\$ 1,763	\$ 48,779	\$ -	\$ 19,732	\$ 357	\$ -	\$ -	\$ 2,947,024
LIABILITES													
Due to Other Governments													
Total Liabilities, Beginning	1,235,035	1,850,351	19,985	8,957	576,470	1,734	44,733	-	18,308	343	-	-	3,755,916
Additions	12,841,178	72,248,028	1,537,911	579,008	18,350,860	152,156	5,328,148	-	1,648,023	1,975	-	-	112,687,287
Deductions	(12,924,585)	(72,854,467)	(1,541,592)	(572,535)	(18,478,211)	(152,127)	(5,324,102)	-	(1,646,599)	(1,961)	-	-	(113,496,179)
TOTAL LIABILITES, ENDING	\$ 1,151,628	\$ 1,243,912	\$ 16,304	\$ 15,430	\$ 449,119	\$ 1,763	\$ 48,779	\$ -	\$ 19,732	\$ 357	\$ -	\$ -	\$ 2,947,024

Hall County

Schedule of Disbursements Compared to Budget – Cash Basis – General Fund by Department

Year Ended June 30, 2019 with Comparative Totals for the Year Ended June 30, 2018

	General Government																			Public Health
	Board of Supervisors	Clerk	Treasurer	Assessor	Supt. Of Schools	Register of Deeds	Data Processing	Election Commissioner	Clerk of District Court	Special Election	Justice System	County Court System	Building and Grounds	Agriculture Ext. Agent	Misc.	District Judge	Public Defender	Equipment Acquisition	Cadastral Maps	Misc.
DISBURSEMENTS																				
Capital Outlay	\$ -	\$ 2,415	\$ -	\$ 3,400	\$ -	\$ 165	\$ 153,356	\$ -	\$ 1,148	\$ -	\$ -	\$ 1,009	\$ 29,248	\$ 10,742	\$ -	\$ 4,960	\$ 3,000	\$ 162,061	\$ 1,845	\$ -
Operating Expense	21,600	101,507	1,899	26,461	4,000	1,003	464,353	16,073	11,946	-	1,754,727	870	282,042	63,082	1,465,575	931	26,329	-	9,676	583,180
Equipment Rental	-	-	-	-	-	-	-	-	-	-	-	-	4,100	3,142	-	-	-	-	-	-
Supplies/Materials	1,863	4,573	12,060	8,445	-	375	521	38,654	8,016	-	-	23,971	33,826	1,592	-	1,593	3,218	-	2,434	-
Personal Service	393,378	288,466	962,717	565,721	-	116,402	302,395	149,547	637,848	-	10,046	-	610,662	157,374	-	189,983	991,663	-	104,041	-
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	416,841	396,961	976,676	604,027	4,000	117,945	920,625	204,274	658,958	-	1,764,773	25,850	959,878	235,932	1,465,575	197,467	1,024,210	162,061	117,996	583,180
BUDGET	455,923	414,901	1,014,284	684,859	4,000	138,944	936,276	208,254	676,789	60,000	1,770,255	26,028	987,331	264,733	2,071,672	215,282	1,046,538	162,270	173,417	583,180
FAVORABLE (UNFAVORABLE)	\$ 39,082	\$ 17,940	\$ 37,608	\$ 80,832	\$ -	\$ 20,999	\$ 15,651	\$ 3,980	\$ 17,831	\$ 60,000	\$ 5,482	\$ 178	\$ 27,453	\$ 28,801	\$ 606,097	\$ 17,815	\$ 22,328	\$ 209	\$ 55,421	\$ -

	Public Safety									Public Works		Public Welfare & Social Services		Culture and Recreation			Other	Totals (Memorandum Only)	
	Sheriff	Attorney	Jail	Building Inspector	Misc.	Probation Officer	Grants	Juvenile Diversion/Attention	Safety	Surveyor	Misc.	Veteran's Service Officer	Misc.	Parks	Stuhr Museum	Misc.	Transfers	2019	2018
DISBURSEMENTS																			
Capital Outlay	\$ 66,667	\$ 927	\$ 62,168	\$ -	\$ -	\$ 25,590	\$ -	\$ 960	\$ -	\$ 5,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 535,140	\$ 648,180
Operating Expense	141,460	46,561	1,680,666	4,805	615,417	19,360	-	91,947	4,684	2,013	126,743	20,355	42,621	-	900,000	30,000	-	8,561,886	8,308,395
Equipment Rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,242	10,029
Supplies/Materials	96,516	13,698	110,558	1,968	-	32,334	-	5,234	65	584	-	2,787	4,128	-	-	-	-	409,013	362,862
Personal Service	3,512,542	2,014,510	6,306,632	139,231	-	-	-	290,347	-	98,671	-	398,326	528,339	-	-	-	-	18,768,841	17,711,341
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,331,771	2,331,771	2,253,059
Total Disbursements	3,817,185	2,075,696	8,160,024	146,004	615,417	77,284	-	388,488	4,749	106,747	126,743	421,468	575,088	-	900,000	30,000	2,331,771	30,613,893	29,293,866
BUDGET	4,234,088	2,200,218	8,606,415	152,562	616,946	77,300	100,000	440,954	9,152	107,078	130,106	442,838	606,824	-	900,000	30,000	2,331,771	32,881,188	31,313,028
FAVORABLE (UNFAVORABLE)	\$ 416,903	\$ 124,522	\$ 446,391	\$ 6,558	\$ 1,529	\$ 16	\$ 100,000	\$ 52,466	\$ 4,403	\$ 331	\$ 3,363	\$ 21,370	\$ 31,736	\$ -	\$ -	\$ -	\$ -	\$ 2,267,295	\$ 2,019,162

Hall County

Comparative Analysis of Tax Certified – Corrections and Collections

Year Ended June 30, 2019

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
TAX CERTIFIED BY					
Assessor:					
Real Estate, Personal, Specials & Intangible	\$ 91,123,870	\$ 94,363,076	\$ 96,653,108	\$ 99,385,415	\$ 101,940,006
Corrections:					
Additions	130,318	97,660	23,190	18,818	197,770
Deductions	(284,432)	(554,745)	(251,192)	(75,118)	(161,720)
Net Deductions	(154,114)	(457,085)	(228,002)	(56,300)	36,050
Correct Certified Tax	90,969,756	93,905,991	96,425,106	99,329,115	101,976,056
NET TAX COLLECTED (REFUNDED) BY COUNTY TREASURER					
FOR YEAR ENDED:					
June 30, 2015	53,681,363	-	-	-	-
June 30, 2016	37,312,656	55,715,189	-	-	-
June 30, 2017	17,627	38,205,251	57,031,792	-	-
June 30, 2018	3,171	(10,437)	39,418,832	59,965,508	-
June 30, 2019	2,380	4,792	(42,387)	39,060,612	60,545,247
Net Collections	91,017,197	93,914,795	96,408,237	99,026,120	60,545,247
Total Uncollected Tax	(47,441)	(8,804)	16,869	302,995	41,430,809
PERCENTAGE OF UNCOLLECTED TAX	-0.05%	-0.01%	0.02%	0.31%	40.63%

See Notes to Financial Statements.

**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 Commissioners
Hall County

We have audited, in accordance with the 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, 2019, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2020. 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 the 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 opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. 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. We did not identify deficiencies in internal control that we consider to be significant deficiencies, as defined above.

Our consideration of internal control 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 Responses, that we consider to be significant deficiencies as items (2019-001, 2019-002, 2019-003, and 2019-004).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. 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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lutz & Company, P.C.

February 12, 2020

Hall County

Schedule of Findings

June 30, 2019

FINANCIAL STATEMENT FINDINGS

FINDING 2019-001:

Significant Deficiency in Internal Control over Financial Reporting – Inadequate Segregation of Duties

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, 2019, 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.

Auditee Response/Corrective Action Plan: See page 50.

FINDING 2019-002:

Significant Deficiency in Internal Control Over Financial Reporting – Cash Management

The County's policies and procedures related to cash management do not provide proper controls to prevent or detect misstatements related to error, fraud, or noncompliance as evidenced by monitoring deficiencies in requests for reimbursement of funds and insufficient coverage 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.

Hall County

Schedule of Findings

June 30, 2019

Condition and Context: For the year ending June 30, 2019, 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 and items, including pledged collateral related to sufficient coverage of funds.

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

Recommendation: Management should establish, document and maintain procedures which provide for the accurate preparation and review of cash account reconciliations and ensure appropriate monitoring of cash accounts and items, including pledged collateral related to sufficient coverage of funds.

Auditee Response/Corrective Action Plan: See page 50.

FINDING 2019-003:

Significant Deficiency in Internal Control Over Financial Reporting – Receipt Reconciliation

The County's policies and procedures related to receipt reconciliation 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, 2019, management failed to establish and maintain a sound system of internal control which properly prevented or detected misstatements in various aspects of the receipt reconciliation process between the Treasurer and Assessor offices.

Cause: The entity failed to design procedures which would provide for the accurate preparation and review of receipt reconciliations and ensure appropriate monitoring and reporting of receipt accounts and items between the Treasurer and Assessor offices.

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.

Hall County

Schedule of Findings

June 30, 2019

Recommendation: Management should establish, document and maintain procedures which provide for the accurate preparation and review of revenue account reconciliations and ensure appropriate monitoring of revenue accounts and items between the Treasurer and Assessor offices.

Auditee Response/Corrective Action Plan: See page 50.

FINDING 2019-004:

Significant Deficiency in Internal Control Over Financial Reporting – Lack of Accounting Knowledge

The County utilizes its auditors to provide assistance in preparing its year-end financial statements and related footnotes in conformity with the cash basis of accounting as part of the annual audit. Traditionally, this is beneficial from a cost and time perspective since it has not been necessary for the County to prepare a full set of financial statements with related footnotes more than annually. However, this limits the County's ability to monitor on a regular basis whether or not its financial statements with related footnotes are in conformity with the cash basis of accounting.

Criteria: Management is responsible for their financial statements and ensuring they are in conformity with the cash basis of accounting.

Condition and Context: For the year ending June 30, 2019, the County's auditors prepared the year-end financial statements and related footnotes for the County.

Cause: It is not beneficial from a cost or time perspective for the County to prepare a full set of financial statements with related footnotes.

Effect or Potential Effect: The County's ability is limited to monitor whether or not its financial statements with related footnotes are in conformity with the cash basis of accounting.

Recommendation: Management should ensure appropriate individuals are in place to review financial statements prepared by its auditors.

Auditee Response/Corrective Action Plan: See page 50.

Hall County

Summary Schedule of Prior Audit Findings

June 30, 2019

Identifying Number: 2018-001

Audit Finding: Lack of Segregation of Duties

Current Status: The Board of Commissioners has reviewed this issue, and determined that there are no additional procedures which can reasonably be done to eliminate this deficiency.

Identifying Number: 2018-002

Audit Finding: Cash Management

Current Status: The Board of Commissioners 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 newly appointed official to remind them of these procedures.

Identifying Number: 2018-003

Audit Finding: Lack of Accounting Knowledge

Current Status: The Board of Commissioners recognizes that it is not cost beneficial for the County to have individuals acquire the skills and knowledge necessary to compile its own financial statements. However, they will continue to be aware of major accounting changes for governments and continue to be knowledgeable about the financial status of the County.



Hall County Board of Commissioners

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Kim Dugan, Board Administrative Assistant

Finding 2019-001

The Board of Commissioners 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 2019-002

The Board of Commissioners has established procedures related to cash management. The Audit Committee has addressed this issue with the Register of Deeds over multiple years and is currently working to resolve the issue regarding insufficient pledged collateral. Some progress has been made and the committee will continue to work with the newly appointed official to remind them of these procedures.

Finding 2019-003

The Board of Commissioners has established procedures related to revenue management. The Audit Committee is aware of the issue between the Assessor and Treasurer offices. The Board of Commissioners is actively working to resolve this issue.

Finding 2019-004

The Board of Commissioners recognizes that it is not cost beneficial for the County to have individuals acquire the skills and knowledge necessary to compile its own financial statements. However, we will continue to be aware of major accounting changes for governments and continue to be knowledgeable about the financial status of the County.

Lutz