

**AUDIT REPORT  
OF  
FRANKLIN COUNTY**

**JULY 1, 2006 THROUGH JUNE 30, 2007**

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the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
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**Issued on April 16, 2008**

FRANKLIN COUNTY

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FRANKLIN COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2007

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Walton	Board of Supervisors	Jan. 2009
Leroy Schafer		Jan. 2009
Gary Hamilton		Jan. 2011
Michael Ingram		Jan. 2011
Dale Loschen		Jan. 2009
William Bunger		Jan. 2011
Michael Dallmann		Jan. 2011
Patrick Duncan	Attorney	Jan. 2011
Marcia Volk	Clerk Election Commissioner Register of Deeds Clerk of the District Court	Jan. 2011
Jerry Archer	Sheriff	Jan. 2011
Connie Hunt	Treasurer	Jan. 2011
Art Johnson	Veterans' Service Officer	Appointed
Mark Goebel	Weed Superintendent	Appointed
Wayne Bach	Highway Superintendent	Appointed



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@apa.ne.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.state.ne.us

### FRANKLIN COUNTY

### INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Franklin County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The financial statements referred to above include only the primary government of Franklin County, which consists of all funds, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the County's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Franklin County as of June 30, 2007, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Franklin County, as of June 30, 2007, and the respective changes in cash balances thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2008, on our consideration of Franklin 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, nonmajor budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

April 11, 2008

  
Assistant Deputy Auditor

FRANKLIN COUNTY  
**STATEMENT OF NET ASSETS - CASH BASIS**  
 June 30, 2007

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 1,255,936
Investments (Note 1.D)	35,000
<b>TOTAL ASSETS</b>	<b>\$ 1,290,936</b>
<b>NET ASSETS</b>	
Restricted for:	
Veterans' Aid	\$ 88,812
Other Purposes	422
Unrestricted	1,201,702
<b>TOTAL NET ASSETS</b>	<b>\$ 1,290,936</b>

The notes to the financial statements are an integral part of this statement.

FRANKLIN COUNTY  
**STATEMENT OF ACTIVITIES - CASH BASIS**  
For the Year Ended June 30, 2007

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (961,895)	\$ 142,693	\$ 82,575	\$ (736,627)
Public Safety	(418,414)	44,142	-	(374,272)
Public Works	(1,213,800)	102,139	475,559	(636,102)
Health and Sanitation	(17,160)	-	-	(17,160)
Public Assistance	(49,612)	-	-	(49,612)
Culture and Recreation	(2,000)	-	-	(2,000)
<b>Total Governmental Activities</b>	<u>\$ (2,662,881)</u>	<u>\$ 288,974</u>	<u>\$ 558,134</u>	<u>(1,815,773)</u>
 General Receipts:				
Property Taxes				1,569,956
Grants and Contributions Not Restricted to Specific Programs				64,998
Investment Income				58,431
Miscellaneous				94,636
<b>Total General Receipts</b>				<u>1,788,021</u>
 Change in Net Assets				(27,752)
Net Assets - Beginning				1,318,688
<b>Net Assets - Ending</b>				<u>\$ 1,290,936</u>

The notes to the financial statements are an integral part of this statement.

FRANKLIN COUNTY  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
 June 30, 2007

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Bridge Escrow Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and Cash Equivalents (Note 1.D)	\$ 271,380	\$ 237,526	\$ 430,646	\$ 148,964	\$ 167,420	\$ 1,255,936
Investments (Note 1.D)	35,000	-	-	-	-	35,000
<b>TOTAL ASSETS</b>	<u>\$ 306,380</u>	<u>\$ 237,526</u>	<u>\$ 430,646</u>	<u>\$ 148,964</u>	<u>\$ 167,420</u>	<u>\$ 1,290,936</u>
<b>FUND BALANCES</b>						
Unreserved, Reported in:						
General fund	\$ 306,380	\$ -	\$ -	\$ -	\$ -	\$ 306,380
Special Revenue Funds	-	237,526	430,646	148,964	167,420	984,556
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 306,380</u>	<u>\$ 237,526</u>	<u>\$ 430,646</u>	<u>\$ 148,964</u>	<u>\$ 167,420</u>	<u>\$ 1,290,936</u>

The notes to the financial statements are an integral part of this statement.



FRANKLIN COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2007

	General Fund	Road Fund	Inheritance Fund	Bridge Escrow Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 1,497,415	\$ -	\$ 40,925	\$ -	\$ 31,616	\$ 1,569,956
Licenses and Permits	14,583	46,674	-	-	-	61,257
Interest	51,298	-	149	2,695	4,289	58,431
Intergovernmental	144,513	477,860	-	-	759	623,132
Charges for Services	186,835	95,304	-	-	6,835	288,974
Miscellaneous	19,482	13,766	-	-	131	33,379
<b>TOTAL RECEIPTS</b>	<u>1,914,126</u>	<u>633,604</u>	<u>41,074</u>	<u>2,695</u>	<u>43,630</u>	<u>2,635,129</u>
<b>DISBURSEMENTS</b>						
General Government	898,168	-	41,561	-	22,166	961,895
Public Safety	418,414	-	-	-	-	418,414
Public Works	-	1,123,415	-	27,035	63,350	1,213,800
Health and Sanitation	17,160	-	-	-	-	17,160
Public Assistance	49,612	-	-	-	-	49,612
Culture and Recreation	2,000	-	-	-	-	2,000
<b>TOTAL DISBURSEMENTS</b>	<u>1,385,354</u>	<u>1,123,415</u>	<u>41,561</u>	<u>27,035</u>	<u>85,516</u>	<u>2,662,881</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>528,772</u>	<u>(489,811)</u>	<u>(487)</u>	<u>(24,340)</u>	<u>(41,886)</u>	<u>(27,752)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	2,000	545,000	-	15,000	50,000	612,000
Transfers Out	(575,000)	(15,000)	(22,000)	-	-	(612,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(573,000)</u>	<u>530,000</u>	<u>(22,000)</u>	<u>15,000</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balances	(44,228)	40,189	(22,487)	(9,340)	8,114	(27,752)
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>350,608</u>	<u>197,337</u>	<u>453,133</u>	<u>158,304</u>	<u>159,306</u>	<u>1,318,688</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 306,380</u>	<u>\$ 237,526</u>	<u>\$ 430,646</u>	<u>\$ 148,964</u>	<u>\$ 167,420</u>	<u>\$ 1,290,936</u>

The notes to the financial statements are an integral part of this statement.

FRANKLIN COUNTY  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS**  
**FIDUCIARY FUNDS**  
June 30, 2007

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 200,989
 <b>LIABILITIES</b>	
Due to Other Governments	
State	34,701
Schools	52,263
Educational Service Units	612
Technical College	2,910
Natural Resource Districts	1,757
Fire Districts	27,972
Municipalities	12,364
Agricultural Society	615
Cemetery Districts	2,184
Townships	53,048
Hospital	1,387
Others	11,176
<b>TOTAL LIABILITIES</b>	<b>200,989</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2007

1. **Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies utilized in the accounting system of Franklin County.

**A. Reporting Entity**

Franklin County, Nebraska (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State). The County is managed by elected county officials who are elected on a political ballot for four-year terms. As a political subdivision of the State, the County is exempt from State and Federal income taxes. The financial statements include all funds of the County that are not legally separate. The County has also considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the County, or the significance of their relationship with the County is such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County.

**Component Unit.** These financial statements present the County (the primary government). The Franklin County Memorial Hospital (Hospital) is a component unit of the County because of the significance of its operational and financial relationships with the County. The financial statements do not include the data of the Hospital necessary for reporting in conformity with generally accepted accounting principles (GAAP). Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

**Joint Organization.**

Behavioral Health Region III - The County has entered into an agreement with surrounding counties and the Nebraska Health and Human Services System to provide services to carry out the provisions of the Nebraska Behavioral Health Services Act (Act). Agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under the Act. The Region consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Franklin, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

The governing board for the Region includes representatives from the participating county boards. 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. Funding is provided by a combination of federal, state, local, and private funding. The County contributed \$10,829 toward the operation of the Region during fiscal year 2007. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Health and Human Services System requires the Region to be audited annually in accordance with State Statute. Financial information for the Region is available in those audit reports.

**B. Basis of Presentation**

**Government-wide Financial Statements.** The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis display information about the activities of the County, and are in the format of government-wide statements as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities and the Hospital. Internal activities in these statements have not been eliminated. Governmental GAAP would require internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The County is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct disbursement of a given function or segment is 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 receipts are reported instead as general receipts.

**Fund Financial Statements.** The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category - governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

The County reports the following major governmental funds:

**General Fund.** This is the County's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

**Road Fund.** This fund is used to account for costs associated with the repair and maintenance of roads and bridges.

**Inheritance Fund.** This fund is used to account for the revenues generated from estate taxes.

**Bridge Escrow Fund.** This fund is used to reserve funding for future bridge projects.

The County reports the following additional fund types:

**Special Revenue Funds.** These funds account for the proceeds from a specific revenue source that is restricted to expenditures for a specified purpose.

**Agency Funds.** These funds account for assets held by the County as an agent for various local governments.

C. **Measurement Focus, 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 Assets - Cash Basis and the Statement of Activities - Cash Basis. Revenues are recognized when received and expenditures are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting revenues are recorded when earned and expenses 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 receipt and disbursement basis of accounting. As such, the same measurement focus and basis of accounting were used as described above. This differs from governmental GAAP, which require governmental fund financial statements to be reported using the current financial

FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

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 due.

**D. Assets and Net Assets**

**Cash and cash equivalents.** The County's cash and cash equivalents are considered to be cash on hand and demand deposits.

**Investments.** The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. Sections 77-2315, 77-2340, and 77-2341 R.R.S. 2003, and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities which are authorized by the Nebraska Investment Council.

**Capital Assets.** Under the cash receipts and disbursements basis of accounting, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as disbursements in governmental funds. GAAP requires capital assets, which would include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) to be reported in the applicable governmental activities columns in the government-wide financial statements.

Depreciation expenses on capital assets were not recorded on the cash basis financial statements. Under GAAP, depreciation expenses would be recorded in the Statement of Activities. The cost of normal maintenance and repairs that does not add to the value of the asset or extend asset life is not capitalized.

**Compensated Absences.** Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as an expenditure of the County funds as paid. Upon termination, employees are paid for any unused vacation. Under the receipts and disbursements basis of accounting, the liabilities for compensated absences are not reported since they do not represent liabilities arising from cash transactions. Under GAAP, the compensated absences liability would be reported in the government-wide financial statements and would be recorded in accordance with the County's policy, which is to recognize the expense and accrued liability when vacation and compensatory leave is earned.

FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. **Summary of Significant Accounting Policies** (Concluded)

**Restricted Net Assets.** 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. Net assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$89,234 of restricted net assets which is all restricted by enabling legislation.

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. Section 77-2315 R.R.S. 2003.

At year end, the County's carrying amount of deposits was \$1,290,936 for County funds and \$200,989 for Fiduciary funds. The bank balances for all funds totaled \$1,558,764. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits as of June 30, 2007, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$35,000 in U.S. Government Securities. The U.S. Government Securities were held by the County or its agent in the name of the County.

3. **Property Taxes**

Property taxes are levied by the County Board on or before October 15 of each year for all political subdivisions in the County. Real estate and personal property taxes are due and attach as an enforceable lien on January 1 following the levy date, and become delinquent in two equal installments on May 1 and September 1. Motor vehicle taxes are due when application is made for registration of a motor vehicle.

Counties are permitted by the State Constitution to levy a tax of up to \$.50/\$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. They may levy taxes in addition to the 50 cent limitation upon a vote of the people.

The levy set in October 2006, for the 2006 taxes which will be materially collected in May and September 2007, was set at \$.438595/\$100 of assessed valuation. The levy set in October 2005, for the 2005 taxes which were materially collected in May and September 2006, was set at \$.424920/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State statute.

FRANKLIN COUNTY

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**3. Property Taxes** (Concluded)

Additionally, there is currently a statutory lid limitation which limits taxation to the prior year's level, with provisions for growth. It may be increased by 1% by a three-fourths majority of the County Board.

**4. Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer defined contribution plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan provisions are established under Neb. Rev. Stat. Sections 23-2301 through 23-2335 and may be amended through legislative action.

Participation in the Plan is required of all full time employees. Part time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 20. Part time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by Neb. Rev. Stat. Sections 23-2307 and 23-2308 R.S.Supp., 2004, and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system, including the twelve month eligibility period or credit for participation in another governmental plan prior to actual contribution to the Plan. Prior service benefits are paid directly by the County to the retired employee.

A supplemental retirement plan was established on January 1, 2003 for the benefit of all present and future commissioned law enforcement personnel employed by the County. Employees contribute 1% of their salary and the County contributes an amount equal to 100% of the employee's contribution. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

For the year ended June 30, 2007, 47 employees contributed \$43,447; the County contributed \$65,172. Additionally, for the year ended June 30, 2007, three law enforcement employees and the County contributed \$950 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$984 directly to five retired employees for prior service benefits.



FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 77 counties throughout Nebraska.

The County pays an annual deposit premium as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire Pool. If the Pool becomes insolvent or is otherwise unable to discharge its legal liabilities and other obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment, and the manner of calculating the same, shall be sent to each county in writing, and each county shall thereafter have sixty (60) days in which to pay the amount of such assessment. Each county shall remain liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, and for liabilities of the Pool incurred during such county's period of membership.

The agreement with NIRMA provides that NIRMA will provide coverage for up to a maximum amount per occurrence and purchase commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding the commercial insurance, the County would be responsible for funding the excess amount.

	NIRMA Coverage	Maximum Coverage
General Liability Claim	\$ 300,000	\$ 5,000,000
Worker's Compensation Claim	\$ 300,000	Statutory Limits
Property Damage Claim	\$ 75,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the Pool in the last three fiscal years and no assessments are anticipated for fiscal year 2008. The County has not had to pay out any amounts that exceeded coverage provided by the Pool in the last three fiscal years.

FRANKLIN COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**6. Interfund Transfers**

Interfund transfers for the year ended June 30, 2007, consisted of the following:

<b>Transfers to</b>	Transfers from			Total
	General Fund	Inheritance Fund	Road Fund	
General Fund	\$ -	\$ 2,000	\$ -	\$ 2,000
Road Fund	545,000	-	-	545,000
Bridge Escrow Fund	-	-	15,000	15,000
Weed Fund	30,000	20,000	-	50,000
<b>Total</b>	<b>\$ 575,000</b>	<b>\$ 22,000</b>	<b>\$ 15,000</b>	<b>\$ 612,000</b>

Transfers are used to move unrestricted revenues collected in the General Fund and Inheritance Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

FRANKLIN COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 1,497,495	\$ 1,497,495	\$ 1,497,415	\$ (80)
Licenses and Permits	14,250	14,250	14,583	333
Interest	40,000	40,000	51,298	11,298
Intergovernmental	326,030	326,030	144,513	(181,517)
Charges for Services	194,000	194,000	186,835	(7,165)
Miscellaneous	19,934	19,934	19,482	(452)
<b>TOTAL RECEIPTS</b>	<u>2,091,709</u>	<u>2,091,709</u>	<u>1,914,126</u>	<u>(177,583)</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	61,900	61,900	60,575	1,325
County Clerk	81,197	81,197	79,703	1,494
County Treasurer	70,497	70,497	67,268	3,229
County Assessor	83,197	85,197	84,704	493
Election Commissioner	34,310	34,310	31,894	2,416
Data Processing	23,500	23,500	18,675	4,825
Clerk of the District Court	25,099	25,099	21,884	3,215
County Court System	10,200	10,200	6,909	3,291
Building and Grounds	61,315	61,315	56,639	4,676
Agricultural Extension Agent	35,645	35,645	35,074	571
Miscellaneous	452,175	450,175	434,843	15,332
Public Safety				
County Sheriff	131,658	131,658	126,051	5,607
County Attorney	64,110	64,110	58,028	6,082
County Jail	125,715	125,715	115,361	10,354
Miscellaneous	320,060	320,060	118,974	201,086
Public Health				
Miscellaneous	17,343	17,343	17,160	183
Public Assistance				
Veterans' Service Officer	12,000	12,000	11,415	585
Miscellaneous	48,396	48,396	38,197	10,199
Culture and Recreation				
Miscellaneous	1,000	1,000	2,000	(1,000)
<b>TOTAL DISBURSEMENTS</b>	<u>1,659,317</u>	<u>1,659,317</u>	<u>1,385,354</u>	<u>273,963</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	432,392	432,392	528,772	96,380
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,000	2,000	2,000	-
Transfers Out	(575,000)	(575,000)	(575,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(573,000)</u>	<u>(573,000)</u>	<u>(573,000)</u>	<u>-</u>
Net Change in Fund Balance	(140,608)	(140,608)	(44,228)	96,380
<b>FUND BALANCES - BEGINNING</b>	350,608	350,608	350,608	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 210,000</u>	<u>\$ 210,000</u>	<u>\$ 306,380</u>	<u>\$ 96,380</u>

FRANKLIN COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Licenses and Permits	\$ 45,000	\$ 45,000	\$ 46,674	\$ 1,674
Intergovernmental	489,000	489,000	477,860	(11,140)
Charges for Services	123,000	123,000	95,304	(27,696)
Miscellaneous	139	139	13,766	13,627
<b>TOTAL RECEIPTS</b>	<b>657,139</b>	<b>657,139</b>	<b>633,604</b>	<b>(23,535)</b>
<b>DISBURSEMENTS</b>	<b>1,194,476</b>	<b>1,194,476</b>	<b>1,123,415</b>	<b>71,061</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(537,337)</b>	<b>(537,337)</b>	<b>(489,811)</b>	<b>47,526</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	545,000	545,000	545,000	-
Transfers out	(15,000)	(15,000)	(15,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>530,000</b>	<b>530,000</b>	<b>530,000</b>	<b>-</b>
Net Change in Fund Balance	(7,337)	(7,337)	40,189	47,526
FUND BALANCE - BEGINNING	197,337	197,337	197,337	-
FUND BALANCE - ENDING	<b>\$ 190,000</b>	<b>\$ 190,000</b>	<b>\$ 237,526</b>	<b>\$ 47,526</b>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 70,000	\$ 70,000	\$ 40,925	\$ (29,075)
Interest	-	-	149	149
<b>TOTAL RECEIPTS</b>	<b>70,000</b>	<b>70,000</b>	<b>41,074</b>	<b>(28,926)</b>
<b>DISBURSEMENTS</b>	<b>251,133</b>	<b>251,133</b>	<b>41,561</b>	<b>209,572</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(181,133)</b>	<b>(181,133)</b>	<b>(487)</b>	<b>180,646</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(22,000)	(22,000)	(22,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(22,000)</b>	<b>(22,000)</b>	<b>(22,000)</b>	<b>-</b>
Net Change in Fund Balance	(203,133)	(203,133)	(22,487)	180,646
FUND BALANCE - BEGINNING	453,133	453,133	453,133	-
FUND BALANCE - ENDING	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 430,646</b>	<b>\$ 180,646</b>

(Continued)

FRANKLIN COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL**  
**MAJOR FUNDS**

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>BRIDGE ESCROW FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ -	\$ -	\$ 2,695	\$ 2,695
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>2,695</b>	<b>2,695</b>
<b>DISBURSEMENTS</b>	<b>173,304</b>	<b>173,304</b>	<b>27,035</b>	<b>146,269</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(173,304)</b>	<b>(173,304)</b>	<b>(24,340)</b>	<b>148,964</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	15,000	15,000	15,000	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>
Net Change in Fund Balance	(158,304)	(158,304)	(9,340)	148,964
FUND BALANCE - BEGINNING	158,304	158,304	158,304	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,964</u>	<u>\$ 148,964</u>

(Concluded)

FRANKLIN COUNTY

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2007

**BUDGETARY COMPARISON SCHEDULES**

**GAAP Requirements**

Generally Accepted Accounting Principles (GAAP) requires budgetary comparison schedules for the General Fund, and for each major special revenue fund that has a legally adopted annual budget. GAAP further requires the budgetary comparison schedules to include the *original budget* and *final budget* amounts. The *original budget* is the first complete appropriated budget adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget would also include actual appropriation amounts automatically carried over from prior years when required 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 as approved by the County Board or otherwise legally authorized.

**Budgetary Process**

The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those revenues which have actually been received by the County Treasurer. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.

On or before August 1, the county budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the revenue from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board shall adopt the budget and appropriate the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board 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 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 County Board is also authorized to budget for the transfer of money between County funds.

FRANKLIN COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2007

	Historical Bridge Fund	Veterans' Aid Fund	Reappraisal Fund	Drug Fund	Law Enforcement Grant Fund	Child Abuse Neglect Fund	Weed Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>								
Property Taxes	\$ -	\$ -	\$ 31,614	\$ -	\$ -	\$ -	\$ 2	\$ 31,616
Licenses and Permits	-	-	-	-	-	-	-	-
Interest	924	3,365	-	-	-	-	-	4,289
Intergovernmental	-	1	758	-	-	-	-	759
Charges for Services	-	-	-	-	-	-	6,835	6,835
Miscellaneous	-	-	-	-	-	-	131	131
<b>TOTAL RECEIPTS</b>	<u>924</u>	<u>3,366</u>	<u>32,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,968</u>	<u>43,630</u>
<b>DISBURSEMENTS</b>								
General Government	-	-	22,166	-	-	-	-	22,166
Public Works	-	-	-	-	-	-	63,350	63,350
<b>TOTAL DISBURSEMENTS</b>	<u>-</u>	<u>-</u>	<u>22,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,350</u>	<u>85,516</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>924</u>	<u>3,366</u>	<u>10,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,382)</u>	<u>(41,886)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	-	-	-	-	50,000	50,000
Transfers Out	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Net Change in Fund Balances	924	3,366	10,206	-	-	-	(6,382)	8,114
<b>FUND BALANCES - BEGINNING</b>	<u>34,600</u>	<u>85,446</u>	<u>17,323</u>	<u>422</u>	<u>1</u>	<u>250</u>	<u>21,264</u>	<u>159,306</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 35,524</u>	<u>\$ 88,812</u>	<u>\$ 27,529</u>	<u>\$ 422</u>	<u>\$ 1</u>	<u>\$ 250</u>	<u>\$ 14,882</u>	<u>\$ 167,420</u>

FRANKLIN COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
NONMAJOR FUNDS**

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HISTORICAL BRIDGE FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ -	\$ -	\$ 924	\$ 924
TOTAL RECEIPTS	-	-	924	924
<b>DISBURSEMENTS</b>				
	34,600	34,600	-	34,600
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(34,600)	(34,600)	924	35,524
FUND BALANCE - BEGINNING	34,600	34,600	34,600	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 35,524	\$ 35,524
<b>VETERANS' AID FUND</b>				
<b>RECEIPTS</b>				
Interest	\$ 3,000	\$ 3,000	\$ 3,365	\$ 365
Intergovernmental	-	-	1	1
TOTAL RECEIPTS	3,000	3,000	3,366	366
<b>DISBURSEMENTS</b>				
	58,446	58,446	-	58,446
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	(55,446)	(55,446)	3,366	58,812
FUND BALANCE - BEGINNING	85,446	85,446	85,446	-
FUND BALANCE - ENDING	\$ 30,000	\$ 30,000	\$ 88,812	\$ 58,812

(Continued)



FRANKLIN COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
NONMAJOR FUNDS**

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAPPRAISAL FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 28,952	\$ 28,952	\$ 31,614	\$ 2,662
Intergovernmental	-	-	758	758
<b>TOTAL RECEIPTS</b>	<b>28,952</b>	<b>28,952</b>	<b>32,372</b>	<b>3,420</b>
<b>DISBURSEMENTS</b>	<b>40,275</b>	<b>40,275</b>	<b>22,166</b>	<b>18,109</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(11,323)	(11,323)	10,206	21,529
FUND BALANCE - BEGINNING	17,323	17,323	17,323	-
FUND BALANCE - ENDING	<b>\$ 6,000</b>	<b>\$ 6,000</b>	<b>\$ 27,529</b>	<b>\$ 21,529</b>
<b>DRUG FUND</b>				
<b>RECEIPTS</b>				
Miscellaneous	\$ 28	\$ 28	\$ -	\$ (28)
<b>TOTAL RECEIPTS</b>	<b>28</b>	<b>28</b>	<b>-</b>	<b>(28)</b>
<b>DISBURSEMENTS</b>	<b>450</b>	<b>450</b>	<b>-</b>	<b>450</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(422)	(422)	-	422
FUND BALANCE - BEGINNING	422	422	422	-
FUND BALANCE - ENDING	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 422</b>	<b>\$ 422</b>

(Continued)

FRANKLIN COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
NONMAJOR FUNDS**

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>LAW ENFORCEMENT GRANT FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DISBURSEMENTS</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(1)	(1)	-	1
FUND BALANCE - BEGINNING	1	1	1	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
<b><u>CHILD ABUSE NEGLECT FUND</u></b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DISBURSEMENTS</b>	<b>250</b>	<b>250</b>	<b>-</b>	<b>250</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(250)	(250)	-	250
FUND BALANCE - BEGINNING	250	250	250	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ 250</u>

(Continued)

FRANKLIN COUNTY  
**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
NONMAJOR FUNDS**

For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>WEED FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ -	\$ -	\$ 2	\$ 2
Charges for Services	19,436	19,436	6,835	(12,601)
Miscellaneous	-	-	131	131
<b>TOTAL RECEIPTS</b>	<b>19,436</b>	<b>19,436</b>	<b>6,968</b>	<b>(12,468)</b>
<b>DISBURSEMENTS</b>	<b>70,700</b>	<b>70,700</b>	<b>63,350</b>	<b>7,350</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	50,000	50,000	50,000	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>
Net Change in Fund Balance	(1,264)	(1,264)	(6,382)	(5,118)
FUND BALANCE - BEGINNING	21,264	21,264	21,264	-
FUND BALANCE - ENDING	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 14,882</b>	<b>\$ (5,118)</b>

(Concluded)

FRANKLIN COUNTY  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2007

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Weed Superintendent	Highway Superintendent	Veterans' Service Officer	Total
BALANCE JULY 1, 2006	\$ 5,197	\$ 69,999	\$ 8,495	\$ 352	\$ 7,247	\$ 24,082	\$ 15,023	\$ 130,395
<b>RECEIPTS</b>								
Licenses and Permits	405	-	340	-	-	-	-	745
Charges for Services	22,912	3,110	38,425	-	-	117,883	-	182,330
Miscellaneous	-	-	472	245	131	10,105	182	11,135
State Fees	24,251	4,284	-	-	-	-	-	28,535
Other Liabilities	-	162,165	28,813	-	-	-	-	190,978
<b>TOTAL RECEIPTS</b>	<b>47,568</b>	<b>169,559</b>	<b>68,050</b>	<b>245</b>	<b>131</b>	<b>127,988</b>	<b>182</b>	<b>413,723</b>
<b>DISBURSEMENTS</b>								
Payments to County Treasurer	23,198	4,023	43,906	-	6,966	111,413	-	189,506
Payments to State Treasurer	24,716	3,062	-	-	-	-	-	27,778
Other Liabilities	-	163,377	29,124	-	-	-	256	192,757
<b>TOTAL DISBURSEMENTS</b>	<b>47,914</b>	<b>170,462</b>	<b>73,030</b>	<b>-</b>	<b>6,966</b>	<b>111,413</b>	<b>256</b>	<b>410,041</b>
 BALANCE JUNE 30, 2007	 <b>\$ 4,851</b>	 <b>\$ 69,096</b>	 <b>\$ 3,515</b>	 <b>\$ 597</b>	 <b>\$ 412</b>	 <b>\$ 40,657</b>	 <b>\$ 14,949</b>	 <b>\$ 134,077</b>
<b>BALANCE CONSISTS OF:</b>								
Due to County Treasurer	\$ 1,849	\$ 380	\$ 2,815	\$ -	\$ 412	\$ 40,657	\$ 14,949	\$ 61,062
Petty Cash	1,500	-	-	597	-	-	-	2,097
Due to State Treasurer	1,502	265	-	-	-	-	-	1,767
Due to Others	-	68,451	700	-	-	-	-	69,151
<b>BALANCE JUNE 30, 2007</b>	<b>\$ 4,851</b>	<b>\$ 69,096</b>	<b>\$ 3,515</b>	<b>\$ 597</b>	<b>\$ 412</b>	<b>\$ 40,657</b>	<b>\$ 14,949</b>	<b>\$ 134,077</b>

FRANKLIN COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2007

Item	2002	2003	2004	2005	2006
Tax Certified by Assessor					
Real Estate	\$ 4,859,932	\$ 5,361,471	\$ 5,583,172	\$ 5,971,961	\$ 6,135,083
Personal and Specials	435,429	474,537	504,231	474,187	460,669
Total	<u>5,295,361</u>	<u>5,836,008</u>	<u>6,087,403</u>	<u>6,446,148</u>	<u>6,595,752</u>
Corrections					
Additions	2,225	8,185	492	4,049	958
Deductions	<u>(4,793)</u>	<u>(3,346)</u>	<u>(1,642)</u>	<u>(2,263)</u>	<u>(314)</u>
Net Additions/ (Deductions)	<u>(2,568)</u>	4,839	<u>(1,150)</u>	1,786	644
Corrected Certified Tax	<u>5,292,793</u>	<u>5,840,847</u>	<u>6,086,253</u>	<u>6,447,934</u>	<u>6,596,396</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2003	3,148,331	-	-	-	-
June 30, 2004	2,127,807	3,434,299	-	-	-
June 30, 2005	6,655	2,390,457	3,518,463	-	-
June 30, 2006	5,550	8,843	2,553,777	3,766,392	-
June 30, 2007	<u>2,442</u>	<u>3,574</u>	<u>6,785</u>	<u>2,670,581</u>	<u>3,876,448</u>
Total Net Collections	<u>5,290,785</u>	<u>5,837,173</u>	<u>6,079,025</u>	<u>6,436,973</u>	<u>3,876,448</u>
Total Uncollected Tax	<u>\$ 2,008</u>	<u>\$ 3,674</u>	<u>\$ 7,228</u>	<u>\$ 10,961</u>	<u>\$ 2,719,948</u>
Percentage Uncollected Tax	<u>0.04%</u>	<u>0.06%</u>	<u>0.12%</u>	<u>0.17%</u>	<u>41.23%</u>



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@apa.ne.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.state.ne.us

FRANKLIN COUNTY  
**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**

Board of Supervisors  
Franklin County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County as of and for the year ended June 30, 2007, and have issued our report thereon dated April 11, 2008. The report notes the financial statements were prepared on the basis of cash receipts and disbursements and do not include the financial data of the Franklin County Hospital, a component unit of Franklin County. Except as noted above, 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Franklin County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Franklin County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting

principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control over financial reporting:

- The County offices had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County's financial statements are free of 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*.

We noted certain matters that we reported to management of Franklin County in a separate letter dated April 11, 2008.

This report is intended solely for the information and use of management, the County Board, others within the entity, the State Legislature, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

April 11, 2008

  
Assistant Deputy Auditor