

Hall County

Financial Statements and Independent Auditors' Report

June 30, 2021



Hall County

Index

	Page
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
Financial Statements	
Statement of Net Position – Cash Basis	11
Statement of Activities – Cash Basis	12
Statement of Assets, Liabilities and Fund Balances – Cash Basis – Governmental Funds	13
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Cash Basis – Governmental Funds	14-15
Statement of Fiduciary Net Position – Cash Basis – Fiduciary Funds	16
Notes to Financial Statements	17-31
Required Supplementary Information – Budgetary Comparison	
Budgetary Comparison Schedule – Budget and Actual – General Governmental Fund	32-33
Budgetary Comparison Schedule – Budget and Actual – Major Governmental Funds	34-36
Notes to Required Supplementary Information – Budgetary Comparison	37
Other Supplementary Information	
Combining Schedule of Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Nonmajor Governmental Funds	38-39
Combining Schedule of Changes in Assets and Liabilities – Cash Basis – Fiduciary Funds	40
Schedule of Disbursements Compared to Budget – Cash Basis – General Fund by Department	41
Comparative Analysis of Tax Certified – Corrections and Collections	42
Schedule of Expenditures of Federal Awards	43-44

Hall County

Index – Continued

	<u>Page</u>
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45-46
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	47-48
Schedule of Findings and Questioned Costs	49-52
Summary Schedule of Prior Audit Findings	53
Auditee Response/Corrective Action Plan to Audit Findings	54

INDEPENDENT AUDITORS' REPORT

Hall 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, 2021, and the related notes to the financial statements which collectively comprise the 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 did not audit the financial statements of the discretely presented component units of the County, which represents all of the assets, net position and revenues of the discretely presented component units. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit is based solely on the reports by the other auditor. 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.

Opinion

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, 2021, and the respective changes in cash-basis financial position, for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matter - Basis of Accounting

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

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The additional schedules located on pages 38 through 42, and the accompanying Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance) located on pages 43-44, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional schedules located on pages 38 through 44 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional schedules located on pages 38 through 44 are fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2022, 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.

March 1, 2022

Hall County

Management's Discussion and Analysis

June 30, 2021

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, 2021. Please read it in conjunction with the County's financial statements, which follow this section.

Overview of the Financial Statements

This discussion and analysis is 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) Required 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 entity's 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, 2021

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, including cash held in certificates of deposit, at June 30, 2021, was \$35,613,980 compared with \$30,955,726 at June 30, 2020. This was an increase of \$4,658,254 or 15.01%.
- General fund expenditures and transfers were \$31,113,654 for the current fiscal year, compared with \$30,555,922 at June 30, 2020. This is an increase of \$557,732 or 1.83%.
- Federal program expenditures were \$2,931,310 for the current fiscal year, compared with \$823,979 at June 30, 2020. This is an increase of \$2,107,331 or 255.75%. The majority of this increase is due to expenditures from the Coronavirus Relief fund.

Hall County

Management's Discussion and Analysis

June 30, 2021

- Major capital projects of the County included the following:
 - Road Improvement Projects \$508,309
 - Courthouse Fire Suppression \$478,170
 - Courthouse Secondary Exits \$181,764
 - Road Equipment Purchases, Bridge Repair, and Engineering Fees \$104,709
 - Highway Department Building Renovation and Roof \$66,932
 - Federal Building Repairs \$49,568

Financial Analysis of the County as a Whole

Governmental Activities

The results of operations for the County indicate a positive change in net position. 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 2020 were \$19,824,166 and for 2021, it increased by \$846,353 to \$20,670,519.

In 2020, the County's assessed valuation was \$5,565,132,505. In 2021, it increased by \$99,454,467 to \$5,664,586,972.

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>2020-2021</u>	<u>2019-2020</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Total Assets	\$ 35,613,980	\$ 30,955,726	\$ 4,658,254	15.05%
Total Liabilities	739,688	670,798	68,890	10.27%
Total Net Position	34,874,292	30,284,928	4,589,364	15.15%
Total Restricted Net Position	10,521,466	7,389,519	3,131,947	42.38%
Total Unrestricted Net Position	24,352,826	22,859,409	1,493,417	6.53%

Hall County

Management's Discussion and Analysis

June 30, 2021

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

	<u>2020-2021</u>	<u>2019-2020</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Receipts:				
Program Receipts				
Fees and Charges for Services	\$ 14,762,757	\$ 15,922,696	\$ (1,159,939)	-7.28%
Operating Grants and Contributions	10,826,919	2,156,069	8,670,850	402.16%
Capital Grants and Contributions	-	464,861	(464,861)	-100.00%
General Receipts				
Property Taxes	20,670,519	19,824,166	846,353	4.27%
Other Taxes	7,199,693	7,039,861	159,832	2.27%
Other General Receipts	66,059	343,557	(277,498)	-80.77%
Total Receipts	<u>53,525,947</u>	<u>45,751,210</u>	<u>7,774,737</u>	<u>16.99%</u>
Program Disbursements:				
General Government	19,123,848	16,726,771	2,397,077	14.33%
Public Safety	22,607,401	18,225,172	4,382,229	24.04%
Public Works	4,145,267	4,640,398	(495,131)	-10.67%
Public Health	597,930	591,468	6,462	1.09%
Public Welfare and Social Services	1,215,544	1,171,889	43,655	3.73%
Culture and Recreation	1,246,593	1,939,973	(693,380)	-35.74%
Total Disbursements	<u>48,936,583</u>	<u>43,295,671</u>	<u>5,640,912</u>	<u>13.03%</u>
Increase in Net Position	<u>\$ 4,589,364</u>	<u>\$ 2,455,539</u>	<u>\$ 2,133,825</u>	<u>86.90%</u>

Hall County

Management's Discussion and Analysis

June 30, 2021

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	\$ 30,844,626	\$ 2,263,354	\$ 1,930,967	\$ 3,808,815
Disbursements	(30,049,770)	(4,869,093)	(2,578)	(3,800,181)
Transfers In	2,082,437	2,214	350,000	963,950
Transfers Out	(1,063,884)	-	(1,728,437)	(578,944)
Net Change in Fund Balances	1,813,409	(2,603,525)	549,952	393,640
Beginning Fund Balance	10,549,622	4,629,575	4,566,159	1,291,351
Ending Fund Balance	\$ 12,363,031	\$ 2,026,050	\$ 5,116,111	\$ 1,684,991

	<u>Insurance</u>	<u>Building & Improvement Reserve</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>
Receipts	\$ 4,889,007	\$ 650	\$ 5,958,551	\$ 3,829,977
Disbursements	(5,931,030)	(1,119,034)	-	(3,164,897)
Transfers In	682,867	-	-	99,934
Transfers Out	-	(350,000)	-	(460,137)
Net Change in Fund Balances	(359,156)	(1,468,384)	5,958,551	304,877
Beginning Fund Balance	1,866,026	4,155,980	-	3,226,215
Ending Fund Balance	\$ 1,506,870	\$ 2,687,596	\$ 5,958,551	\$ 3,531,092

The following table shows the property tax rates, by fund or component unit, for fiscal years 2019-2020 and 2020-2021 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 2020-2021 would be \$390.55.

	<u>2020-2021 Levy</u>	<u>2019-2020 Levy</u>	<u>Levy Change</u>	<u>Percent Change</u>
General Fund	0.332559	0.332409	0.000150	0.05%
Dependent Fund	0.002225	0.001699	0.000526	30.96%
Institutions	0.000315	0.000325	(0.000010)	-3.08%
Jail Bond Fund	0.039000	0.039000	-	0.00%
Veteran's Aid	0.000086	0.000190	(0.000104)	-54.74%
Museum	0.016369	0.016934	(0.000565)	-3.34%
County Totals	0.390554	0.390557	(0.000003)	0.00%

Hall County

Management's Discussion and Analysis

June 30, 2021

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 \$2,729,036 or 8.3%. This was mostly due to the Public Safety function being under budget by \$1,304,850 and the General Government function being under budget by \$1,378,035. See the Budgetary Comparison Schedule for the General Fund on pages 32 and 33 for more detailed information.

Over the course of the 2020-2021 fiscal year, the County's General Fund balance increased by \$1,813,409. The following table provides a detailed picture of the increase in fund balance.

	<u>2020-2021 Budget</u>	<u>Year-End Actual</u>	<u>Difference</u>
July 1, 2020 Beginning Balance		<u>\$ 10,549,622</u>	
Receipts			
Property/Motor Vehicle Taxes	21,715,353	20,721,237	(994,116)
Federal	2,844,700	4,453,024	1,608,324
State	661,814	2,072,643	1,410,829
Other Local	3,351,325	3,597,722	246,397
Total Receipts	<u>28,573,192</u>	<u>30,844,626</u>	<u>2,271,434</u>
Expenditures	32,778,806	30,049,770	2,729,036
Net Transfers	<u>1,518,553</u>	<u>1,018,553</u>	<u>500,000</u>
Net Increase/(Decrease)	(2,687,061)	1,813,409	4,500,470
June 30, 2021 Ending Balance		<u><u>\$ 12,363,031</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, 2021

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, 2021

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Pooled Cash and Cash Equivalents	\$ 22,375,045
Pooled Certificates of Deposit	3,208,580
Restricted Assets:	
Cash and Cash Equivalents	10,030,355
TOTAL ASSETS	35,613,980
LIABILITIES	
Due to Other Governments	73,120
Due to Others	666,568
TOTAL LIABILITIES	739,688
NET POSITION	
Restricted For:	
Debt Service	2,026,050
Parks and Recreation	587
911 Emergency Services	19,770
Visitors Promotion/Improvement	421,901
Veterans Services	60,226
Drug Enforcement	125,089
Keno Lottery	649,112
Traffic Safety	5,611
Health and Life Insurance Claims	1,103,015
Indigent Welfare	88,870
P&M Fund - Register of Deeds	62,684
American Rescue Plan Act	5,958,551
Unrestricted	24,352,826
TOTAL NET POSITION	\$ 34,874,292

Hall County

Statement of Activities – Cash Basis

Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities:					
General Government	\$ 19,123,848	\$ 9,886,421	\$ 190,629	\$ -	\$ (9,046,798)
Public Safety	22,607,401	1,008,229	2,230,704	-	(19,368,468)
Public Works	4,145,267	3,868,107	-	-	(277,160)
Public Health	597,930	-	7,952,890	-	7,354,960
Public Welfare and Social Services	1,215,544	-	452,696	-	(762,848)
Culture and Recreation	1,246,593	-	-	-	(1,246,593)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 48,936,583	\$ 14,762,757	\$ 10,826,919	\$ -	(23,346,907)
GENERAL RECEIPTS					
Taxes:					
Property					20,670,519
Motor Vehicle					2,244,964
Property Tax Credit					1,207,874
Airline and Carline Tax Allocation					46,121
In-lieu-of Tax					86,396
Insurance Tax Allocation					172,416
Pro-rate Motor Vehicle					68,556
Homestead					584,160
Lodging					653,524
Inheritance					1,903,685
911 Surcharges					231,997
Interest Income					66,059
Total General Receipts					27,936,271
CHANGE IN NET POSITION					4,589,364
NET POSITION, BEGINNING OF THE YEAR					30,284,928
NET POSITION, END OF THE YEAR					\$ 34,874,292

See Notes to Financial Statements.

Hall County

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

June 30, 2021

	<u>General</u>	<u>Jail Bond Fund</u>	<u>Inheritance Fund</u>	<u>Road Fund</u>	<u>Insurance Fund</u>	<u>Building & Improvement Reserve</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Total Government Funds</u>
ASSETS									
Cash and									
Cash Equivalents	\$ 9,851,297	\$ -	\$ 5,116,111	\$ 1,684,991	\$ 403,855	\$ 2,687,596	\$ -	\$ 2,631,195	\$ 22,375,045
Certificates of Deposit	3,208,580	-	-	-	-	-	-	-	3,208,580
Restricted Assets:									
Cash and									
Cash Equivalents	-	2,026,050	-	-	1,103,015	-	5,958,551	942,739	10,030,355
TOTAL ASSETS	13,059,877	2,026,050	5,116,111	1,684,991	1,506,870	2,687,596	5,958,551	3,573,934	35,613,980
LIABILITIES									
Due to Other									
Governments	71,476	-	-	-	-	-	-	1,644	73,120
Due to Others	625,370	-	-	-	-	-	-	41,198	666,568
Total Liabilities	696,846	-	-	-	-	-	-	42,842	739,688
FUND BALANCES									
Restricted	-	2,026,050	-	-	1,103,015	-	5,958,551	1,433,850	10,521,466
Committed	-	-	-	1,684,991	403,855	2,687,596	-	2,097,242	6,873,684
Assigned	-	-	5,116,111	-	-	-	-	-	5,116,111
Unassigned	12,363,031	-	-	-	-	-	-	-	12,363,031
Total Fund Balances	12,363,031	2,026,050	5,116,111	1,684,991	1,506,870	2,687,596	5,958,551	3,531,092	34,874,292
TOTAL LIABILITIES AND FUND BALANCES									
	\$13,059,877	\$2,026,050	\$5,116,111	\$1,684,991	\$1,506,870	\$ 2,687,596	\$ 5,958,551	\$ 3,573,934	\$35,613,980

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, 2021

	<u>General</u>	<u>Jail Bond Fund</u>	<u>Inheritance Fund</u>	<u>Road Fund</u>	<u>Insurance Fund</u>	<u>Building & Improvement Reserve</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
RECEIPTS									
Property/Motor Vehicle Taxes	\$ 20,721,237	\$ 2,064,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,135	\$ 22,915,483
Fines	556	-	-	-	-	-	-	-	556
State	2,072,643	188,544	-	3,408,477	-	-	-	878,885	6,548,549
Federal	4,453,024	-	-	113,110	-	-	5,958,551	7,275	10,531,960
Interest Income	36,083	1,988	27,282	-	-	-	-	706	66,059
Other	3,561,083	8,711	1,903,685	287,228	4,889,007	650	-	2,812,976	13,463,340
Total Receipts	30,844,626	2,263,354	1,930,967	3,808,815	4,889,007	650	5,958,551	3,829,977	53,525,947
DISBURSEMENTS									
General Government	11,020,977	613	2,578	-	5,931,030	1,119,034	-	1,049,616	19,123,848
Public Safety	16,162,569	4,868,480	-	-	-	-	-	1,576,352	22,607,401
Public Works	244,123	-	-	3,800,181	-	-	-	100,963	4,145,267
Public Health	597,930	-	-	-	-	-	-	-	597,930
Public Welfare and Social Services	1,086,671	-	-	-	-	-	-	128,873	1,215,544
Culture and Recreation	937,500	-	-	-	-	-	-	309,093	1,246,593
Total Disbursements	30,049,770	4,869,093	2,578	3,800,181	5,931,030	1,119,034	-	3,164,897	48,936,583
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS									
	\$ 794,856	\$ (2,605,739)	\$ 1,928,389	\$ 8,634	\$ (1,042,023)	\$ (1,118,384)	\$ 5,958,551	\$ 665,080	\$ 4,589,364

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, 2021

	<u>General</u>	<u>Jail Bond Fund</u>	<u>Inheritance Fund</u>	<u>Road Fund</u>	<u>Insurance Fund</u>	<u>Building & Improvement Reserve</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)									
Transfers In	\$ 2,082,437	\$ 2,214	\$ 350,000	\$ 963,950	\$ 682,867	\$ -	\$ -	\$ 99,934	\$ 4,181,402
Transfers Out	(1,063,884)	-	(1,728,437)	(578,944)	-	(350,000)	-	(460,137)	(4,181,402)
Total Other Financing Sources	1,018,553	2,214	(1,378,437)	385,006	682,867	(350,000)	-	(360,203)	-
NET CHANGE IN FUND BALANCES	1,813,409	(2,603,525)	549,952	393,640	(359,156)	(1,468,384)	5,958,551	304,877	4,589,364
FUND BALANCES, BEGINNING OF THE YEAR	10,549,622	4,629,575	4,566,159	1,291,351	1,866,026	4,155,980	-	3,226,215	30,284,928
FUND BALANCES, END OF THE YEAR	\$ 12,363,031	\$ 2,026,050	\$ 5,116,111	\$ 1,684,991	\$ 1,506,870	\$ 2,687,596	\$ 5,958,551	\$ 3,531,092	\$ 34,874,292

See Notes to Financial Statements.

Hall County

Statement of Fiduciary Net Position – Cash Basis – Fiduciary Funds

June 30, 2021

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 3,727,761
LIABILITIES	
Due to Other Governments	
State	1,780,708
Schools	1,406,483
Natural Resource District	15,608
Fire Districts	6,744
Municipalities	478,432
Agricultural Society	1,861
Partial Payment	16,807
Airport Authority	20,598
Lodging Sales Tax	520
TOTAL LIABILITIES	3,727,761
TOTAL NET POSITION	\$ -

See Notes to Financial Statements.

Hall County

Notes to Financial Statements

June 30, 2021

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 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.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61. These criteria state that the financial reporting entity consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. 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, 2021, are presented in the notes to the financial statements; see Note 9 and Note 10 for further information. A complete copy of each entity's 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

Hall County

Notes to Financial Statements

June 30, 2021

federal, state, local, and private funding. The Region is required to be audited annually in accordance with State Statute. Financial information for the Region is available in those audit reports.

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

Hall County

Notes to Financial Statements

June 30, 2021

determination of changes in financial position rather than upon net income. The following are the County's governmental fund types.

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds 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 accounting principles generally accepted by the United States of America (US 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 US 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, 2021

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.

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. US 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 US 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, 2021

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, 2021

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. US 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 US 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.

The 2020-2021 fiscal year levy for property taxes was \$22,131,265, or \$0.390554 per \$100 of assessed valuation. The 2019-2020 fiscal year levy for property taxes was \$21,735,226, or \$0.390557 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.

Hall County

Notes to Financial Statements

June 30, 2021

3. Deposits/Investments

Credit Risk

The County's policy limits investments to those types of investments allowed by State Statute. Those items include: Certificates of deposit, where institutions have adequately pledged assets for any funds on deposit in excess of Federal Depository Insurance limits; Bonds and debentures issued by any of the twelve federal land banks, the twelve intermediate 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>\$ 610,591</u>	<u>\$ 2,597,989</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 U.S. Government Agency Obligations – 51.8%, Certificate of Deposits in various Nebraska Banks – 1.5%, Demand Deposit and Money Market Accounts – 29.5%, and Repurchase agreements (collateralized by U.S. Government Securities) – 18.1% at June 30, 2021. The cash and cash equivalents and certificates of deposit balances as of June 30, 2021, includes \$9,939,997 of funds held at NPAIT.

Hall County

Notes to Financial Statements

June 30, 2021

Additionally, the County was in possession of \$1,103,014 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, 2021.

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, 2021, the amounts on deposit for the County were adequately secured by each institution.

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 full time 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).

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, 2021, the County contributed \$1,109,757 to the employer's account. For the year ended June 30, 2021, 330 employees contributed \$746,927 to the plan; included in those contributions is \$21,304 towards the supplemental law enforcement plan for 34 law enforcement employees. As of December 31, 2020, and 2019, the County's share of the net pension asset/(liability) was \$2,692,262 and \$1,940,088, respectively. These amounts were determined by the actuarial report issued by the Nebraska Public Employees

Hall County

Notes to Financial Statements

June 30, 2021

Retirement System dated August 26, 2021, with a measurement date of December 31, 2020. 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.

7. Interfund Transfers, Receivables, and Payables

Interfund transfers for the year ended June 30, 2021, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,082,437	\$ 1,063,884
Jail Fund	2,214	-
Road Fund	963,950	578,944
Insurance Fund	682,867	-
Drug Court Fund	30,387	79,836
Inheritance Fund	350,000	1,728,437
Keno/Lottery Fund	-	274,000
Inmate Welfare Fund	-	80,000
Noxious Weed Fund	69,547	24,087
Building & Improvement Reserve	-	350,000
Veterans Service	-	2,214
Totals	<u>\$ 4,181,402</u>	<u>\$ 4,181,402</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, 2021.

Hall County

Notes to Financial Statements

June 30, 2021

8. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omission; injuries to employees; or acts of God. In March 1988, the County joined together with other counties in the State of Nebraska to form the Nebraska Intergovernmental Risk Management Association, a public entity risk pool currently operating as a common risk management and insurance program for 78 member counties. The County pays an annual premium to Nebraska Intergovernmental Risk Management Association for its general insurance coverage. The Agreement for Formation of the Nebraska Intergovernmental Risk Management Association will be self-sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$250,000 for each property, \$300,000 for liability, and \$550,000 for workmen's compensation. The County continues to carry commercial insurance for all other risks of loss, including professional liability insurance for the Public Defender and Public Official's Errors and Omissions. Property, auto, liability, and workmen's compensation settled claims in the past three years have not exceeded the coverage.

The County is self-insured for health insurance claims up to \$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, 2021, 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's overall cash position in these accounts decreased by \$352,999 for the year ending June 30, 2021.

The insurance reserve fund has a reserve of \$758,084 at June 30, 2021. Management believes that the coverage is adequate to preclude any significant uninsured risk of exposure to the County.

Hall County

Notes to Financial Statements

June 30, 2021

9. Stuhr Museum

The Stuhr Museum is a quasi-governmental 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, 2021, received an unqualified opinion dated December 28, 2021.

The following is a summary of the Stuhr Museum's June 30, 2021, financial statements (a complete copy of the audited financial statements of Stuhr Museum is on file with the Hall County Clerk.):

	<u>2021</u>
Total Assets	\$ 6,696,118
Total Deferred Outflows of Resources	97,072
Total Liabilities	252,563
Total Deferred Inflows of Resources	149,501
Net Position:	
Invested in Capital Assets	5,766,883
Unrestricted	624,243
Total Net Position	<u>\$ 6,391,126</u>
Expenses - General Government	\$ (2,163,530)
Program Revenues	810,618
Revenue from Hall County Support	910,000
Investment Income	3,269
Reimbursements	-
Loss on Disposal of Assets	3,493
Miscellaneous Revenue	1,520
Paycheck Protection Program Loan Forgiveness	169,100
Change in Net Position	<u>(265,530)</u>
Beginning Net Position	<u>6,656,656</u>
Ending Net Position	<u>\$ 6,391,126</u>

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

Hall County

Notes to Financial Statements

June 30, 2021

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, 2021, 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, 2021 and 2020, was \$808,093 and \$743,301, 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. The total amount of accrued sick leave at June 30, 2021 and 2020, subject to the 50 percent payout, was \$1,792,003 and \$2,074,605, 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, 2021 and 2020, was \$43,004 and \$42,950, 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 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, 2021, \$225,786 of interest and \$1,120,000 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

Hall County

Notes to Financial Statements

June 30, 2021

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.

On September 15, 2020, the Board of Commissioners approved Resolution 20-181, approving the call for redemption of the Series 2015 bond payments due in the years 2025 through 2027, for the amount of \$3,575,000. This amount was paid on October 30, 2020.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
6/30/2022	\$ 315,000	\$ 69,950	\$ 384,950
6/30/2023	720,000	59,600	779,600
6/30/2024	1,220,000	39,895	1,259,895
6/30/2025	1,245,000	13,695	1,258,695
Totals	<u>\$ 3,500,000</u>	<u>\$ 183,140</u>	<u>\$ 3,683,140</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
6/30/2022	\$ 850,000	\$ 20,963	\$ 870,963
6/30/2023	475,000	5,700	480,700
Totals	<u>\$ 1,325,000</u>	<u>\$ 26,663</u>	<u>\$ 1,351,663</u>

Changes in long-term debt are as follows:

	<u>Balance 6/30/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2021</u>
Bonds	<u>\$ 9,545,000</u>	<u>\$ -</u>	<u>\$ (4,720,000)</u>	<u>\$ 4,825,000</u>

Hall County

Notes to Financial Statements

June 30, 2021

14. Net Position/Fund Balances

The government-wide statement of net position reports \$10,521,466 of restricted net position. Net position totaling \$9,287,164 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, 2021, governmental fund balances are classified as follows:

	General Fund	Jail Bond Fund	Inheritance Fund	Road Fund	Insurance Fund	Building & Improvement Reserve	American Rescue Plan Act	Other Funds	Total
Fund Balances									
Restricted for:									
Debt Service	\$ -	\$ 2,026,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,026,050
Parks & Recreation	-	-	-	-	-	-	-	587	587
911 Emergency Services	-	-	-	-	-	-	-	19,770	19,770
Visitors Promotion/ Improvement	-	-	-	-	-	-	-	421,901	421,901
Veterans Services	-	-	-	-	-	-	-	60,226	60,226
Drug Enforcement	-	-	-	-	-	-	-	125,089	125,089
Keno Lottery	-	-	-	-	-	-	-	649,112	649,112
Traffic Safety	-	-	-	-	-	-	-	5,611	5,611
Health & Life	-	-	-	-	-	-	-	-	-
Insurance Claims	-	-	-	-	1,103,015	-	-	-	1,103,015
Indigent Welfare	-	-	-	-	-	-	-	88,870	88,870
P & M Fund - Register of Deeds	-	-	-	-	-	-	-	62,684	62,684
American Rescue Plan Act	-	-	-	-	-	-	5,958,551	-	5,958,551
Total Restricted	-	2,026,050	-	-	1,103,015	-	5,958,551	1,433,850	10,521,466
Committed to:									
Street & Highways	-	-	-	1,684,991	-	-	-	-	1,684,991
Special Projects	-	-	-	-	-	-	-	29,680	29,680
Equipment & Improvement Costs	-	-	-	-	-	-	-	513,346	513,346
Sick & Vacation Compensation	-	-	-	-	-	-	-	342,590	342,590
Building & Land Improvements	-	-	-	-	-	2,687,596	-	-	2,687,596
Unemployment Compensation	-	-	-	-	-	-	-	68,937	68,937
Insurance Claims	-	-	-	-	403,855	-	-	758,084	1,161,939
Drug Court	-	-	-	-	-	-	-	167,629	167,629
Inmate Welfare	-	-	-	-	-	-	-	176,056	176,056
Weed Control	-	-	-	-	-	-	-	40,920	40,920
Total Committed	-	-	-	1,684,991	403,855	2,687,596	-	2,097,242	6,873,684
Assigned to:									
Capital Projects	-	-	5,116,111	-	-	-	-	-	5,116,111
Unassigned:									
	12,363,031	-	-	-	-	-	-	-	12,363,031
Total Fund Balances	\$12,363,031	\$ 2,026,050	\$ 5,116,111	\$ 1,684,991	\$ 1,506,870	\$ 2,687,596	\$ 5,958,551	\$ 3,531,092	\$34,874,292

Hall County

Notes to Financial Statements

June 30, 2021

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. As of June 30, 2021, the lease has reached the end of its life.

16. Subsequent Events

Subsequent events are events or transactions that occur after the financial statement date, but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. The Board has considered such events or transactions through March 1, 2022.

On September 14, 2021, the Board of Commissioners approved Resolution 21-038, approving the call for redemption of the Series 2015 bond payments due in the year 2024, for the amount of \$1,245,000. This amount was paid on October 29, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

Hall County

Budgetary Comparison Schedule – Budget and Actual – General Governmental Fund

Year Ended June 30, 2021

	<u>Budget</u> <u>(Original & Final)</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
RECEIPTS			
Taxes			
Property and Motor Vehicle Taxes/Fees	\$ 21,715,353	\$ 20,721,237	\$ (994,116)
Intergovernmental Receipts			
Federal			
Inmate Housing	2,007,500	1,971,088	(36,412)
Child Support - Title IV-D	545,000	372,436	(172,564)
Child Support - Incentive	-	80,260	80,260
Other	292,200	2,029,240	1,737,040
State			
Inmate Housing	-	3,960	3,960
Airline and Carline Tax Allocation	34,600	43,194	8,594
Insurance Tax Allocation	160,000	172,416	12,416
Pro-rate Motor Vehicle	56,100	61,274	5,174
Homestead Exemption	-	522,001	522,001
Property Tax Credit	-	1,079,171	1,079,171
Other	411,114	190,627	(220,487)
Local Fees, Licenses, Commissions and Miscellaneous			
Licenses and Permits	56,000	100,772	44,772
In Lieu of Taxes	74,500	76,801	2,301
Interlocal Agreements	335,350	316,427	(18,923)
Treasurer Fees	334,500	371,520	37,020
Clerk Fees	8,000	-	(8,000)
Register of Deeds Fees	330,000	469,470	139,470
Clerk of the District Court Fees	170,538	152,381	(18,157)
Election Commissioner	60,500	26,167	(34,333)
Sheriff Fees	447,093	421,062	(26,031)
Attorney Fees	1,500	1,009	(491)
Jail Fees	175,000	141,251	(33,749)
Interest on Investments	152,500	36,083	(116,417)
Sale of Surplus Property	-	9,300	9,300
Fines	3,500	556	(2,944)
Commissions	1,000,000	1,102,172	102,172
Miscellaneous	138,844	272,282	133,438
Parks and Recreation Fees	20,500	38,381	17,881
Insurance Settlements	43,000	62,088	19,088
Total Receipts	28,573,192	30,844,626	2,271,434

DISBURSEMENTS

General Government:

Board of Supervisors	448,802	439,727	9,075
Clerk	435,285	428,392	6,893
Treasurer	995,248	929,778	65,470
Assessor	704,379	664,765	39,614
Superintendent of Schools	4,000	4,000	-
Register of Deeds	120,757	116,569	4,188
Data Processing	1,269,675	1,177,348	92,327
Election Commissioner	297,465	286,352	11,113

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – General Governmental Fund

Year Ended June 30, 2021

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
DISBURSEMENTS (Continued)			
Clerk of the District Court	\$ 742,721	\$ 665,827	\$ 76,894
Special Election	60,001	-	60,001
Justice System	1,940,795	1,674,670	266,125
County Court System	26,028	25,434	594
Building and Grounds	968,366	920,526	47,840
Agriculture Extension Agent	277,599	256,348	21,251
District Judge	197,363	195,281	2,082
Public Defender	1,197,100	1,100,459	96,641
Equipment Acquisition	162,444	12,444	150,000
Cadastral Maps	162,560	122,493	40,067
Miscellaneous	2,388,424	2,000,564	387,860
Public Safety:			
Sheriff	4,615,652	4,164,499	451,153
Attorney	2,422,646	2,274,353	148,293
Jail	8,946,493	8,660,339	286,154
Building Inspector	159,561	139,247	20,314
Probation Officer	68,900	68,899	1
Grants	100,000	-	100,000
Juvenile Diversion	448,097	391,926	56,171
Safety	24,152	7,512	16,640
Miscellaneous	681,918	455,794	226,124
Public Works:			
Surveyor	112,440	112,162	278
Miscellaneous	137,683	131,961	5,722
Public Welfare and Social Services:			
Veteran's Service Officer	465,717	445,251	20,466
Miscellaneous	657,355	641,420	15,935
Culture and Recreation:			
Stuhr Museum	900,000	900,000	-
Miscellaneous	41,250	37,500	3,750
Public Health:			
Miscellaneous	597,930	597,930	-
Total Disbursements	32,778,806	30,049,770	2,729,036
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(4,205,614)	794,856	5,000,470
OTHER FINANCING SOURCES			
Transfers In	2,582,437	2,082,437	(500,000)
Transfers Out	(1,063,884)	(1,063,884)	-
Total Other Financing Sources	1,518,553	1,018,553	(500,000)
NET CHANGE IN FUND BALANCE	(2,687,061)	1,813,409	4,500,470
FUND BALANCE, BEGINNING OF THE YEAR	10,549,622	10,549,622	-
FUND BALANCE, END OF THE YEAR	\$ 7,862,561	\$ 12,363,031	\$ 4,500,470

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – Major Governmental Funds

Year Ended June 30, 2021

	<u>Budget</u> <u>(Original & Final)</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
JAIL BOND FUND			
RECEIPTS			
Taxes			
Property and Motor Vehicle Taxes/Fees	\$ 2,209,200	\$ 2,064,111	\$ (145,089)
Intergovernmental Receipts			
State			
Airline and Carline Tax Allocation	2,000	2,749	749
Pro-rate Motor Vehicle	6,000	6,846	846
Homestead Exemption	-	58,333	58,333
Property Tax Credit	-	120,616	120,616
Local Fees, Licenses, Commissions and Miscellaneous			
In Lieu of Taxes	8,500	8,567	67
Interest on Investments	25,000	1,988	(23,012)
Other Receipts	-	144	144
Interfund Transfers	2,214	2,214	-
Total Receipts	2,252,914	2,265,568	12,654
DISBURSEMENTS			
Debt Servicing	6,882,489	4,868,480	2,014,009
Operating Expense	-	613	(613)
Total Disbursements	6,882,489	4,869,093	2,013,396
NET CHANGE IN FUND BALANCE	(4,629,575)	(2,603,525)	2,026,050
FUND BALANCE, BEGINNING OF THE YEAR	4,629,575	4,629,575	-
FUND BALANCE, END OF THE YEAR	\$ -	\$ 2,026,050	\$ 2,026,050
INHERITANCE FUND			
RECEIPTS			
Local Fees, Licenses, Commissions and Miscellaneous			
Interest on Investments	\$ 33,841	\$ 27,282	\$ (6,559)
Inheritance Tax	1,000,000	1,903,685	903,685
Interfund Transfers	350,000	350,000	-
Total Receipts	1,383,841	2,280,967	897,126
DISBURSEMENTS			
Operating Expense	2,721,563	2,578	2,718,985
Interfund Transfers	2,228,437	1,728,437	500,000
Total Disbursements	4,950,000	1,731,015	3,218,985
NET CHANGE IN FUND BALANCE	(3,566,159)	549,952	4,116,111
FUND BALANCE, BEGINNING OF THE YEAR	4,566,159	4,566,159	-
FUND BALANCE, END OF THE YEAR	\$ 1,000,000	\$ 5,116,111	\$ 4,116,111

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – Major Governmental Funds

Year Ended June 30, 2021

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
ROAD FUND			
RECEIPTS			
Intergovernmental Receipts			
Federal	\$ -	\$ 113,110	\$ 113,110
State			
Highway/Street Allocations	2,660,847	3,152,033	491,186
Motor Vehicle Fee	225,000	232,390	7,390
Incentive Payments	10,500	10,500	-
Grants	13,554	13,554	-
Local Fees, Licenses, Commissions and Miscellaneous			
In-Lieu-of Tax	1,122	529	(593)
Machine Hire	6,000	8,705	2,705
Sale of Supplies & Materials	22,000	19,085	(2,915)
Sale of Property	10,000	-	(10,000)
Other Receipts	232,863	258,909	26,046
Interfund Transfers	963,950	963,950	-
Total Receipts	4,145,836	4,772,765	626,929
DISBURSEMENTS			
Capital Outlay	997,692	388,727	608,965
Operating Expense	172,005	185,941	(13,936)
Equipment Rental	274,433	246,033	28,400
Supplies/Materials	1,159,755	1,023,980	135,775
Personal Service	2,002,102	1,955,500	46,602
Interfund Transfers	581,200	578,944	2,256
Total Disbursements	5,187,187	4,379,125	808,062
NET CHANGE IN FUND BALANCE	(1,041,351)	393,640	1,434,991
FUND BALANCE, BEGINNING OF THE YEAR	1,291,351	1,291,351	-
FUND BALANCE, END OF THE YEAR	\$ 250,000	\$ 1,684,991	\$ 1,434,991
INSURANCE FUND			
RECEIPTS			
Other Receipts	\$ 5,209,694	\$ 4,889,007	\$ (320,687)
Interfund Transfers	690,675	682,867	(7,808)
Total Receipts	5,900,369	5,571,874	(328,495)
DISBURSEMENTS			
Personal Service	1,290,000	1,190,706	99,294
Operating Expense	5,020,380	4,740,324	280,056
Total Disbursements	6,310,380	5,931,030	379,350
NET CHANGE IN FUND BALANCE	(410,011)	(359,156)	50,855
FUND BALANCE, BEGINNING OF THE YEAR	1,866,026	1,866,026	-
FUND BALANCE, END OF THE YEAR	\$ 1,456,015	\$ 1,506,870	\$ 50,855

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – Major Governmental Funds

Year Ended June 30, 2021

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
<u>BUILDING & IMPROVEMENT RESERVE</u>			
RECEIPTS			
Federal Grant Receipts	\$ -	\$ 650	\$ 650
DISBURSEMENTS			
Capital Outlay	3,805,980	1,119,034	2,686,946
Interfund Transfers	350,000	350,000	-
Total Disbursements	4,155,980	1,469,034	2,686,946
NET CHANGE IN FUND BALANCE	(4,155,980)	(1,468,384)	2,687,596
FUND BALANCE, BEGINNING OF THE YEAR	4,155,980	4,155,980	-
FUND BALANCE, END OF THE YEAR	\$ -	\$ 2,687,596	\$ 2,687,596
<u>AMERICAN RESCUE PLAN ACT</u>			
RECEIPTS			
Other Receipts	\$ -	\$ 5,958,551	\$ 5,958,551
NET CHANGE IN FUND BALANCE	-	5,958,551	5,958,551
FUND BALANCE, BEGINNING OF THE YEAR	-	-	-
FUND BALANCE, END OF THE YEAR	\$ -	\$ 5,958,551	\$ 5,958,551

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Notes to Required Supplementary Information – Budgetary Comparison

June 30, 2021

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.

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.
- 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, 2021.

OTHER SUPPLEMENTARY INFORMATION

Hall County

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

Year Ended June 30, 2021

	Equipment & Improvement Reserve	Insurance Reserve	Sick & Vacation Liability	Special Revenue	Register of Deeds	Employment Security	Keno Lottery	Keno Reserve	Noxious Weed	Visitors Promotion	Visitor Promo Improvement
RECEIPTS											
Taxes											
Property and Motor Vehicle Taxes/Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Receipts											
Federal											
Grants	7,275	-	-	-	-	-	-	-	-	-	-
State											
Airline and Carline Tax Allocation	-	-	-	-	-	-	-	-	-	-	-
Lodging Tax	-	-	-	-	-	-	-	-	-	326,762	326,762
Pro-rate Motor Vehicle	-	-	-	-	-	-	-	-	-	-	-
Homestead Exemption	-	-	-	-	-	-	-	-	-	-	-
Property Tax Credit	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-
Local Fees, Licenses, Commissions and Miscellaneous											
P&M Fees	-	-	-	-	47,638	-	-	-	-	-	-
In Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-
911 Surcharges	-	-	-	-	-	-	-	-	-	-	-
Commissary Sales	-	-	-	-	-	-	-	-	-	-	-
House Arrest	-	-	-	-	-	-	-	-	-	-	-
Weed Spraying Assessment	-	-	-	-	-	-	-	-	59,715	-	-
Interest on Investments	-	-	-	-	-	36	497	173	-	-	-
Lottery	-	-	-	-	-	-	1,008,909	-	-	-	-
Other Receipts	297,128	-	236,750	11,045	-	1,390	10,334	-	105	-	-
Interfund Transfers	-	-	-	-	-	-	-	-	69,547	-	-
Total Receipts	304,403	-	236,750	11,045	47,638	1,426	1,019,740	173	129,367	326,762	326,762
DISBURSEMENTS											
Capital Outlay	355,743	-	-	-	-	-	-	-	-	-	-
Operating Expense	-	-	-	12,404	44,711	-	554,566	174	9,610	296,689	417,860
Equipment Rental	-	-	-	-	-	-	-	-	-	-	-
Supplies/Materials	-	-	-	-	-	-	-	-	17,021	-	-
Personal Service	-	-	85,083	-	-	4,265	5,074	-	74,332	-	-
Interfund Transfers	-	-	-	-	-	-	274,000	-	24,087	-	-
Total Disbursements	355,743	-	85,083	12,404	44,711	4,265	833,640	174	125,050	296,689	417,860
NET CHANGE IN FUND BALANCE	(51,340)	-	151,667	(1,359)	2,927	(2,839)	186,100	(1)	4,317	30,073	(91,098)
FUND BALANCE, BEGINNING OF THE YEAR	564,686	758,084	190,923	31,626	59,757	71,776	413,012	50,001	36,603	9,636	473,290
FUND BALANCE, END OF THE YEAR	513,346	758,084	342,590	30,267	62,684	68,937	599,112	50,000	40,920	39,709	382,192
RESTRICTED	-	-	-	587	62,684	-	599,112	50,000	-	39,709	382,192
COMMITTED	513,346	758,084	342,590	29,680	-	68,937	-	-	40,920	-	-
FUND BALANCE, END OF THE YEAR	\$ 513,346	\$ 758,084	\$ 342,590	\$ 30,267	\$ 62,684	\$ 68,937	\$ 599,112	\$ 50,000	\$ 40,920	\$ 39,709	\$ 382,192

See Independent Auditors' Report.

Hall County

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

Year Ended June 30, 2021

	Drug Court	Drug Seizure	Drug Enforcement	Federal Drug Forfeiture	Diversion	Inmate Welfare	Institutions	Dependent	Veterans Services	Emergency Management	Total Nonmajor Governmental Funds
RECEIPTS											
Taxes											
Property and Motor Vehicle Taxes/Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,888	\$ 106,453	\$ 6,794	\$ -	\$ 130,135
Intergovernmental Receipts											
Federal											
Grants	-	-	-	-	-	-	-	-	-	-	7,275
State											
Airline and Carline Tax Allocation	-	-	-	-	-	-	22	148	8	-	178
Lodging Tax	-	-	-	-	-	-	-	-	-	-	653,524
Pro-rate Motor Vehicle	-	-	-	-	-	-	56	359	21	-	436
Homestead Exemption	-	-	-	-	-	-	473	3,199	154	-	3,826
Property Tax Credit	-	-	-	-	-	-	975	6,842	274	-	8,091
Grants	212,830	-	-	-	-	-	-	-	-	-	212,830
Local Fees, Licenses, Commissions and Miscellaneous											
P&M Fees	-	-	-	-	-	-	-	-	-	-	47,638
In Lieu of Taxes	-	-	-	-	-	-	73	389	37	-	499
911 Surcharges	-	-	-	-	-	-	-	-	-	231,997	231,997
Commissary Sales	-	-	-	-	-	378,517	-	-	-	-	378,517
House Arrest	-	-	-	-	-	61,657	-	-	-	-	61,657
Weed Spraying Assessment	-	-	-	-	-	-	-	-	-	-	59,715
Interest on Investments	-	-	-	-	-	-	-	-	-	-	706
Lottery	-	-	-	-	-	-	-	-	-	-	1,008,909
Other Receipts	201,945	-	4,781	-	4,703	255,854	1	7	1	-	1,024,044
Interfund Transfers	30,387	-	-	-	-	-	-	-	-	-	99,934
Total Receipts	445,162	-	4,781	-	4,703	696,028	18,488	117,397	7,289	231,997	3,929,911
DISBURSEMENTS											
Capital Outlay	499	-	-	2,300	-	27,889	-	-	-	-	386,431
Operating Expense	54,032	243	20,206	-	-	524,406	7,572	117,578	3,723	228,900	2,292,674
Equipment Rental	2,400	-	-	-	-	-	-	-	-	-	2,400
Supplies/Materials	5,465	-	-	-	-	13,422	-	-	-	-	35,908
Personal Service	278,730	-	-	-	-	-	-	-	-	-	447,484
Interfund Transfers	79,836	-	-	-	-	80,000	-	-	2,214	-	460,137
Total Disbursements	420,962	243	20,206	2,300	-	645,717	7,572	117,578	5,937	228,900	3,625,034
NET CHANGE IN FUND BALANCE	24,200	(243)	(15,425)	(2,300)	4,703	50,311	10,916	(181)	1,352	3,097	304,877
FUND BALANCE, BEGINNING OF THE YEAR	143,429	426	34,600	108,031	908	125,745	27,876	50,259	58,874	16,673	3,226,215
FUND BALANCE, END OF THE YEAR	167,629	183	19,175	105,731	5,611	176,056	38,792	50,078	60,226	19,770	3,531,092
RESTRICTED	-	183	19,175	105,731	5,611	-	38,792	50,078	60,226	19,770	1,433,850
COMMITTED	167,629	-	-	-	-	176,056	-	-	-	-	2,097,242
FUND BALANCE, END OF THE YEAR	\$ 167,629	\$ 183	\$ 19,175	\$ 105,731	\$ 5,611	\$ 176,056	\$ 38,792	\$ 50,078	\$ 60,226	\$ 19,770	\$ 3,531,092

See Independent Auditors' Report.

Hall County

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

June 30, 2021

	<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>Airport Authority</u>	<u>Lodging Sales Tax</u>	<u>Total</u>
ASSETS										
Cash and Cash Equivalents										
Total Assets, Beginning	\$ 2,011,922	\$ 1,659,614	\$ 19,919	\$ 9,546	\$ 501,876	\$ 2,330	\$ 26,636	\$ 25,792	\$ -	\$ 4,257,635
Additions	17,572,523	77,773,366	1,333,738	529,870	19,193,691	157,288	184,030	1,741,317	1,740	118,487,563
Deductions	(17,803,737)	(78,026,497)	(1,338,049)	(532,672)	(19,217,135)	(157,757)	(193,859)	(1,746,511)	(1,220)	(119,017,437)
TOTAL ASSETS, ENDING	1,780,708	1,406,483	15,608	6,744	478,432	1,861	16,807	20,598	520	3,727,761
LIABILITIES										
Due to Other Governments										
Total Liabilities, Beginning	2,011,922	1,659,614	19,919	9,546	501,876	2,330	26,636	25,792	-	4,257,635
Additions	17,572,523	77,773,366	1,333,738	529,870	19,193,691	157,288	184,030	1,741,317	1,740	118,487,563
Deductions	(17,803,737)	(78,026,497)	(1,338,049)	(532,672)	(19,217,135)	(157,757)	(193,859)	(1,746,511)	(1,220)	(119,017,437)
TOTAL LIABILITIES, ENDING	\$ 1,780,708	\$ 1,406,483	\$ 15,608	\$ 6,744	\$ 478,432	\$ 1,861	\$ 16,807	\$ 20,598	\$ 520	\$ 3,727,761

Hall County

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

Year Ended June 30, 2021 with Comparative Totals for the Year Ended June 30, 2020

DISBURSEMENTS	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.
Capital Outlay	\$ -	\$ -	\$ 489	\$ 2,755	\$ -	\$ -	\$ 457,882	\$ 22,743	\$ 2,315	\$ -	\$ -	\$ 3,234	\$ 33,665	\$ 16,451	\$ -	\$ 3,264	\$ 5,600	\$ 12,444	\$ 4,500	\$ -
Operating Expense	19,136	109,582	1,053	14,738	4,000	4	395,358	43,850	1,355	-	1,667,193	420	238,878	64,827	2,000,564	902	21,799	-	8,387	597,930
Equipment Rental	-	-	398	-	-	-	-	2,035	-	-	-	-	5,000	1,967	-	-	-	-	-	-
Supplies/Materials	555	3,171	8,806	8,627	-	83	599	50,366	9,294	-	-	21,780	39,238	433	-	3,365	2,928	-	2,002	-
Personal Service	420,036	315,639	919,032	638,645	-	116,482	323,509	167,358	652,863	-	7,477	-	603,745	172,670	-	187,750	1,070,132	-	107,604	-
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	439,727	428,392	929,778	664,765	4,000	116,569	1,177,348	286,352	665,827	-	1,674,670	25,434	920,526	256,348	2,000,564	195,281	1,100,459	12,444	122,493	597,930
BUDGET	448,802	435,285	995,248	704,379	4,000	120,757	1,269,675	297,465	742,721	60,001	1,940,795	26,028	968,366	277,599	2,388,424	197,363	1,197,100	162,444	162,560	597,930
FAVORABLE (UNFAVORABLE)	\$ 9,075	\$ 6,893	\$ 65,470	\$ 39,614	\$ -	\$ 4,188	\$ 92,327	\$ 11,113	\$ 76,894	\$ 60,001	\$ 266,125	\$ 594	\$ 47,840	\$ 21,251	\$ 387,860	\$ 2,082	\$ 96,641	\$ 150,000	\$ 40,067	\$ -

DISBURSEMENTS	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	2021	2020	
Capital Outlay	\$ 81,733	\$ 1,385	\$ 105,925	\$ 26	\$ -	\$ 26,900	\$ -	\$ 1,000	\$ 603	\$ 6,623	\$ -	\$ 1,200	\$ 440	\$ -	\$ -	\$ -	\$ -	\$ 791,177	\$ 771,346	
Operating Expense	122,597	29,830	1,704,173	6,936	455,794	10,858	-	89,655	6,815	893	131,961	21,877	70,656	-	900,000	37,500	-	8,779,521	8,198,069	
Equipment Rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,400	9,558	
Supplies/Materials	95,286	10,371	96,888	1,350	-	31,141	-	2,739	94	936	-	2,304	2,408	-	-	-	-	394,764	394,625	
Personal Service	3,864,883	2,232,767	6,753,353	130,935	-	-	-	298,532	-	103,710	-	419,870	567,916	-	-	-	-	20,074,908	19,507,153	
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,063,884	1,063,884	1,675,170	
Total Disbursements	4,164,499	2,274,353	8,660,339	139,247	455,794	68,899	-	391,926	7,512	112,162	131,961	445,251	641,420	-	900,000	37,500	1,063,884	31,113,654	30,555,921	
BUDGET	4,615,652	2,422,646	8,946,493	159,561	681,918	68,900	100,000	448,097	24,152	112,440	137,683	465,717	657,355	-	900,000	41,250	1,063,884	33,842,690	33,169,739	
FAVORABLE (UNFAVORABLE)	\$ 451,153	\$ 148,293	\$ 286,154	\$ 20,314	\$ 226,124	\$ 1	\$ 100,000	\$ 56,171	\$ 16,640	\$ 278	\$ 5,722	\$ 20,466	\$ 15,935	\$ -	\$ -	\$ 3,750	\$ -	\$ 2,729,036	\$ 2,613,818	

Hall County

Comparative Analysis of Tax Certified – Corrections and Collections

Year Ended June 30, 2021

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
TAX CERTIFIED BY					
Assessor:					
Real Estate, Personal, Specials & Intangible	\$ 96,653,108	\$ 99,385,415	\$ 101,940,006	\$ 102,739,727	\$ 105,725,746
Corrections:					
Additions	23,190	27,954	204,446	345,339	194,951
Deductions	(251,668)	(259,237)	(389,217)	(487,093)	(335,014)
Net Deductions	(228,478)	(231,283)	(184,771)	(141,754)	(140,063)
Correct Certified Tax	96,424,630	99,154,132	101,755,235	102,597,973	105,585,683
NET TAX COLLECTED (REFUNDED) BY COUNTY TREASURER					
FOR YEAR ENDED:					
June 30, 2017	57,031,792	-	-	-	-
June 30, 2018	39,418,832	59,965,508	-	-	-
June 30, 2019	(42,387)	39,060,612	60,545,247	-	-
June 30, 2020	11,275	82,629	41,306,231	59,744,898	-
June 30, 2021	554	(39,412)	(50,252)	42,846,130	63,391,767
Net Collections	96,420,066	99,069,337	101,801,226	102,591,028	63,391,767
Total Uncollected Tax	4,564	84,795	(45,991)	6,945	42,193,916
PERCENTAGE OF UNCOLLECTED TAX	0.00%	0.09%	-0.05%	0.01%	39.96%

See Independent Auditors' Report.

Hall County

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass Through Program Grantor/Program Title	Federal ALN Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF THE INTERIOR National Wildlife Refuge Fund	15.659		\$ -	\$ 8,030
U.S. DEPARTMENT OF JUSTICE Bulletproof Vest Partnership Program	16.607		-	2,921
U.S. DEPARTMENT OF TRANSPORTATION Passed through from the Nebraska Department of Transportation:				
Formula Grants for Rural Areas	20.509	RPT-C401 (215 & 216)	58,140	58,140
State and Community Highway Safety	20.600	402 (1625)	-	10,722
Total U.S. Department of Transportation			58,140	68,862
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed through from the Nebraska Department of Health and Human Services:				
Child Support Enforcement	93.563	OG1004NE4005	-	702,117
EXECUTIVE OFFICE OF THE PRESIDENT Passed through from the Nebraska State Patrol:				
High Intensity Drug Trafficking Areas Program	95.001	18HD07, 19HD07	-	41,931
U.S. DEPARTMENT OF THE TREASURY Passed through from the Nebraska Emergency Management Agency:				
Coronavirus Relief Fund	21.019		-	1,911,468
ELECTION ASSISTANCE COMMISSION Passed through from the Nebraska Secretary of State:				
HAVA Election Security Grants	90.404		-	82,871
U.S. DEPARTMENT OF HOMELAND SECURITY Passed through from the Nebraska Emergency Management Agency:				
Disaster Grants - Public Assistance	97.036		-	113,110
Total Expenditures of Federal Awards			\$ 58,140	\$ 2,931,310

See Independent Auditors' Report.

Hall County

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

1. General Statement

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of Hall County under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

2. Basis of Accounting

Expenditures reported on the schedule are reported on the cash-basis of accounting. Such expenditures are recognized following cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. De Minimis Cost Rate

Hall County has not elected to use the 10% de minimis cost rate as covered in 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 200.414 Indirect (F&A) costs.

**INDEPENDENT AUDITORS' 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***

Hall 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, 2021, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2022. 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. Our report includes a reference to another auditor who audited the financial statements of the discretely presented component unit.

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.

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 Questioned Costs, that we consider to be significant deficiencies as items (2021-001, 2021-002, 2021-003, and 2021-004).

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 Questioned Costs. Hall County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

March 1, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Hall County Board of Commissioners
Hall County
Grand Island, Nebraska

Report on Compliance for Each Major Program

We have audited Hall County's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement*, that could have a direct and material effect on the County's major federal program for the year ended June 30, 2021. The County's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to its federal program.

Auditors' Responsibility

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

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

Opinion on Each Major Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

Lutz & Company, P.C.

March 1, 2022

Hall County

Schedule of Findings and Questioned Costs

June 30, 2021

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified? _____ X Yes _____ None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Are any material weakness(es) identified? _____ Yes X No
- Are any significant deficiencies identified? _____ Yes X None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs \$750,000

Is the auditee qualified as low-risk auditee? _____ Yes X No

II. FINANCIAL STATEMENT FINDINGS

FINDING 2021-001:

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.

Hall County

Schedule of Findings and Questioned Costs

June 30, 2021

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, 2021, 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 54.

FINDING 2021-002:

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.

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, 2021, 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 related items..

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 and Questioned Costs

June 30, 2021

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 related items.

Auditee Response/Corrective Action Plan: See page 54.

FINDING 2021-003:

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.

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, 2021, 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.

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 54.

FINDING 2021-004:

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

Hall County

Schedule of Findings and Questioned Costs

June 30, 2021

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, 2021, 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 54.

III. FEDERAL AWARDS FINDINGS

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Hall County

Summary Schedule of Prior Audit Findings

June 30, 2021

Identifying Number: 2020-001

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: 2020-002

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 appointed official to remind them of these procedures.

Identifying Number: 2020-003

Audit Finding: Receipt Reconciliation

Current Status: The Board of Commissioners is aware of the issue and is actively working through the underlying issues.

Identifying Number: 2020-004

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

121 South Pine Street, Grand Island, NE 68801
Phone (308) 385-5093 Fax (308) 385-5094 TDD (800) 833-
7352

Kim Dugan, Board Administrative Assistant

Finding 2021-001

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 2021-002

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. We will continue to work with the elected official to remind them of these procedures.

Finding 2021-003

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 2021-004

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