

Hall County

**Financial Statements and
Independent Auditors' Report**

June 30, 2022



Hall County

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INDEPENDENT AUDITORS' REPORT

Hall County Board of Commissioners
Hall County
Grand Island, Nebraska

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the index.

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, 2022, 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.

Basis of Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management for the Financial Statements

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. We did not audit the financial statements of the discretely presented component unit of the County, which represents all of the assets, net position and revenues of the discretely presented component unit. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the discretely presented component unit is based solely on the reports by the other Auditor.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 an opinion 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 and 44, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2023, on our consideration of the 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 the County's internal control over financial reporting and compliance.

Lutz & Company, P.C.

March 14, 2023

Hall County

Management's Discussion and Analysis

June 30, 2022

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, 2022. 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, 2022

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, 2022, was \$41,516,460 compared with \$35,613,980 at June 30, 2021. This was an increase of \$5,902,480 or 16.57%.
- General fund expenditures and transfers were \$31,524,790 for the current fiscal year, compared with \$31,113,654 at June 30, 2021. This is an increase of \$411,136 or 1.32%.
- Federal program expenditures were \$2,407,139 for the current fiscal year, compared with \$2,931,310 at June 30, 2021. This is a decrease of \$524,171 or 17.88%. The majority of this decrease is due to no dollars being spent from the Coronavirus Relief Fund through Nebraska Emergency Management Agency. This was offset by an increase in expenditures through the Coronavirus State and Local Fiscal Recovery Funds in the current year.

Hall County

Management's Discussion and Analysis

June 30, 2022

- Major capital projects of the County included the following:
 - Road & Bridge Improvement Projects \$968,123
 - Airport Sewer Project \$929,446
 - Road Equipment Purchases and Engineering Fees \$319,793
 - Courthouse Fire Suppression \$260,100
 - Highway Department Building Renovation and Roof \$117,404
 - Courthouse Secondary Exits \$106,910
 - Courthouse Annex Hearing Room & IT Room \$81,831
 - Correction Lobby Security Upgrade \$64,450
 - Judges Driveway Replacement \$53,873
 - Courthouse Annex Mental Health Hearing Room \$28,476

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 2021 were \$20,670,519 and for 2022, it increased by \$598,126 to \$21,268,645.

In 2021, the County's assessed valuation was \$5,664,586,972. In 2022, it increased by \$260,474,493 to \$5,925,061,465.

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>2021-2022</u>	<u>2020-2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Total Assets	\$ 41,516,460	\$ 35,613,980	\$ 5,902,480	16.57%
Total Liabilities	781,190	739,688	41,502	5.61%
Total Net Position	40,735,270	34,874,292	5,860,978	16.81%
Total Restricted Net Position	14,751,998	10,521,466	4,230,532	40.21%
Total Unrestricted Net Position	25,983,272	24,352,826	1,630,446	6.70%

Hall County

Management's Discussion and Analysis

June 30, 2022

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

	<u>2021-2022</u>	<u>2020-2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Receipts:				
Program Receipts				
Fees and Charges for Services	\$ 14,674,961	\$ 14,762,757	\$ (87,796)	-0.59%
Operating Grants and Contributions	10,350,432	10,826,919	(476,487)	-4.40%
General Receipts				
Property Taxes	21,268,645	20,670,519	598,126	2.89%
Other Taxes	8,781,693	7,199,693	1,582,000	21.97%
Other General Receipts	444,716	66,059	378,657	573.21%
Total Receipts	<u>55,520,447</u>	<u>53,525,947</u>	<u>1,994,500</u>	<u>3.73%</u>
Program Disbursements:				
General Government	20,166,958	19,123,848	1,043,110	5.45%
Public Safety	20,464,517	22,607,401	(2,142,884)	-9.48%
Public Works	4,977,829	4,145,267	832,562	20.08%
Public Health	632,728	597,930	34,798	5.82%
Public Welfare and Social Services	1,249,255	1,215,544	33,711	2.77%
Culture and Recreation	2,168,182	1,246,593	921,589	73.93%
Total Disbursements	<u>49,659,469</u>	<u>48,936,583</u>	<u>722,886</u>	<u>1.48%</u>
Increase in Net Position	<u>\$ 5,860,978</u>	<u>\$ 4,589,364</u>	<u>\$ 1,271,614</u>	<u>27.71%</u>

Hall County

Management's Discussion and Analysis

June 30, 2022

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	\$ 31,199,033	\$ 2,336,438	\$ 3,212,268	\$ 3,828,001
Disbursements	(30,492,513)	(2,484,378)	(360,682)	(4,614,776)
Transfers In	1,474,000	-	-	831,255
Transfers Out	(1,032,277)	-	(1,000,000)	(567,772)
Net Change in Fund Balances	1,148,243	(147,940)	1,851,586	(523,292)
Beginning Fund Balance	12,363,031	2,026,050	5,116,111	1,684,991
Ending Fund Balance	\$ 13,511,274	\$ 1,878,110	\$ 6,967,697	\$ 1,161,699

	<u>Insurance</u>	<u>Building & Improvement Reserve</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>
Receipts	\$ 4,937,847	\$ 15,176	\$ 5,958,551	\$ 4,033,133
Disbursements	(5,676,971)	(757,490)	(1,534,002)	(3,738,657)
Transfers In	716,925	-	-	166,022
Transfers Out	-	-	-	(588,153)
Net Change in Fund Balances	(22,199)	(742,314)	4,424,549	(127,655)
Beginning Fund Balance	1,506,870	2,687,596	5,958,551	3,531,092
Ending Fund Balance	\$ 1,484,671	\$ 1,945,282	\$ 10,383,100	\$ 3,403,437

The following table shows the property tax rates, by fund or component unit, for fiscal years 2020-2021 and 2021-2022 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 2021-2022 would be \$390.55.

	<u>2021-2022 Levy</u>	<u>2020-2021 Levy</u>	<u>Levy Change</u>	<u>Percent Change</u>
General Fund	0.336288	0.332559	0.003729	1.12%
Dependent Fund	-	0.002225	(0.002225)	-100.00%
Institutions	-	0.000315	(0.000315)	-100.00%
Jail Bond Fund	0.039000	0.039000	-	0.00%
Veteran's Aid	0.000039	0.000086	(0.000047)	-54.65%
Museum	0.015227	0.016369	(0.001142)	-6.98%
County Totals	0.390554	0.390554	(0.000000)	0.00%

Hall County

Management's Discussion and Analysis

June 30, 2022

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 \$3,291,835 or 9.7%. This was mostly due to the Public Safety function being under budget by \$1,375,857 and the General Government function being under budget by \$1,797,414. See the Budgetary Comparison Schedule for the General Fund on pages 32 and 33 for more detailed information.

Over the course of the 2021-2022 fiscal year, the County's General Fund balance increased by \$1,148,243. The following table provides a detailed picture of the increase in fund balance.

	2021-2022 Budget	Year-End Actual	Difference
July 1, 2021 Beginning Balance		<u>\$ 12,363,031</u>	
Receipts			
Property/Motor Vehicle Taxes	22,942,834	21,282,656	(1,660,178)
Federal	2,944,381	3,953,018	1,008,637
State	568,433	2,279,644	1,711,211
Other Local	3,370,181	3,683,715	313,534
Total Receipts	<u>29,825,829</u>	<u>31,199,033</u>	<u>1,373,204</u>
Expenditures	33,784,348	30,492,513	3,291,835
Net Transfers	<u>399,348</u>	<u>441,723</u>	<u>(42,375)</u>
Net Increase/(Decrease)	(3,559,171)	1,148,243	4,707,414
June 30, 2022 Ending Balance		<u><u>\$ 13,511,274</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, 2022

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, 2022

	Primary Government Governmental Activities
ASSETS	
Pooled Cash and Cash Equivalents	\$ 24,066,946
Pooled Certificates of Deposit	2,697,517
Restricted Assets:	
Cash and Cash Equivalents	14,751,997
TOTAL ASSETS	41,516,460
LIABILITIES	
Due to Other Governments	72,556
Due to Others	708,634
TOTAL LIABILITIES	781,190
NET POSITION	
Restricted For:	
Debt Service	1,878,110
911 Emergency Services	25,483
Visitors Promotion/Improvement	396,781
Drug Court	88,138
Veterans Services	60,484
Drug Enforcement	61,144
Keno Lottery	621,647
Traffic Safety	10,483
Health and Life Insurance Claims	1,029,354
Indigent Welfare	133,714
P&M Fund - Register of Deeds	63,560
American Rescue Plan Act	10,383,100
Unrestricted	25,983,272
TOTAL NET POSITION	\$ 40,735,270

See Notes to Financial Statements.

Hall County

Statement of Activities – Cash Basis

Year Ended June 30, 2022

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	\$ 20,166,958	\$ 9,715,011	\$ 221,444	\$ -	\$ (10,230,503)
Public Safety	20,464,517	1,070,020	3,493,196	-	(15,901,301)
Public Works	4,977,829	3,889,930	-	-	(1,087,899)
Public Health	632,728	-	5,958,551	-	5,325,823
Public Welfare and Social Services	1,249,255	-	677,241	-	(572,014)
Culture and Recreation	2,168,182	-	-	-	(2,168,182)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 49,659,469	\$ 14,674,961	\$ 10,350,432	\$ -	(24,634,076)
GENERAL RECEIPTS					
Taxes:					
Property					21,268,645
Motor Vehicle					2,193,730
Property Tax Credit					1,277,144
Airline and Carline Tax Allocation					46,466
In-lieu-of Tax					80,016
Insurance Tax Allocation					196,873
Pro-rate Motor Vehicle					74,996
Homestead					659,501
Lodging					1,201,904
Inheritance					2,881,152
911 Surcharges					169,911
Interest Income					144,716
Revenue Payment					300,000
Total General Receipts					30,495,054
CHANGE IN NET POSITION					5,860,978
NET POSITION, BEGINNING OF THE YEAR					34,874,292
NET POSITION, END OF THE YEAR					\$ 40,735,270

See Notes to Financial Statements.

Hall County

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

June 30, 2022

	<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	\$11,560,144	\$ -	\$6,967,697	\$1,161,699	\$ 455,317	\$ 1,945,282	\$ -	\$ 1,976,806	\$ 24,066,945
Certificates of Deposit	2,697,517	-	-	-	-	-	-	-	2,697,517
Restricted Assets:									
Cash and									
Cash Equivalents	-	1,878,110	-	-	1,029,354	-	10,383,100	1,461,434	14,751,998
TOTAL ASSETS	14,257,661	1,878,110	6,967,697	1,161,699	1,484,671	1,945,282	10,383,100	3,438,240	41,516,460
LIABILITIES									
Due to Other									
Governments	70,912	-	-	-	-	-	-	1,644	72,556
Due to Others	675,475	-	-	-	-	-	-	33,159	708,634
Total Liabilities	746,387	-	-	-	-	-	-	34,803	781,190
FUND BALANCES									
Restricted	-	1,878,110	-	-	1,029,354	-	10,383,100	1,461,434	14,751,998
Committed	-	-	-	1,161,699	455,317	1,945,282	-	1,942,003	5,504,301
Assigned	-	-	6,967,697	-	-	-	-	-	6,967,697
Unassigned	13,511,274	-	-	-	-	-	-	-	13,511,274
Total Fund Balances	13,511,274	1,878,110	6,967,697	1,161,699	1,484,671	1,945,282	10,383,100	3,403,437	40,735,270
TOTAL LIABILITIES AND FUND BALANCES	\$14,257,661	\$1,878,110	\$6,967,697	\$1,161,699	\$1,484,671	\$ 1,945,282	\$10,383,100	\$ 3,438,240	\$ 41,516,460

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, 2022

	<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>
RECEIPTS									
Property/Motor Vehicle Taxes	\$ 21,282,656	\$ 2,123,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,872	\$ 23,462,375
Fines	3,694	-	-	-	-	-	-	-	3,694
State	2,279,644	203,615	-	3,509,656	-	-	-	1,412,482	7,405,397
Federal	3,953,018	-	-	11,993	-	-	5,958,551	-	9,923,562
Interest Income	81,898	1,038	31,116	-	-	-	-	30,664	144,716
Other	3,598,123	7,938	3,181,152	306,352	4,937,847	15,176	-	2,534,115	14,580,703
Total Receipts	31,199,033	2,336,438	3,212,268	3,828,001	4,937,847	15,176	5,958,551	4,033,133	55,520,447
DISBURSEMENTS									
General Government	10,726,598	659	360,682	-	5,676,971	757,490	1,534,002	1,110,556	20,166,958
Public Safety	16,800,793	2,483,719	-	-	-	-	-	1,180,005	20,464,517
Public Works	253,625	-	-	4,614,776	-	-	-	109,428	4,977,829
Public Health	632,728	-	-	-	-	-	-	-	632,728
Public Welfare and Social Services	1,141,269	-	-	-	-	-	-	107,986	1,249,255
Culture and Recreation	937,500	-	-	-	-	-	-	1,230,682	2,168,182
Total Disbursements	30,492,513	2,484,378	360,682	4,614,776	5,676,971	757,490	1,534,002	3,738,657	49,659,469
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 706,520	\$ (147,940)	\$ 2,851,586	\$ (786,775)	\$ (739,124)	\$ (742,314)	\$ 4,424,549	\$ 294,476	\$ 5,860,978

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, 2022

	<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>
OTHER FINANCING SOURCES (USES)									
Transfers In	\$ 1,474,000	\$ -	\$ -	\$ 831,255	\$ 716,925	\$ -	\$ -	\$ 166,022	\$ 3,188,202
Transfers Out	(1,032,277)	-	(1,000,000)	(567,772)	-	-	-	(588,153)	(3,188,202)
Total Other Financing Sources	441,723	-	(1,000,000)	263,483	716,925	-	-	(422,131)	-
NET CHANGE IN FUND BALANCES	1,148,243	(147,940)	1,851,586	(523,292)	(22,199)	(742,314)	4,424,549	(127,655)	5,860,978
FUND BALANCES, BEGINNING 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
FUND BALANCES, END OF THE YEAR	\$ 13,511,274	\$ 1,878,110	\$ 6,967,697	\$ 1,161,699	\$ 1,484,671	\$ 1,945,282	\$ 10,383,100	\$ 3,403,437	\$ 40,735,270

See Notes to Financial Statements.

Hall County

Statement of Fiduciary Net Position – Cash Basis – Fiduciary Funds

June 30, 2022

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 3,873,385
LIABILITIES	
Due to Other Governments	
State	1,776,652
Schools	1,525,471
Natural Resource District	17,478
Fire Districts	8,635
Municipalities	494,140
Agricultural Society	2,065
Partial Payment	22,597
Airport Authority	25,888
Lodging Sales Tax	459
TOTAL LIABILITIES	3,873,385
TOTAL NET POSITION	\$ -

See Notes to Financial Statements.

Hall County

Notes to Financial Statements

June 30, 2022

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, 2022, 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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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 October 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 2021-2022 fiscal year levy for property taxes was \$23,140,594, or \$0.390554 per \$100 of assessed valuation. The 2020-2021 fiscal year levy for property taxes was \$22,131,265, or \$0.390554 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, 2022

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.

	Investment Maturities (in Years)	
	<u>< 1</u>	<u>1 - 5</u>
Certificate of Deposits	<u>\$ 1,647,517</u>	<u>\$ 1,050,000</u>

Nebraska Public Agency Investment Trust (NPAIT) is a public entity investment pool operated under the direction of a seven member Board of Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which has accrued to each participant is converted as of the close of business of each calendar month into additional units which thereafter are held in each participant's trust account. The account maintains a \$1.00 market value price at all times. The trust was invested in Certificate of Deposits– 23.3%, Commercial Paper – 34.7%, Demand Deposit and Money Market Accounts – 7.9%, U.S. Government Agency Obligations – 13.9%, and Repurchase Agreements – 20.2% at June 30, 2022. The cash and cash equivalents and certificates of deposit balances as of June 30, 2022, includes \$23,388,436 of funds held at NPAIT.

Hall County

Notes to Financial Statements

June 30, 2022

Additionally, the County was in possession of \$1,029,354 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, 2022.

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, 2022, 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, 2022, the County contributed \$1,100,092 to the employer's account. For the year ended June 30, 2022, 269 employees contributed \$754,337 to the plan; included in those contributions is \$22,066 towards the supplemental law enforcement plan for 31 law enforcement employees. As of December 31, 2021, and 2020, the County's share of the net pension asset/(liability) was \$5,377,651 and \$2,692,262, respectively. These amounts were determined by the actuarial report issued by the Nebraska Public Employees

Hall County

Notes to Financial Statements

June 30, 2022

Retirement System dated September 29, 2022, with a measurement date of December 31, 2021. 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, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,474,000	\$ 1,032,277
Jail Fund	-	-
Road Fund	831,255	567,772
Insurance Fund	716,925	-
Insurance Reserve Fund	-	58,084
Dependent Fund	94,923	-
Institutions Fund	1,207	-
Drug Court Fund	-	64,956
Inheritance Fund	-	1,000,000
Keno/Lottery Fund	-	359,000
Inmate Welfare Fund	-	80,000
Noxious Weed Fund	69,892	26,113
Building & Improvement Reserve	-	-
Veterans Service	-	-
Totals	<u>\$ 3,188,202</u>	<u>\$ 3,188,202</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

Hall County

Notes to Financial Statements

June 30, 2022

inheritance fund generally move reserve funds over to other funds as needed. There were no interfund receivables and payables as of June 30, 2022.

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, 2022, 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 \$73,660 for the year ending June 30, 2022.

The insurance reserve fund has a reserve of \$700,000 at June 30, 2022. 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, 2022

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, 2022, received an unqualified opinion dated February 6, 2023.

The following is a summary of the Stuhr Museum's June 30, 2022, financial statements (a complete copy of the audited financial statements of Stuhr Museum is on file with the Hall County Clerk.):

	2022
Total Assets	\$ 6,457,549
Total Deferred Outflows of Resources	96,596
Total Liabilities	137,695
Total Deferred Inflows of Resources	249,347
Net Position:	
Invested in Capital Assets	5,430,534
Unrestricted	736,569
Total Net Position	<u>\$ 6,167,103</u>
Expenses - General Government	\$ (2,452,630)
Program Revenues	1,316,794
Revenue from Hall County Support	910,000
Investment Income	1,813
Change in Net Position	<u>(224,023)</u>
Beginning Net Position	<u>6,391,126</u>
Ending Net Position	<u>\$ 6,167,103</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 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

Hall County

Notes to Financial Statements

June 30, 2022

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, 2022, 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, 2022 and 2021, was \$816,965 and \$808,093, 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, 2022 and 2021, subject to the 50 percent payout, was \$1,766,967 and \$1,792,003, 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, 2022 and 2021, was \$77,760 and \$43,004, 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, 2022, \$73,718 of interest and \$2,410,000 of principal were paid for the Series 2012 and 2015 bonds.

The voters also approved on November 15, 2005, the County’s authorization to levy a tax annually, as long as any of said bonds are outstanding, upon all of the taxable property in the County sufficient in rate and amount to pay the interest on and principal of said bonds as the same become due and payable, which property tax may be in addition to the annual levy permitted for county building purposes by Neb. Rev. Stat. Sec. 23-120(2) (Reissue 2012), and may include the levy of a property tax of not to exceed three and nine tenths (3.9) cents per one hundred dollars of taxable valuation in excess of the limits prescribed by law, including the statutory limitation provided by Neb. Rev. Stat. Sec. 23-125 (Reissue 2012).

Hall County

Notes to Financial Statements

June 30, 2022

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

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.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
6/30/2023	\$ 720,000	\$ 32,210	\$ 752,210
6/30/2024	1,220,000	12,505	1,232,505
Totals	<u>\$ 1,940,000</u>	<u>\$ 44,715</u>	<u>\$ 1,984,715</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
6/30/2023	\$ 475,000	\$ 5,700	\$ 480,700
Totals	<u>\$ 475,000</u>	<u>\$ 5,700</u>	<u>\$ 480,700</u>

Changes in long-term debt are as follows:

	<u>Balance 6/30/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2022</u>
Bonds	<u>\$ 4,825,000</u>	<u>\$ -</u>	<u>\$ (2,410,000)</u>	<u>\$ 2,415,000</u>

Hall County

Notes to Financial Statements

June 30, 2022

14. Net Position/Fund Balances

The government-wide statement of net position reports \$14,751,998 of restricted net position. Net position totaling \$13,562,876 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, 2022, 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	\$ -	\$ 1,878,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,878,110
911 Emergency Services	-	-	-	-	-	-	-	25,483	25,483
Visitors Promotion/ Improvement	-	-	-	-	-	-	-	396,781	396,781
Drug Court	-	-	-	-	-	-	-	88,138	88,138
Veterans Services	-	-	-	-	-	-	-	60,484	60,484
Drug Enforcement	-	-	-	-	-	-	-	61,144	61,144
Keno Lottery	-	-	-	-	-	-	-	621,647	621,647
Traffic Safety	-	-	-	-	-	-	-	10,483	10,483
Health & Life	-	-	-	-	-	-	-	-	-
Insurance Claims	-	-	-	-	1,029,354	-	-	-	1,029,354
Indigent Welfare	-	-	-	-	-	-	-	133,714	133,714
P & M Fund - Register of Deeds	-	-	-	-	-	-	-	63,560	63,560
American Rescue Plan Act	-	-	-	-	-	-	10,383,100	-	10,383,100
Total Restricted	-	1,878,110	-	-	1,029,354	-	10,383,100	1,461,434	14,751,998
Committed to:									
Street & Highways	-	-	-	1,161,699	-	-	-	-	1,161,699
Special Projects	-	-	-	-	-	-	-	36,344	36,344
Equipment & Improvement Costs	-	-	-	-	-	-	-	577,140	577,140
Sick & Vacation Compensation	-	-	-	-	-	-	-	234,503	234,503
Building & Land Improvements	-	-	-	-	-	1,945,282	-	-	1,945,282
Unemployment Compensation	-	-	-	-	-	-	-	70,422	70,422
Insurance Claims	-	-	-	-	455,317	-	-	700,000	1,155,317
Inmate Welfare	-	-	-	-	-	-	-	285,957	285,957
Weed Control	-	-	-	-	-	-	-	37,637	37,637
Total Committed	-	-	-	1,161,699	455,317	1,945,282	-	1,942,003	5,504,301
Assigned to:									
Capital Projects	-	-	6,967,697	-	-	-	-	-	6,967,697
Unassigned:									
	13,511,274	-	-	-	-	-	-	-	13,511,274
Total Fund Balances	\$13,511,274	\$ 1,878,110	\$ 6,967,697	\$ 1,161,699	\$ 1,484,671	\$ 1,945,282	\$10,383,100	\$ 3,403,437	\$40,735,270

Hall County

Notes to Financial Statements

June 30, 2022

15. 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 14, 2023.

On September 13, 2022, the Board of Commissioners approved Resolution 22-046, approving the call for redemption of the Series 2015 bond payments due in the year 2022 and 2023, for the amount of \$1,940,000. This amount was paid in 2022.

On September 13, 2022, the Board of Commissioners approved Resolution 22-047, approving the call for redemption of the Series 2012 bond payments due in the year 2022, for the amount of \$475,000. This amount was paid in 2022.

REQUIRED SUPPLEMENTARY INFORMATION

Hall County

Budgetary Comparison Schedule – Budget and Actual – General Governmental Fund

Year Ended June 30, 2022

	<u>Budget (Original & Final)</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
RECEIPTS			
Taxes			
Property and Motor Vehicle Taxes/Fees	\$ 22,942,834	\$ 21,282,656	\$ (1,660,178)
Intergovernmental Receipts			
Federal			
Inmate Housing	2,300,000	3,147,019	847,019
Child Support - Title IV-D	465,000	599,958	134,958
Child Support - Incentive	-	77,283	77,283
Other	179,381	128,758	(50,623)
State			
Inmate Housing	-	7,912	7,912
Airline and Carline Tax Allocation	39,500	43,672	4,172
Insurance Tax Allocation	170,000	196,873	26,873
Pro-rate Motor Vehicle	58,000	67,325	9,325
Homestead Exemption	-	592,940	592,940
Property Tax Credit	-	1,149,478	1,149,478
Other	300,933	221,444	(79,489)
Local Fees, Licenses, Commissions and Miscellaneous			
Licenses and Permits	68,500	147,428	78,928
In Lieu of Taxes	74,000	71,627	(2,373)
Interlocal Agreements	337,995	305,022	(32,973)
Treasurer Fees	352,000	345,639	(6,361)
Clerk Fees	7,500	20,521	13,021
Register of Deeds Fees	400,000	458,151	58,151
Clerk of the District Court Fees	167,367	152,750	(14,617)
Election Commissioner	80,500	15,790	(64,710)
Sheriff Fees	431,117	420,330	(10,787)
Attorney Fees	1,000	916	(84)
Jail Fees	140,000	181,712	41,712
Interest on Investments	35,000	81,898	46,898
Sale of Surplus Property	-	9,519	9,519
Fines	2,000	3,694	1,694
Commissions	1,060,000	1,137,732	77,732
Miscellaneous	145,702	243,647	97,945
Parks and Recreation Fees	25,500	43,002	17,502
Insurance Settlements	42,000	44,337	2,337
Total Receipts	29,825,829	31,199,033	1,373,204
DISBURSEMENTS			
General Government:			
Board of Supervisors	487,383	478,646	8,737
Clerk	452,859	443,640	9,219
Treasurer	1,010,701	918,941	91,760
Assessor	743,602	712,990	30,612
Superintendent of Schools	4,000	4,000	-
Register of Deeds	123,353	112,023	11,330
Data Processing	1,123,332	1,106,125	17,207
Election Commissioner	303,124	269,234	33,890

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – General Governmental Fund

Year Ended June 30, 2022

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
DISBURSEMENTS (Continued)			
Clerk of the District Court	\$ 728,492	\$ 650,680	\$ 77,812
Special Election	80,001	-	80,001
Justice System	1,920,795	1,869,697	51,098
County Court System	26,028	25,770	258
Building and Grounds	989,715	961,419	28,296
Agriculture Extension Agent	307,887	281,266	26,621
District Judge	210,047	210,044	3
Public Defender	1,214,205	865,044	349,161
Equipment Acquisition	398,563	214,861	183,702
Cadastral Maps	181,269	106,592	74,677
Miscellaneous	2,218,656	1,495,626	723,030
Public Safety:			
Sheriff	4,828,599	4,320,595	508,004
Attorney	2,429,908	2,368,961	60,947
Jail	9,348,564	8,732,105	616,459
Building Inspector	169,703	164,960	4,743
Probation Officer	68,900	68,890	10
Grants	100,000	19,760	80,240
Juvenile Diversion	449,427	416,327	33,100
Safety	24,802	6,322	18,480
Miscellaneous	756,747	702,873	53,874
Public Works:			
Surveyor	114,860	114,371	489
Miscellaneous	143,942	139,254	4,688
Public Welfare and Social Services:			
Veteran's Service Officer	485,506	457,922	27,584
Miscellaneous	769,150	683,347	85,803
Culture and Recreation:			
Stuhr Museum	900,000	900,000	-
Miscellaneous	37,500	37,500	-
Public Health:			
Miscellaneous	632,728	632,728	-
Total Disbursements	33,784,348	30,492,513	3,291,835
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,958,519)	706,520	4,665,039
OTHER FINANCING SOURCES			
Transfers In	1,474,000	1,474,000	-
Transfers Out	(1,074,652)	(1,032,277)	42,375
Total Other Financing Sources	399,348	441,723	42,375
NET CHANGE IN FUND BALANCE	(3,559,171)	1,148,243	4,707,414
FUND BALANCE, BEGINNING OF THE YEAR	12,363,031	12,363,031	-
FUND BALANCE, END OF THE YEAR	\$ 8,803,860	\$ 13,511,274	\$ 4,707,414

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – Major Governmental Funds

Year Ended June 30, 2022

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
JAIL BOND FUND			
RECEIPTS			
Taxes			
Property and Motor Vehicle Taxes/Fees	\$ 2,306,910	\$ 2,123,847	\$ (183,063)
Intergovernmental Receipts			
State			
Airline and Carline Tax Allocation	2,500	2,736	236
Pro-rate Motor Vehicle	6,500	7,489	989
Homestead Exemption	-	65,857	65,857
Property Tax Credit	-	127,533	127,533
Local Fees, Licenses, Commissions and Miscellaneous			
In Lieu of Taxes	8,500	7,938	(562)
Interest on Investments	5,000	1,038	(3,962)
Other Receipts	-	-	-
Interfund Transfers	-	-	-
Total Receipts	2,329,410	2,336,438	7,028
DISBURSEMENTS			
Debt Servicing	4,355,460	2,483,719	1,871,741
Operating Expense	-	659	(659)
Total Disbursements	4,355,460	2,484,378	1,871,082
NET CHANGE IN FUND BALANCE	(2,026,050)	(147,940)	1,878,110
FUND BALANCE, BEGINNING OF THE YEAR	2,026,050	2,026,050	-
FUND BALANCE, END OF THE YEAR	\$ -	\$ 1,878,110	\$ 1,878,110
INHERITANCE FUND			
RECEIPTS			
Local Fees, Licenses, Commissions and Miscellaneous			
Interest on Investments	\$ 13,889	\$ 31,116	\$ 17,227
Inheritance Tax	1,000,000	2,881,152	1,881,152
Interfund Transfers	-	-	-
Other Receipts	260,000	300,000	40,000
Total Receipts	1,273,889	3,212,268	1,938,379
DISBURSEMENTS			
Operating Expense	4,390,000	360,682	4,029,318
Interfund Transfers	1,000,000	1,000,000	-
Total Disbursements	5,390,000	1,360,682	4,029,318
NET CHANGE IN FUND BALANCE	(4,116,111)	1,851,586	5,967,697
FUND BALANCE, BEGINNING OF THE YEAR	5,116,111	5,116,111	-
FUND BALANCE, END OF THE YEAR	\$ 1,000,000	\$ 6,967,697	\$ 5,967,697

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – Major Governmental Funds

Year Ended June 30, 2022

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
ROAD FUND			
RECEIPTS			
Intergovernmental Receipts			
Federal	\$ 14,139	\$ 11,993	\$ (2,146)
State			
Highway/Street Allocations	3,086,994	3,279,293	192,299
Motor Vehicle Fee	220,000	222,488	2,488
Incentive Payments	10,500	7,875	(2,625)
Grants	21,070	-	(21,070)
Local Fees, Licenses, Commissions and Miscellaneous			
In-Lieu-of Tax	500	436	(64)
Machine Hire	10,000	17,909	7,909
Sale of Supplies & Materials	18,500	23,810	5,310
Sale of Property	20,000	5,653	(14,347)
Other Receipts	294,169	258,544	(35,625)
Interfund Transfers	831,255	831,255	-
Total Receipts	4,527,127	4,659,256	132,129
DISBURSEMENTS			
Capital Outlay	1,688,600	1,288,615	399,985
Operating Expense	171,993	145,650	26,343
Equipment Rental	255,000	4,716	250,284
Supplies/Materials	1,159,700	1,291,785	(132,085)
Personal Service	2,029,850	1,884,010	145,840
Interfund Transfers	656,974	567,772	89,202
Total Disbursements	5,962,117	5,182,548	779,569
NET CHANGE IN FUND BALANCE	(1,434,990)	(523,292)	911,698
FUND BALANCE, BEGINNING OF THE YEAR	1,684,991	1,684,991	-
FUND BALANCE, END OF THE YEAR	\$ 250,001	\$ 1,161,699	\$ 911,698
INSURANCE FUND			
RECEIPTS			
Other Receipts	\$ 5,573,986	\$ 4,937,847	\$ (636,139)
Interfund Transfers	833,993	716,925	(117,068)
Total Receipts	6,407,979	5,654,772	(753,207)
DISBURSEMENTS			
Personal Service	1,500,000	1,233,530	266,470
Operating Expense	5,311,834	4,443,441	868,393
Total Disbursements	6,811,834	5,676,971	1,134,863
NET CHANGE IN FUND BALANCE	(403,855)	(22,199)	381,656
FUND BALANCE, BEGINNING OF THE YEAR	1,506,870	1,506,870	-
FUND BALANCE, END OF THE YEAR	\$ 1,103,015	\$ 1,484,671	\$ 381,656

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Budgetary Comparison Schedule – Budget and Actual – Major Governmental Funds

Year Ended June 30, 2022

	Budget (Original & Final)	Actual	Favorable (Unfavorable)
<u>BUILDING & IMPROVEMENT RESERVE</u>			
RECEIPTS			
Other Receipts	\$ -	\$ 15,176	\$ 15,176
DISBURSEMENTS			
Capital Outlay	2,687,596	757,490	1,930,106
Interfund Transfers	-	-	-
Total Disbursements	2,687,596	757,490	1,930,106
NET CHANGE IN FUND BALANCE	(2,687,596)	(742,314)	1,945,282
FUND BALANCE, BEGINNING OF THE YEAR	2,687,596	2,687,596	-
FUND BALANCE, END OF THE YEAR	\$ -	\$ 1,945,282	\$ 1,945,282
<u>AMERICAN RESCUE PLAN ACT</u>			
RECEIPTS			
Other Receipts	\$ 5,958,551	\$ 5,958,551	\$ -
DISBURSEMENTS			
Operating Expense	9,267,102	1,034,974	8,232,128
Supplies/Materials	150,000	58,361	91,639
Personal Service	2,500,000	440,667	2,059,333
Total Disbursements	11,917,102	1,534,002	10,383,100
NET CHANGE IN FUND BALANCE	(5,958,551)	4,424,549	(10,383,100)
FUND BALANCE, BEGINNING OF THE YEAR	5,958,551	5,958,551	-
FUND BALANCE, END OF THE YEAR	\$ -	\$ 10,383,100	\$ (10,383,100)

See Notes to Required Supplementary Information – Budgetary Comparison.

Hall County

Notes to Required Supplementary Information – Budgetary Comparison

June 30, 2022

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 30, 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, 2022.

OTHER SUPPLEMENTARY INFORMATION

Hall County

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

Year Ended June 30, 2022

	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	-	-	-	-	-	-	-	-	-	-	-
State											
Airline and Carline Tax Allocation	-	-	-	-	-	-	-	-	-	-	-
Lodging Tax	-	-	-	-	-	-	-	-	-	600,952	600,952
Pro-rate Motor Vehicle	-	-	-	-	-	-	-	-	-	-	-
Homestead Exemption	-	-	-	-	-	-	-	-	-	-	-
Property Tax Credit	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-
Local Fees, Licenses, Commissions and Miscellaneous											
P&M Fees	-	-	-	-	42,619	-	-	-	-	-	-
In Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-
911 Surcharges	-	-	-	-	-	-	-	-	-	-	-
Commissary Sales	-	-	-	-	-	-	-	-	-	-	-
House Arrest	-	-	-	-	-	-	-	-	-	-	-
Weed Spraying Assessment	-	-	-	-	-	-	-	-	62,264	-	-
Interest on Investments	-	-	-	-	-	70	30,350	244	-	-	-
Lottery	-	-	-	-	-	-	907,405	-	-	-	-
Other Receipts	280,706	-	137,350	9,735	-	1,415	-	-	102	-	-
Interfund Transfers	-	-	-	-	-	-	-	-	69,892	-	-
Total Receipts	280,706	-	137,350	9,735	42,619	1,485	937,755	244	132,258	600,952	600,952
DISBURSEMENTS											
Capital Outlay	216,912	-	-	1,121	17,100	-	-	-	-	-	-
Operating Expense	-	-	-	2,537	18,847	-	601,070	244	11,796	594,970	632,054
Equipment Rental	-	-	-	-	4,478	-	-	-	-	-	-
Supplies/Materials	-	-	-	-	1,318	-	-	-	22,050	-	-
Personal Service	-	-	245,437	-	-	-	5,150	-	75,582	-	-
Interfund Transfers	-	58,084	-	-	-	-	359,000	-	26,113	-	-
Total Disbursements	216,912	58,084	245,437	3,658	41,743	-	965,220	244	135,541	594,970	632,054
NET CHANGE IN FUND BALANCE	63,794	(58,084)	(108,087)	6,077	876	1,485	(27,465)	-	(3,283)	5,982	(31,102)
FUND BALANCE, BEGINNING 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
FUND BALANCE, END OF THE YEAR	577,140	700,000	234,503	36,344	63,560	70,422	571,647	50,000	37,637	45,691	351,090
RESTRICTED	-	-	-	-	63,560	-	571,647	50,000	-	45,691	351,090
COMMITTED	577,140	700,000	234,503	36,344	-	70,422	-	-	37,637	-	-
FUND BALANCE, END OF THE YEAR	\$ 577,140	\$ 700,000	\$ 234,503	\$ 36,344	\$ 63,560	\$ 70,422	\$ 571,647	\$ 50,000	\$ 37,637	\$ 45,691	\$ 351,090

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, 2022

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,545	\$ 46,223	\$ 3,104	\$ -	\$ 55,872
Intergovernmental Receipts											
Federal											
Grants	-	-	-	-	-	-	-	-	-	-	-
State											
Airline and Carline Tax Allocation	-	-	-	-	-	-	7	47	4	-	58
Lodging Tax	-	-	-	-	-	-	-	-	-	-	1,201,904
Pro-rate Motor Vehicle	-	-	-	-	-	-	21	150	11	-	182
Homestead Exemption	-	-	-	-	-	-	78	549	77	-	704
Property Tax Credit	-	-	-	-	-	-	-	-	127	-	127
Grants	209,507	-	-	-	-	-	-	-	-	-	209,507
Local Fees, Licenses, Commissions and Miscellaneous											
P&M Fees	-	-	-	-	-	-	-	-	-	-	42,619
In Lieu of Taxes	-	-	-	-	-	-	1	6	8	-	15
911 Surcharges	-	-	-	-	-	-	-	-	-	169,913	169,913
Commissary Sales	-	-	-	-	-	475,178	-	-	-	-	475,178
House Arrest	-	-	-	-	-	20,540	-	-	-	-	20,540
Weed Spraying Assessment	-	-	-	-	-	-	-	-	-	-	62,264
Interest on Investments	-	-	-	-	-	-	-	-	-	-	30,664
Lottery	-	-	-	-	-	-	-	-	-	-	907,405
Other Receipts	72,257	-	6,595	-	4,872	343,149	-	-	-	-	856,181
Interfund Transfers	-	-	-	-	-	-	1,207	94,923	-	-	166,022
Total Receipts	281,764	-	6,595	-	4,872	838,867	7,859	141,898	3,331	169,913	4,199,155
DISBURSEMENTS											
Capital Outlay	13,757	-	-	66,225	-	41,619	-	-	-	-	356,734
Operating Expense	51,441	-	4,315	-	-	595,198	5,026	99,887	3,073	164,200	2,784,658
Equipment Rental	2,400	-	-	-	-	-	-	-	-	-	6,878
Supplies/Materials	9,585	-	-	-	-	12,149	-	-	-	-	45,102
Personal Service	219,116	-	-	-	-	-	-	-	-	-	545,285
Interfund Transfers	64,956	-	-	-	-	80,000	-	-	-	-	588,153
Total Disbursements	361,255	-	4,315	66,225	-	728,966	5,026	99,887	3,073	164,200	4,326,810
NET CHANGE IN FUND BALANCE	(79,491)	-	2,280	(66,225)	4,872	109,901	2,833	42,011	258	5,713	(127,655)
FUND BALANCE, BEGINNING 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
FUND BALANCE, END OF THE YEAR	88,138	183	21,455	39,506	10,483	285,957	41,625	92,089	60,484	25,483	3,403,437
RESTRICTED	88,138	183	21,455	39,506	10,483	-	41,625	92,089	60,484	25,483	1,461,434
COMMITTED	-	-	-	-	-	285,957	-	-	-	-	1,942,003
FUND BALANCE, END OF THE YEAR	\$ 88,138	\$ 183	\$ 21,455	\$ 39,506	\$ 10,483	\$ 285,957	\$ 41,625	\$ 92,089	\$ 60,484	\$ 25,483	\$ 3,403,437

See Independent Auditors' Report.

Hall County

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

June 30, 2022

	<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	\$ 1,780,708	\$ 1,406,483	\$ 15,608	\$ 6,744	\$ 478,432	\$ 1,861	\$ 16,807	\$ 20,598	\$ 520	\$ 3,727,761
Additions	16,493,999	79,943,240	1,329,190	521,545	20,074,679	156,945	95,611	1,884,861	1,984	120,502,054
Deductions	(16,498,055)	(79,824,252)	(1,327,320)	(519,654)	(20,058,971)	(156,741)	(89,821)	(1,879,571)	(2,045)	(120,356,430)
TOTAL ASSETS, ENDING	1,776,652	1,525,471	17,478	8,635	494,140	2,065	22,597	25,888	459	3,873,385
LIABILITIES										
Due to Other Governments										
Total Liabilities, Beginning	1,780,708	1,406,483	15,608	6,744	478,432	1,861	16,807	20,598	520	3,727,761
Additions	16,493,999	79,943,240	1,329,190	521,545	20,074,679	156,945	95,611	1,884,861	1,984	120,502,054
Deductions	(16,498,055)	(79,824,252)	(1,327,320)	(519,654)	(20,058,971)	(156,741)	(89,821)	(1,879,571)	(2,045)	(120,356,430)
TOTAL LIABILITIES, ENDING	\$ 1,776,652	\$ 1,525,471	\$ 17,478	\$ 8,635	\$ 494,140	\$ 2,065	\$ 22,597	\$ 25,888	\$ 459	\$ 3,873,385

Hall County

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

Year Ended June 30, 2022 with Comparative Totals for the Year Ended June 30, 2021

	General Government																			Public Health
	Board of Supervisors	Clerk	Treasurer	Assessor	Supt. Of Schools	Register of Deeds	Data Processing	Election Commissioner	Clerk of District Court	Special Election	Justice System	County Court System	Building and Grounds	Agriculture Ext. Agent	Misc.	District Judge	Public Defender	Equipment Acquisition	Cadastral Maps	Misc.
DISBURSEMENTS																				
Capital Outlay	\$ -	\$ 1,232	\$ -	\$ -	\$ -	\$ -	\$ 258,755	\$ 12,224	\$ 563	\$ -	\$ -	\$ 7,662	\$ 21,033	\$ 2,820	\$ -	\$ 9,021	\$ 2,223	\$ 214,861	\$ 4,643	\$ -
Operating Expense	34,285	109,290	1,935	21,778	4,000	6	501,211	33,300	2,034	-	1,861,691	371	251,972	73,504	1,495,626	860	21,931	-	13,681	632,728
Equipment Rental	-	-	394	-	-	-	-	850	-	-	-	-	5,000	4,577	-	-	-	-	-	-
Supplies/Materials	1,131	4,586	11,282	10,580	-	41	574	52,021	9,968	-	-	17,737	41,480	2,919	-	2,916	6,191	-	1,486	-
Personal Service	443,230	328,532	905,330	680,632	-	111,976	345,585	170,839	638,115	-	8,006	-	641,934	197,446	-	197,247	834,699	-	86,782	-
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	478,646	443,640	918,941	712,990	4,000	112,023	1,106,125	269,234	650,680	-	1,869,697	25,770	961,419	281,266	1,495,626	210,044	865,044	214,861	106,592	632,728
BUDGET	487,383	452,859	1,010,701	743,602	4,000	123,353	1,123,332	303,124	728,492	80,001	1,920,795	26,028	989,715	307,887	2,218,656	210,047	1,214,205	398,563	181,269	632,728
FAVORABLE (UNFAVORABLE)	\$ 8,737	\$ 9,219	\$ 91,760	\$ 30,612	\$ -	\$ 11,330	\$ 17,207	\$ 33,890	\$ 77,812	\$ 80,001	\$ 51,098	\$ 258	\$ 28,296	\$ 26,621	\$ 723,030	\$ 3	\$ 349,161	\$ 183,702	\$ 74,677	\$ -

	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	2022	2021
DISBURSEMENTS																			
Capital Outlay	\$ 50,990	\$ 710	\$ 42,899	\$ 5,511	\$ -	\$ 29,611	\$ 19,760	\$ 1,500	\$ 1,786	\$ 5,301	\$ -	\$ 2,717	\$ 290	\$ -	\$ -	\$ -	\$ -	\$ 696,112	\$ 791,177
Operating Expense	110,582	37,328	1,863,433	3,984	702,873	10,650	-	101,641	4,493	2,152	139,254	16,924	86,313	-	900,000	37,500	-	9,077,330	8,779,521
Equipment Rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,821	9,400
Supplies/Materials	122,197	12,008	107,414	2,105	-	28,629	-	1,587	43	405	-	5,241	3,500	-	-	-	-	446,041	394,764
Personal Service	4,036,826	2,318,915	6,718,359	153,360	-	-	-	311,599	-	106,513	-	433,040	593,244	-	-	-	-	20,262,209	20,074,908
Interfund Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,032,277	1,032,277	1,063,884
Total Disbursements	4,320,595	2,368,961	8,732,105	164,960	702,873	68,890	19,760	416,327	6,322	114,371	139,254	457,922	683,347	-	900,000	37,500	1,032,277	31,524,790	31,113,654
BUDGET	4,828,599	2,429,908	9,348,564	169,703	756,747	68,900	100,000	449,427	24,802	114,860	143,942	485,506	769,150	-	900,000	37,500	1,074,652	34,859,000	33,842,690
FAVORABLE (UNFAVORABLE)	\$ 508,004	\$ 60,947	\$ 616,459	\$ 4,743	\$ 53,874	\$ 10	\$ 80,240	\$ 33,100	\$ 18,480	\$ 489	\$ 4,688	\$ 27,584	\$ 85,803	\$ -	\$ -	\$ -	\$ 42,375	\$ 3,334,210	\$ 2,729,036

Hall County

Comparative Analysis of Tax Certified – Corrections and Collections

Year Ended June 30, 2022

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
TAX CERTIFIED BY					
Assessor:					
Real Estate, Personal, Specials & Intangible	\$ 99,385,415	\$ 101,940,006	\$ 102,739,727	\$ 105,725,746	\$ 109,813,949
Corrections, Net	(231,283)	(184,771)	(197,129)	(243,578)	(85,573)
Correct Certified Tax	99,154,132	101,755,235	102,542,598	105,482,168	109,728,376
NET TAX COLLECTED (REFUNDED) BY COUNTY TREASURER					
FOR YEAR ENDED:					
June 30, 2018	59,965,508	-	-	-	-
June 30, 2019	39,060,612	60,545,247	-	-	-
June 30, 2020	82,629	41,306,231	59,744,898	-	-
June 30, 2021	(39,412)	(50,252)	42,846,130	63,391,767	-
June 30, 2022	168	6,167	(45,348)	42,047,591	67,789,187
Net Collections	99,069,505	101,807,393	102,545,680	105,439,358	67,789,187
Total Uncollected Tax	84,627	(52,158)	(3,082)	42,810	41,939,189
PERCENTAGE OF UNCOLLECTED TAX	0.09%	-0.05%	0.00%	0.04%	38.22%

See Independent Auditors' Report.

Hall County

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass Through Program Grantor/Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF THE INTERIOR				
National Wildlife Refuge Fund	15.659		\$ -	\$ 7,962
U.S. DEPARTMENT OF JUSTICE				
Coronavirus Emergency Supplemental Funding Program	16.034		-	58,008
Bulletproof Vest Partnership Program	16.607		-	6,513
Total U.S. Department of Justice			-	64,521
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through from the Nebraska Department of Transportation:				
Formula Grants for Rural Areas	20.509	RPT-C401 (215 & 216)	89,967	89,967
State and Community Highway Safety	20.600	402 (1625)	-	2,651
National Priority Safety Programs	20.616	405D (16902)	-	1,534
Total U.S. Department of Transportation			89,967	94,152
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	-	635,957
EXECUTIVE OFFICE OF THE PRESIDENT				
Passed through from the Nebraska State Patrol:				
High Intensity Drug Trafficking Areas Program	95.001	18HD07, 19HD07	-	58,553
U.S. DEPARTMENT OF THE TREASURY				
Coronavirus State and Local Fiscal Recovery Funds	21.027		929,446	1,534,001
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through from the Nebraska Emergency Management Agency:				
Disaster Grants - Public Assistance	97.036		-	11,993
Total Expenditures of Federal Awards			\$ 1,019,413	\$ 2,407,139

See Independent Auditors' Report.

Hall County

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

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, 2022. 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, 2022, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2023. 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 (2022-001 and 2022-002).

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 14, 2023

**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

Opinion on Each Major Program

We have audited Hall County's (the County) compliance with the types of compliance requirements identified as subject to audit 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, 2022. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 14, 2023

Hall County

Schedule of Findings and Questioned Costs

June 30, 2022

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>
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

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

II. FINANCIAL STATEMENT FINDINGS

FINDING 2022-001:

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, 2022

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, 2022, 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 2022-002:

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

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

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

Condition and Context: For the year ending June 30, 2022, 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.

Hall County

Schedule of Findings and Questioned Costs

June 30, 2022

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, 2022

Identifying Number: 2021-001

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: 2021-002

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. Progress has been made to improve internal office procedures. The committee will continue monitor this issue going forward.

Identifying Number: 2021-003

Audit Finding: Receipt Reconciliation

Current Status: The reconciliation process between the two offices has improved with the implementation of new software.

Identifying Number: 2021-004

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

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Kim Dugan, Board Administrative Assistant

Finding 2022-001

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 2022-002

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