

**FRANKLIN COUNTY
NEBRASKA**

**COMBINED FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION, AND
INDEPENDENT AUDITORS' REPORT FOR
THE FISCAL YEAR ENDED JUNE 30, 2003**

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FRANKLIN COUNTY, NEBRASKA
 COMBINED FINANCIAL STATEMENTS, SUPPLEMENTAL
 INFORMATION, AND INDEPENDENT AUDITORS' REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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FRANKLIN COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2003

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Virgil Juranek	Board of Supervisors	Jan. 2007
Dale Loschen		Jan. 2005
Michael Dallmann		Jan. 2007
Claudette Russell		Jan. 2005
Wayne Volk		Jan. 2007
David Walton		Jan. 2005
Vernon Ritterbush		Jan. 2007
Ruth Jackson	Assessor	Jan. 2007
Patrick A. Duncan	Attorney	Jan. 2007
Marcia Volk	Clerk Clerk of the District Court Election Commissioner Register of Deeds	Jan. 2007
Jerry Archer	Sheriff	Jan. 2007
Connie Hunt	Treasurer	Jan. 2007
Arnold Johnson	Veterans' Service Officer	Appointed
Mark Goebel	Weed Superintendent	Appointed
Wayne Bach	Highway Superintendent	Appointed

FRANKLIN COUNTY

SUMMARY OF COMMENTS

During our audit of Franklin County, we noted certain matters involving the internal control structure and other operational matters which are presented here. These comments and recommendations are intended to improve the internal control structure or result in operational efficiencies in the following areas:

County Overall

1. ***Segregation of Duties:*** One individual could handle all aspects of processing transactions from beginning to end.

County Sheriff

2. ***Balancing Procedures:*** Office assets and liabilities did not reconcile.

County Board

3. ***Petty Cash Fund:*** The existing petty cash fund on hand at the County Attorney's Office was not authorized as a petty cash fund by the County Board, was not maintained on an imprest basis, and was not included in the budget message of the County's budget document.

More detailed information on the above items is provided hereafter. It should be noted this report is critical in nature since it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

Draft copies of this report were furnished to the various county officials to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. The official's declined to respond.

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

FRANKLIN COUNTY

COMMENTS AND RECOMMENDATIONS

COUNTY OVERALL

1. Segregation of Duties

As noted in prior audits, the offices of the Treasurer, Clerk, Clerk of the District Court, Sheriff, Attorney, Weed Superintendent, Veterans' Service Office, and Highway Superintendent had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost.

Good internal control includes a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties so no one individual is capable of handling all phases of a transaction from beginning to end.

We recommend the County review this situation. As always, the County must weigh the costs of hiring additional personnel versus the benefit of a proper segregation of duties.

COUNTY SHERIFF

2. Balancing Procedures

The Sheriff's Manual issued by the Auditor of Public Accounts in December 1995 requires the Sheriff's Office to reconcile assets to liabilities on at least a monthly basis.

We noted at June 30, 2003, the assets on hand in the Sheriff's Office exceeded liabilities by \$33. While the Sheriff's Office periodically attempted to balance Office assets and liabilities, their reconciliations included unexplained variances. In addition, it appeared the Office did not maintain detailed accounts receivable and advanced fee listings on an ongoing basis for reconciliation and documentation use.

We recommend the Sheriff reconcile assets to liabilities on, at a minimum, a monthly basis. Any variances should be investigated and resolved. To assist in the reconciliation process, we further recommend the Sheriff maintain accurate, detailed, accounts receivable and advanced fees listings on a perpetual basis.

FRANKLIN COUNTY

COMMENTS AND RECOMMENDATIONS

COUNTY BOARD

3. Petty Cash Fund

Neb. Rev. Stat. Section 23-106(2) R.R.S. 1997, states, “The County Board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.”

We noted the County Attorney’s Office maintained a checking account which acted similarly to a petty cash fund. The money in this account was used solely by the Office for costs related to tax foreclosures. However, this account was not authorized by the County Board to be used as a petty cash fund, it was not maintained on an imprest basis, and it was not stated in the County budget document’s budget message.

This has also been a comment in the prior audit.

We recommend the County Board review the County Attorney’s tax foreclosure account and, if authorized as a petty cash fund, the Board needs to set the dollar amount of the fund. Furthermore, if approved as a petty cash fund, the fund should be stated in the County budget document’s budget message and maintained on an imprest basis where the balance would always reconcile to the Board authorized amount.

STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS



P.O. Box 98917
State Capitol, Suite 2303
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

Kate Witek
State Auditor
kwitek@mail.state.ne.us

Deann Haeffner, CPA
Deputy State Auditor
haeffner@mail.state.ne.us

Don Dunlap, CPA
Asst. Deputy Auditor
ddunlap@mail.state.ne.us

Pat Reding, CPA
Asst. Deputy Auditor
reding@mail.state.ne.us

Tim Channer, CPA
Asst. Deputy Auditor
channer@mail.state.ne.us

Mary Avery
SAE/Finance Manager
marya@mail.state.ne.us

Dennis Meyer, CGFM
Subdivision Budget
Coordinator
dmeyer@mail.state.ne.us

Mark Avery, CPA
Subdivision Audit
Review Coordinator
mavery@mail.state.ne.us

Robert Hotz, JD
Legal Counsel
robhotz@mail.state.ne.us

County Board of Supervisors
Franklin County, Nebraska

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying primary government financial statements of Franklin County as of and for the fiscal year ended June 30, 2003, as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the fifth paragraph, 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 opinion.

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.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the fund balances of the primary government of Franklin County as of June 30, 2003, and the receipts and disbursements for the fiscal year then ended, on the basis of accounting described in Note 1.

However, the primary government financial statements, because they do not include the financial data of the Franklin County Hospital, the component unit of Franklin County, do not purport to, and do not, present fairly the fund balances of Franklin County as of June 30, 2003, and the receipts and disbursements for the fiscal year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2004 on our consideration of the primary government of Franklin County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the primary government financial statements taken as a whole.

March 31, 2004



Deputy State Auditor

Franklin County, Nebraska
 Combined Statement of Assets, Other Debits, Fund Balances, Liabilities,
 and Other Credits Arising from Cash Transactions-
 All Fund Types and Account Groups
 June 30, 2003

Exhibit A

	Governmental Fund Types		Fiduciary Fund Types	Account Groups		Totals 2003 (Memorandum Only)
	General	Special Revenue	Trust and Agency	General Fixed Assets	General Long-term Debt	
	ASSETS AND OTHER DEBITS					
Assets:						
Equity in Pooled Cash and Investments (Note 2)	\$ 209,340	\$ 807,845	\$ 222,352	\$ -	\$ -	\$ 1,239,537
Designated Investments (Note 2)	-	185,134	-	-	-	185,134
Fixed Assets (Note 5)	-	-	-	3,279,636	-	3,279,636
Other Debits:						
Amount to be Provided for Retirement of General Long-term Debt	-	-	-	-	14,637	14,637
Total Assets and Other Debits	\$ 209,340	\$ 992,979	\$ 222,352	\$ 3,279,636	\$ 14,637	\$ 4,718,944
LIABILITIES						
FUND BALANCES AND OTHER CREDITS						
Liabilities:						
Due to Other Governments	\$ -	\$ -	\$ 203,601	\$ -	\$ -	\$ 203,601
Partial Payments-Undistributed Tax	-	-	8,181	-	-	8,181
Capital Leases Payable (Note 10)	-	-	-	-	14,637	14,637
Other Liabilities	-	-	10,570	-	-	10,570
Total Liabilities	-	-	222,352	-	14,637	236,989
Fund Balances and Other Credits:						
Investment in General Fixed Assets	-	-	-	3,279,636	-	3,279,636
Fund Balances:						
Unreserved, Undesignated	209,340	978,006	-	-	-	1,187,346
Reserved for Specific Purposes (Note 9)	-	14,973	-	-	-	14,973
Total Fund Balances and Other Credits	209,340	992,979	-	3,279,636	-	4,481,955
Total Liabilities, Fund Balances and Other Credits	\$ 209,340	\$ 992,979	\$ 222,352	\$ 3,279,636	\$ 14,637	\$ 4,718,944

The accompanying notes are an integral part of the financial statements.

Franklin County, Nebraska
 Combined Statement of Receipts, Disbursements, and
 Changes in Fund Balances-All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2003

Exhibit B

	Governmental Fund Types		Totals 2003 (Memorandum Only)
	General	Special Revenue	
Receipts:			
Taxes (Note 3)	\$ 1,312,527	\$ 23,708	\$ 1,336,235
Intergovernmental Revenue	110,757	486,603	597,360
Local Fees, Licenses, Commissions, and Miscellaneous (Note 6)	236,869	172,491	409,360
Total Receipts	<u>1,660,153</u>	<u>682,802</u>	<u>2,342,955</u>
Disbursements:			
Current:			
General Government	843,640	8,405	852,045
Public Safety	260,829	1,005	261,834
Public Works	1,970	1,117,998	1,119,968
Public Health	13,256	-	13,256
Public Welfare and Social Services	34,523	-	34,523
Capital Outlay	32,437	199,481	231,918
Total Disbursements	<u>1,186,655</u>	<u>1,326,889</u>	<u>2,513,544</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>473,498</u>	<u>(644,087)</u>	<u>(170,589)</u>
Other Financing Sources (Uses):			
Transfers from Other Funds	12,000	681,300	693,300
Transfers to Other Funds	(503,697)	(189,603)	(693,300)
Total Other Financing Sources (Uses)	<u>(491,697)</u>	<u>491,697</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>(18,199)</u>	<u>(152,390)</u>	<u>(170,589)</u>
Fund Balances, July 1	<u>227,539</u>	<u>1,145,369</u>	<u>1,372,908</u>
Fund Balances, June 30	<u>\$ 209,340</u>	<u>\$ 992,979</u>	<u>\$ 1,202,319</u>

The accompanying notes are an integral part of the financial statements.

Franklin County, Nebraska
 Combined Statement of Receipts, Disbursements,
 and Changes in Fund Balances of the County Treasurer
 Budget and Actual-Governmental Fund Types
 For the Fiscal Year Ended June 30, 2003

Exhibit C

	General Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes (Note 3)	\$ 1,312,527	\$ 1,280,700	\$ 31,827
Intergovernmental Revenue	110,757	100,000	10,757
Local Fees, Licenses, Commissions, and Miscellaneous (Note 6)	238,519	209,275	29,244
Total Receipts	1,661,803	1,589,975	71,828
Disbursements:			
Current:			
General Government	843,640	865,535	21,895
Public Safety	260,829	285,532	24,703
Public Works	1,970	2,500	530
Public Health	13,256	13,674	418
Public Welfare and Social Services	34,523	40,014	5,491
Culture and Recreation	-	-	-
Capital Outlay	32,437	40,100	7,663
Total Disbursements	1,186,655	1,247,355	60,700
Excess (Deficiency) of Receipts Over Disbursements	475,148	342,620	132,528
Other Financing Sources (Uses):			
Transfers from Other Funds	12,000	10,000	2,000
Transfers to Other Funds	(503,697)	(432,397)	(71,300)
Total Other Financing Sources (Uses)	(491,697)	(422,397)	(69,300)
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	(16,549)	(79,777)	63,228
Fund Balances, July 1	218,143	218,143	-
Fund Balances, June 30	\$ 201,594	\$ 138,366	\$ 63,228

The accompanying notes are an integral part of the financial statements.

Continued

Franklin County, Nebraska
 Combined Statement of Receipts, Disbursements,
 and Changes in Fund Balances of the County Treasurer
 Budget and Actual-Governmental Fund Types
 For the Fiscal Year Ended June 30, 2003

Exhibit C

	Special Revenue Funds		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes (Note 3)	\$ 23,708	\$ 17,145	\$ 6,563
Intergovernmental Revenue	486,603	523,700	(37,097)
Local Fees, Licenses, Commissions, and Miscellaneous (Note 6)	215,479	188,080	27,399
Total Receipts	725,790	728,925	(3,135)
Disbursements:			
Current:			
General Government	8,405	25,360	16,955
Public Safety	1,005	1,378	373
Public Works	1,117,998	1,250,039	132,041
Public Health	-	-	-
Public Welfare and Social Services	-	44,863	44,863
Culture and Recreation	-	-	-
Capital Outlay	199,481	365,562	166,081
Total Disbursements	1,326,889	1,687,202	360,313
Excess (Deficiency) of Receipts Over Disbursements	(601,099)	(958,277)	357,178
Other Financing Sources (Uses):			
Transfers from Other Funds	681,300	610,000	71,300
Transfers to Other Funds	(189,603)	(187,603)	(2,000)
Total Other Financing Sources (Uses)	491,697	422,397	69,300
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	(109,402)	(535,880)	426,478
Fund Balances, July 1	1,052,860	1,052,860	-
Fund Balances, June 30	\$ 943,458	\$ 516,980	\$ 426,478

The accompanying notes are an integral part of the financial statements.

Continued

Franklin County, Nebraska
 Combined Statement of Receipts, Disbursements,
 and Changes in Fund Balances of the County Treasurer
 Budget and Actual-Governmental Fund Types
 For the Fiscal Year Ended June 30, 2003

Exhibit C

	2003 Total Governmental Funds (Memorandum Only)		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes (Note 3)	\$ 1,336,235	\$ 1,297,845	\$ 38,390
Intergovernmental Revenue	597,360	623,700	(26,340)
Local Fees, Licenses, Commissions, and Miscellaneous (Note 6)	453,998	397,355	56,643
Total Receipts	2,387,593	2,318,900	68,693
Disbursements:			
Current:			
General Government	852,045	890,895	38,850
Public Safety	261,834	286,910	25,076
Public Works	1,119,968	1,252,539	132,571
Public Health	13,256	13,674	418
Public Welfare and Social Services	34,523	84,877	50,354
Culture and Recreation	-	-	-
Capital Outlay	231,918	405,662	173,744
Total Disbursements	2,513,544	2,934,557	421,013
Excess (Deficiency) of Receipts Over Disbursements	(125,951)	(615,657)	489,706
Other Financing Sources (Uses):			
Transfers from Other Funds	693,300	620,000	73,300
Transfers to Other Funds	(693,300)	(620,000)	(73,300)
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	(125,951)	(615,657)	489,706
Fund Balances, July 1	1,271,003	1,271,003	-
Fund Balances, June 30	\$ 1,145,052	\$ 655,346	\$ 489,706

The accompanying notes are an integral part of the financial statements.

Concluded

FRANKLIN COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

For the Year Ended June 30, 2003

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 (County) is a governmental entity established under and governed by the laws of the State of Nebraska (State) on March 3, 1871. As a political subdivision of the State, the County is exempt from State and Federal income taxes. For financial reporting purposes, the County has included all funds and account groups that are not legally separate. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board 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.

These financial statements present the County (the primary government). The Franklin County Hospital (Hospital) is a component unit of the County because of the significance of its operational and financial relationship 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.

B. Fund Accounting

The County uses funds and account groups to report on its financial position and the results of its operations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. A fund is a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts which record receipts, disbursements, and fund balances for the purpose of complying with the limitations and restrictions placed on the resources made available to the County. The major fund types used by the County are:

FRANKLIN COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

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

General Fund - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue - to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Trust and Agency - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

C. **Basis of Accounting**

The funds of the County are maintained and the financial statements have been prepared on the cash receipts and disbursements basis of accounting. Revenues are taken into account only when received by the County and expenditures are recorded when warrants are issued. Various officers of the County have accounts receivable. These are considered as cash items in the County financial statements. This differs from generally accepted accounting principles which require governmental fund accounting to follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual and obligations are generally recognized when they are incurred.

D. **Totals Columns - Memorandum Only**

The "Memorandum Only" columns represent an aggregation of individual account balances. The columns are presented for overview informational purposes and do not present consolidated financial information since interfund balances and transactions have not been eliminated.

E. **Budgets and Budgetary Accounting**

The County follows these procedures in establishing the budgetary data reflected in the schedules in accordance with the statutory requirements of the Nebraska Budget Act:

1. On or before August 1, the County Board prepares and transmits a budget for each County fund showing the requirements, the outstanding warrants, the operating reserve to be maintained, the cash on hand at the close of the preceding fiscal year, the revenue from sources other than taxation, and

FRANKLIN COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

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

the amount to be raised by taxation. The budget, like the County financial statements, 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.

2. At least one public hearing must be held by the County Board.
3. At a meeting of the County Board, the budget, as revised, is adopted and the amounts provided therein are appropriated.
4. The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that 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.
5. The County does not utilize an encumbrance accounting system. All appropriated spending authority lapses at the end of the fiscal year.
6. The County Board is authorized to budget for the transfer of money between County funds.

F. **Fixed Assets and Long-Term Obligations**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets on hand as of June 30, 2003, have been recorded at cost or estimated cost by the County.

Assets in the general fixed assets account group are not depreciated. Public domain general fixed assets consisting of roads, bridges, curbs and gutters, and streets and sidewalks, are not capitalized, because these assets are immovable and of value only to the government.

FRANKLIN COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

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

The County has recognized lease obligations in its General Long-Term Debt Account Group. Since the County reports on a cash basis, these amounts include the current portions which under the modified accrual basis of accounting would normally be accounted for in the fund from which it would be paid.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

G. **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 GAAP the vested portion of the employee's compensated absences is recorded in the General Long-Term Debt Account Group for governmental funds. Under the receipts and disbursements basis of accounting, the balances which would be reported in the General Long-Term Debt Account Group are not reported because they do not represent balances arising from cash transactions.

2. **Equity in Pooled Cash and Investments, and Designated Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Each fund's portion of total cash and investments is summarized by fund type on the Combined Statement of Assets, Other Debits, Fund Balances, Liabilities, and Other Credits Arising from Cash Transactions as "Equity in Pooled Cash and Investments." Investments are stated at cost, which approximates market. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. Section 77-2315 R.R.S. 1996. Investments made specifically from and for a particular fund are summarized as "Designated Investments." Interest on these investments is credited to the fund from which the investment is made, also in accordance with Section 77-2315. Whether funds are commingled or invested separately is at the discretion of the County Board. The types of investments the County is authorized to invest funds in are enumerated in Neb. Rev. Stat. Sections 77-2315 R.R.S. 1996, 77-2340 R.S.Supp., 2002, and 77-2341 R.R.S. 1996, and generally include U.S. government obligations, certificates of deposit, time deposits, and securities which are authorized by the Nebraska Investment Council.

For the following disclosures required by Governmental Accounting Standards Board Statement #3, deposits include checking accounts, savings accounts, money-market accounts, and certificates of deposit. Investments include U.S. government obligations.

FRANKLIN COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

2. Equity in Pooled Cash and Investments, and Designated Investments (Concluded)

	June 30, 2003 Carrying Amount
Pooled cash and investments consist of:	
Cash on Hand	\$ 41,122
Deposits	1,158,415
Investments	40,000
Total	\$ 1,239,537
Designated investments consist of:	
Deposits	\$ 185,134

The bank balance for all deposits as of June 30 was \$1,343,184 (with a carrying amount of \$1,343,549) and was entirely covered by federal depository insurance or by collateral securities pledged to the County Treasurer and held by the safekeeping department of the depository's correspondent bank.

The County's investments, consisting of U.S. Government savings bonds, as of June 30, were held by the County in the name of the County and had a market value of \$40,000.

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, 2002, for the 2002 taxes which will be materially collected in May and September, 2003, was set at \$.465844/\$100 of assessed valuation. The levy set in October, 2001, for the 2001 taxes which were materially collected in May and September, 2002, was set at \$.465357/\$100 of assessed valuation. The amount collected for motor vehicle tax is outlined in State Statute.

FRANKLIN COUNTY

NOTES TO COMBINED 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.

Prior to January 1, 2003, county employees and elected officials contributed 4% of their total compensation. Effective January 1, 2003, 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., 2002, and may be amended through legislative action. The employees 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.

Effective January 1, 2003, a supplemental retirement plan was established 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, 2003, 45 employees contributed \$37,032; the County contributed \$55,548. Additionally, for the year ended June 30, 2003, 3 law enforcement employees and the County each contributed \$167 in cash contributions for the supplemental law enforcement plan. Lastly, the County paid \$720 directly to 4 retired employees for prior service benefits.

FRANKLIN COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

5. Fixed Assets

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance July 1, 2002	Additions	Retirements	Balance June 30, 2003
Land	\$ 51,694	\$ 349	\$ 535	\$ 51,508
Buildings	207,153	-	-	207,153
Machinery and Equipment	3,058,444	71,710	109,179	3,020,975
Total General Fixed Assets	\$3,317,291	\$ 72,059	\$ 109,714	\$ 3,279,636

6. Budget to Actual Comparison of Local Receipts

Only the County Treasurer's Local Receipts are reflected in the County Budget on Exhibit C. This is a comparison and reconciliation of the County Treasurer's Local Receipts to the County Total Local Receipts, which includes the County portion of receipts on hand at June 30, 2003 held by other County offices.

	General	Special Revenue
Budget (Exhibit C) Reflected Local Receipts:	\$ 238,519	\$ 215,479
Local Receipts in Funds not in Budget:		
Clerk	3,634	-
Clerk of the District Court	181	-
Sheriff	3,881	-
Attorney	50	-
Veterans' Aid	-	14,973
Highway Superintendent	-	34,548
Total Local Receipts in Funds not in Budget	7,746	49,521
Less Local Receipts in Funds not in Budget		
From Prior Year	(9,396)	(92,509)
Actual Local Receipts (Exhibit B)	\$ 236,869	\$ 172,491

7. Joint Venture

Franklin County has entered into an agreement with the other counties in Region III in conjunction with the Nebraska Department of Health and Human Services to provide services to carry out the provisions of the Nebraska Comprehensive Community Mental Health Services Act and related alcoholism and drug abuse services and the Developmental Disabilities Services Act (Acts). 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 COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

7. **Joint Venture** (Concluded)

Franklin, Webster, Nuckolls. Separate agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under each of the Acts. The governing board for Region III services are established by Statute and the agreements and include 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 boards and as required by the Acts. Funding is provided by a combination of federal, state, local, and private funding. Franklin County contributed \$10,128 toward the operation of Region III during fiscal year 2003. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska Department of Health and Human Services requires the Region to be audited annually in accordance with State Statute. Financial information for the Region is available in those audit reports.

8. **County Insurance**

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 70 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 of \$25,000 for each property damage claim, \$300,000 for each general liability, and \$500,000 for each worker's compensation claim. NIRMA purchases commercial insurance for claims in excess of coverage provided. In the event of a liability exceeding \$5,000,000 per general liability occurrence or \$2,000,000 per worker's compensation claim, the County would be responsible for funding the excess amount.

FRANKLIN COUNTY

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

8. **County Insurance** (Concluded)

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 2004. The County has not had to pay out any amounts that exceeded coverage provided by the Pool in the last three fiscal years.

9. **Reservation of Fund Balance**

The fund balance reserved for specific purposes is for the Veterans' Service Officer to be used for Veterans' Assistance.

10. **Capital Leases Payable**

Changes to the commitments under lease agreement for equipment and amounts to provide for annual rental payments are as follows:

	2002 Dodge Durango	2003 Dodge Durango	Total
Balance July 1, 2002	\$ 15,937	\$ -	\$ 15,937
Payments	5,800	-	5,800
Purchases	-	4,500	4,500
Balance June 30, 2003	<u>\$ 10,137</u>	<u>\$ 4,500</u>	<u>\$ 14,637</u>
Future Payments:			
Year			
2004	\$ 5,800	\$ 4,714	\$ 10,514
2005	5,033	-	5,033
Total Payments	<u>10,833</u>	<u>4,714</u>	<u>15,547</u>
Less Interest	<u>696</u>	<u>214</u>	<u>910</u>
Present Value of future Minimum lease payments	<u>\$ 10,137</u>	<u>\$ 4,500</u>	<u>\$ 14,637</u>
Carrying Value of the related Fixed asset	<u>\$ 26,937</u>	<u>\$ 26,273</u>	<u>\$ 53,210</u>

11. **General Long-Term Debt**

The following is a summary of changes in the General Long-Term Debt Account Group during the fiscal year:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Capital Leases	<u>\$ 15,937</u>	<u>\$ 4,500</u>	<u>\$ 5,800</u>	<u>\$ 14,637</u>

Franklin County, Nebraska
Combining Statement of Assets, Liabilities,
and Fund Balances Arising from Cash Transactions
by County Offices
June 30, 2003

Schedule A-1

Totals by County Offices								
County Treasurer	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Veterans' Aid	Highway Superin- tendent	TOTAL OF ALL OFFICES	
ASSETS								
Cash, Deposits, and Cash Items	\$ 1,355,197	\$ 5,223	\$ 10,349	\$ 3,931	\$ 450	\$ 14,973	\$ 34,548	\$ 1,424,671
Total Assets	\$ 1,355,197	\$ 5,223	\$ 10,349	\$ 3,931	\$ 450	\$ 14,973	\$ 34,548	\$ 1,424,671
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to Other Governments	\$ 201,964	\$ 1,589	\$ 48	\$ -	\$ -	\$ -	\$ -	\$ 203,601
Partial Payments-Undistributed Tax	8,181	-	-	-	-	-	-	8,181
Other Liabilities	-	-	10,120	50	400	-	-	10,570
Total Liabilities	210,145	1,589	10,168	50	400	-	-	222,352
Fund Balances:								
Reserved for Specific Purposes, Special Revenue Funds	-	-	-	-	-	14,973	-	14,973
General, Unreserved, Undesignated	201,594	3,634	181	3,881	50	-	-	209,340
Special Revenue, Unreserved, Undesignated	943,458	-	-	-	-	-	34,548	978,006
Total Fund Balances	1,145,052	3,634	181	3,881	50	14,973	34,548	1,202,319
Total Liabilities and Fund Balances	\$ 1,355,197	\$ 5,223	\$ 10,349	\$ 3,931	\$ 450	\$ 14,973	\$ 34,548	\$ 1,424,671

Franklin County, Nebraska
Statement of Disbursements Compared to Budget-By Function
General Fund
For the Fiscal Year Ended June 30, 2003

GENERAL GOVERNMENT

	Board of Supervisors/ Commissioners	Clerk	Treasurer	Assessor	Supt. of Schools
Disbursements:					
Personal Service	\$ 53,117	\$ 63,403	\$ 61,232	\$ 71,643	\$ -
Operating Expense	4,834	1,377	2,556	3,088	1,500
Supplies/Materials	-	1,278	2,250	1,236	-
Equipment Rental	-	-	-	-	-
Capital Outlay	-	1,178	420	1,607	-
Total Disbursements	57,951	67,236	66,458	77,574	1,500
Budget:					
Budget less Capital Outlay	59,536	68,478	68,978	76,118	1,500
Budget Adjustments	-	-	-	-	-
Budget Capital Outlay	-	500	3,000	2,500	-
Total Budget	59,536	68,978	71,978	78,618	1,500
Favorable (Unfavorable)	\$ 1,585	\$ 1,742	\$ 5,520	\$ 1,044	\$ -

GENERAL GOVERNMENT

PUBLIC SAFETY

	Building and Grounds	Extension Agent	Miscellan- eous	Total General Government	Sheriff
Disbursements:					
Personal Service	\$ 19,644	\$ 19,897	\$ 200,485	\$ 522,436	\$ 77,785
Operating Expense	29,349	7,667	209,666	283,498	10,376
Supplies/Materials	5,673	1,886	2,942	18,223	6,206
Equipment Rental	5,049	-	13,934	19,483	360
Capital Outlay	-	1,245	-	4,450	26,155
Total Disbursements	59,715	30,695	427,027	848,090	120,882
Budget:					
Budget less Capital Outlay	57,125	29,450	436,150	865,535	104,142
Budget Adjustments	1,100	-	-	-	-
Budget Capital Outlay	1,500	1,500	-	12,500	26,500
Total Budget	59,725	30,950	436,150	878,035	130,642
Favorable (Unfavorable)	\$ 10	\$ 255	\$ 9,123	\$ 29,945	\$ 9,760

PUBLIC WORKS

PUBLIC HEALTH

PUBLIC WELFARE AND SOCIAL SERVICES

	Miscellan- eous	Total Public Works	Health Miscellan- eous	Veterans' Service Officer	Miscellan- eous
Disbursements:					
Personal Service	\$ -	\$ -	\$ -	\$ 4,910	\$ -
Operating Expense	1,970	1,970	13,256	189	29,404
Supplies/Materials	-	-	-	20	-
Equipment Rental	-	-	-	-	-
Capital Outlay	-	-	-	401	-
Total Disbursements	1,970	1,970	13,256	5,520	29,404
Budget:					
Budget less Capital Outlay	2,500	2,500	13,674	6,200	33,814
Budget Adjustments	-	-	-	-	-
Budget Capital Outlay	-	-	-	300	-
Total Budget	2,500	2,500	13,674	6,500	33,814
Favorable (Unfavorable)	\$ 530	\$ 530	\$ 418	\$ 980	\$ 4,410

GENERAL GOVERNMENT

Election Commissioner	Data Processing Department	Clerk of the District Court	County Court System
\$ 15,114	\$ -	\$ 12,015	\$ 5,886
3,072	15,463	3,124	1,802
975	1,620	363	-
500	-	-	-
-	-	-	-
19,661	17,083	15,502	7,688
19,000	17,800	22,350	9,050
-	-	(1,100)	-
1,000	-	1,000	1,500
20,000	17,800	22,250	10,550
\$ 339	\$ 717	\$ 6,748	\$ 2,862

PUBLIC SAFETY

Attorney	County Jail	Miscellaneous	Total Public Safety
\$ 43,625	\$ 84,357	\$ -	\$ 205,767
5,402	21,398	10,347	47,523
-	973	-	7,179
-	-	-	360
285	1,146	-	27,586
49,312	107,874	10,347	288,415
51,495	118,995	10,900	285,532
-	-	-	-
-	800	-	27,300
51,495	119,795	10,900	312,832
\$ 2,183	\$ 11,921	\$ 553	\$ 24,417

CULTURE AND RECREATION

TOTAL ALL FUNCTIONS

Total Public Welfare and Social Services	Culture Miscellaneous	2003
\$ 4,910	\$ -	\$ 733,113
29,593	-	375,840
20	-	25,422
-	-	19,843
401	-	32,437
34,924	-	1,186,655
40,014	-	1,207,255
-	-	-
300	-	40,100
40,314	-	1,247,355
\$ 5,390	\$ -	\$ 60,700

Franklin County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2003

Schedule C-1

	Road Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	306,335	327,500	(21,165)
Local Fees, Licenses, Commissions, and Miscellaneous	119,326	113,307	6,019
Total Receipts	<u>425,661</u>	<u>440,807</u>	<u>(15,146)</u>
Disbursements:			
Personal Services	514,540	521,930	7,390
Operating Expenses	66,711	64,280	(2,431)
Supplies/Materials	242,745	245,250	2,505
Equipment Rental	-	-	-
Capital Outlay	123,446	178,910	55,464
Total Disbursements	<u>947,442</u>	<u>1,010,370</u>	<u>62,928</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(521,781)</u>	<u>(569,563)</u>	<u>47,782</u>
Other Financing Sources (Uses):			
Transfers from Other Funds	576,605	510,000	66,605
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	<u>576,605</u>	<u>510,000</u>	<u>66,605</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	<u>54,824</u>	<u>(59,563)</u>	<u>114,387</u>
Fund Balances, July 1	<u>170,563</u>	<u>170,563</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 225,387</u>	<u>\$ 111,000</u>	<u>\$ 114,387</u>

Franklin County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2003

Schedule C-2

	Bridge Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ 11	\$ -	\$ 11
Intergovernmental Revenue	179,128	195,000	(15,872)
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	<u>179,139</u>	<u>195,000</u>	<u>(15,861)</u>
Disbursements:			
Personal Services	156	156	-
Operating Expenses	29,000	39,850	10,850
Supplies/Materials	54,840	52,500	(2,340)
Equipment Rental	-	-	-
Capital Outlay	39,148	32,000	(7,148)
Total Disbursements	<u>123,144</u>	<u>124,506</u>	<u>1,362</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>55,995</u>	<u>70,494</u>	<u>(14,499)</u>
Other Financing Sources (Uses):			
Transfers from Other Funds	2,820	-	2,820
Transfers to Other Funds	(97,603)	(97,603)	-
Total Other Financing Sources (Uses)	<u>(94,783)</u>	<u>(97,603)</u>	<u>2,820</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	<u>(38,788)</u>	<u>(27,109)</u>	<u>(11,679)</u>
Fund Balances, July 1	<u>86,109</u>	<u>86,109</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 47,321</u>	<u>\$ 59,000</u>	<u>\$ (11,679)</u>

Franklin County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2003

Schedule C-3

	Bridge Escrow Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	2,833	-	2,833
Total Receipts	2,833	-	2,833
Disbursements:			
Personal Services	-	-	-
Operating Expenses	-	-	-
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	4,825	109,252	104,427
Total Disbursements	4,825	109,252	104,427
Excess (Deficiency) of Receipts Over Disbursements	(1,992)	(109,252)	107,260
Other Financing Sources (Uses):			
Transfers from Other Funds	15,000	15,000	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	15,000	15,000	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	13,008	(94,252)	107,260
Fund Balances, July 1	94,252	94,252	-
Fund Balances, June 30	\$ 107,260	\$ -	\$ 107,260

Franklin County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2003

Schedule C-4

	Historical Bridge Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	-	-	-
Disbursements:			
Personal Services	-	-	-
Operating Expenses	-	-	-
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	-	34,600	34,600
Total Disbursements	-	34,600	34,600
Excess (Deficiency) of Receipts Over Disbursements	-	(34,600)	34,600
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	-	(34,600)	34,600
Fund Balances, July 1	34,600	34,600	-
Fund Balances, June 30	\$ 34,600	\$ -	\$ 34,600

Franklin County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2003

Schedule C-5

	Reappraisal Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ 23,690	\$ 17,145	\$ 6,545
Intergovernmental Revenue	136	-	136
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	23,826	17,145	6,681
Disbursements:			
Personal Services	1,449	2,500	1,051
Operating Expenses	6,956	20,360	13,404
Supplies/Materials	-	2,500	2,500
Equipment Rental	-	-	-
Capital Outlay	11,453	6,500	(4,953)
Total Disbursements	19,858	31,860	12,002
Excess (Deficiency) of Receipts Over Disbursements	3,968	(14,715)	18,683
Other Financing Sources (Uses):			
Transfers from Other Funds	15,000	15,000	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	15,000	15,000	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	18,968	285	18,683
Fund Balances, July 1	5,715	5,715	-
Fund Balances, June 30	\$ 24,683	\$ 6,000	\$ 18,683

Franklin County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2003

Schedule C-6

	Veterans' Aid Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ 2	\$ -	\$ 2
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	3,010	-	3,010
Total Receipts	3,012	-	3,012
Disbursements:			
Personal Services	-	-	-
Operating Expenses	-	44,863	44,863
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	-	-	-
Total Disbursements	-	44,863	44,863
Excess (Deficiency) of Receipts Over Disbursements	3,012	(44,863)	47,875
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	3,012	(44,863)	47,875
Fund Balances, July 1	74,863	74,863	-
Fund Balances, June 30	\$ 77,875	\$ 30,000	\$ 47,875

Franklin County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2003

Schedule C-7

	Drug Law Enforcement Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	-	-	-
Total Receipts	-	-	-
Disbursements:			
Personal Services	-	-	-
Operating Expenses	-	178	178
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	-	-	-
Total Disbursements	-	178	178
Excess (Deficiency) of Receipts Over Disbursements	-	(178)	178
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	-	(178)	178
Fund Balances, July 1	178	178	-
Fund Balances, June 30	\$ 178	\$ -	\$ 178

Franklin County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2003

Schedule C-8

	Law Enforcement Grant Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	1,004	1,200	(196)
Local Fees, Licenses, Commissions, and Miscellaneous	1	-	1
Total Receipts	1,005	1,200	(195)
Disbursements:			
Personal Services	-	-	-
Operating Expenses	1,005	1,200	195
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	-	-	-
Total Disbursements	1,005	1,200	195
Excess (Deficiency) of Receipts Over Disbursements	-	-	-
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	-	-	-
Fund Balances, July 1	-	-	-
Fund Balances, June 30	\$ -	\$ -	\$ -

Franklin County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2003

Schedule C-9

	Noxious Weed Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ 5	\$ -	\$ 5
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	17,967	24,773	(6,806)
Total Receipts	17,972	24,773	(6,801)
Disbursements:			
Personal Services	53,154	53,613	459
Operating Expenses	16,062	15,445	(617)
Supplies/Materials	19,859	25,500	5,641
Equipment Rental	-	-	-
Capital Outlay	4,470	4,300	(170)
Total Disbursements	93,545	98,858	5,313
Excess (Deficiency) of Receipts Over Disbursements	(75,573)	(74,085)	(1,488)
Other Financing Sources (Uses):			
Transfers from Other Funds	69,875	70,000	(125)
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	69,875	70,000	(125)
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	(5,698)	(4,085)	(1,613)
Fund Balances, July 1	15,065	15,065	-
Fund Balances, June 30	\$ 9,367	\$ 10,980	\$ (1,613)

Franklin County, Nebraska
Statement of Receipts, Disbursements, and Changes in
Special Revenue Fund Balances of the County Treasurer
For the Fiscal Year Ended June 30, 2003

Schedule C-10

	Inheritance Tax Fund		
	Actual	Budget	Favorable (Unfavorable)
Receipts:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Local Fees, Licenses, Commissions, and Miscellaneous	72,342	50,000	22,342
Total Receipts	72,342	50,000	22,342
Disbursements:			
Personal Services	-	-	-
Operating Expenses	120,931	231,515	110,584
Supplies/Materials	-	-	-
Equipment Rental	-	-	-
Capital Outlay	16,139	-	(16,139)
Total Disbursements	137,070	231,515	94,445
Excess (Deficiency) of Receipts Over Disbursements	(64,728)	(181,515)	116,787
Other Financing Sources (Uses):			
Transfers from Other Funds	2,000	-	2,000
Transfers to Other Funds	(92,000)	(90,000)	(2,000)
Total Other Financing Sources (Uses)	(90,000)	(90,000)	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disburse- ments and Other Financing Uses	(154,728)	(271,515)	116,787
Fund Balances, July 1	571,515	571,515	-
Fund Balances, June 30	\$ 416,787	\$ 300,000	\$ 116,787

Franklin County, Nebraska
Statement of Assets and Liabilities -
County Treasurer Trust and Agency Funds
For the Fiscal Year Ended June 30, 2003

Schedule D-1

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
ASSETS				
Cash and Deposits	\$ 192,707	\$ 4,939,862	\$ 4,922,424	\$ 210,145
Total Assets	\$ 192,707	\$ 4,939,862	\$ 4,922,424	\$ 210,145
LIABILITIES				
Trust and Agency Funds:				
State	\$ 31,559	\$ 529,488	\$ 528,119	\$ 32,928
Schools	44,788	3,260,401	3,265,609	39,580
Educational Service Units	529	52,275	52,337	467
Technical College	2,063	204,605	204,856	1,812
Natural Resource Districts	1,028	99,233	99,392	869
Fire Districts	40,525	108,877	96,608	52,794
Municipalities	10,057	335,672	335,926	9,803
Agricultural Society	649	62,958	63,051	556
Partial Payments-				
Undistributed Tax	10,374	32,421	34,614	8,181
Cemetery Districts	46	6,131	2,299	3,878
Townships	49,814	123,283	114,912	58,185
Hospital Operating	1,275	124,518	124,701	1,092
Total Liabilities	\$ 192,707	\$ 4,939,862	\$ 4,922,424	\$ 210,145

Franklin County Clerk
Franklin, Nebraska
Statement of Changes in Assets, Liabilities, and Fund Balances
For the Fiscal Year Ended June 30, 2003

Schedule E-1

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
ASSETS				
Cash and Deposits	\$ 5,405	\$ 49,321	\$ 49,583	\$ 5,143
Accounts Receivables	21	80	21	80
Total Assets	<u>\$ 5,426</u>	<u>\$ 49,401</u>	<u>\$ 49,604</u>	<u>\$ 5,223</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to State Treasurer:				
Title Fees	\$ 769	\$ 10,393	\$ 10,419	\$ 743
Documentary Stamp Tax	944	13,188	13,286	846
Game and Park Permits	14	521	535	-
Total Liabilities	<u>1,727</u>	<u>24,102</u>	<u>24,240</u>	<u>1,589</u>
Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Recording Fees	1,366	12,580	12,558	1,388
Title Fees	392	5,253	5,277	368
Photocopies	63	740	765	38
Documentary Stamp Tax	378	5,278	5,316	340
Petty Cash	1,500	1,448	1,448	1,500
Total Fund Balances	<u>3,699</u>	<u>25,299</u>	<u>25,364</u>	<u>3,634</u>
Total Liabilities and Fund Balances	<u>\$ 5,426</u>	<u>\$ 49,401</u>	<u>\$ 49,604</u>	<u>\$ 5,223</u>

Franklin County Clerk of the District Court
Franklin, Nebraska
Statement of Changes in Assets, Liabilities and Fund Balances
For the Fiscal Year Ended June 30, 2003

Schedule E-2

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
ASSETS				
Cash and Deposits	\$ 7,594	\$ 45,576	\$ 42,821	\$ 10,349
Total Assets	\$ 7,594	\$ 45,576	\$ 42,821	\$ 10,349
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to State Treasurer:				
State Fees	\$ 20	\$ 1,522	\$ 1,514	\$ 28
Law Enforcement Fees	4	18	18	4
State Judges Retirement Fund	4	37	35	6
Legal Services Fee	8	240	238	10
Total	36	1,817	1,805	48
Trust Fund Benefits:				
Payable	7,295	41,315	38,490	10,120
Total	7,295	41,315	38,490	10,120
Total Liabilities	7,331	43,132	40,295	10,168
Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Regular Fees	255	2,354	2,437	172
Interest	8	90	89	9
Total Fund Balances	263	2,444	2,526	181
 Total Liabilities and Fund Balances	 \$ 7,594	 \$ 45,576	 \$ 42,821	 \$ 10,349

Franklin County Sheriff
Franklin, Nebraska
Statement of Changes in Assets, Liabilities, and Fund Balances
For Fiscal Year Ended June 30, 2003

Schedule E-3

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
ASSETS				
Cash and Deposits	\$ 5,515	\$ 78,161	\$ 79,885	\$ 3,791
Accounts Receivables	369	140	369	140
Total Assets	\$ 5,884	\$ 78,301	\$ 80,254	\$ 3,931
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to Others	\$ 500	\$ 22,347	\$ 22,797	\$ 50
Total Liabilities	500	22,347	22,797	50
Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Inspection Fees	70	2,120	1,990	200
Petty Cash	150	-	150	-
Fees, Commissions, Mileage	901	5,071	5,627	345
Law Enforcement Contracts	1,000	14,815	14,815	1,000
Gun Permits	20	345	360	5
Work Release	275	1,025	1,300	-
Prisoner Boarding	2,655	31,285	31,690	2,250
Photocopies, Miscellaneous	313	1,293	1,525	81
Total Fund Balances	5,384	55,954	57,457	3,881
Total Liabilities and Fund Balances	\$ 5,884	\$ 78,301	\$ 80,254	\$ 3,931

Franklin County Attorney
Franklin, Nebraska
Statement of Changes in Assets, Liabilities and Fund Balances
For the Fiscal Year Ended June 30, 2003

Schedule E-4

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
ASSETS				
Cash and Deposits	\$ 704	\$ 73	\$ 327	\$ 450
Total Assets	\$ 704	\$ 73	\$ 327	\$ 450
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Trust Fund Benefits:				
Restitution Payable	\$ 654	\$ 73	\$ 327	\$ 400
Total Liabilities	654	73	327	400
 Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Drug Fund	50	-	-	50
Total Fund Balances	50	-	-	50
Total Liabilities and Fund Balances	\$ 704	\$ 73	\$ 327	\$ 450

Franklin County Board of Commissioners
 Franklin, Nebraska
 Noxious Weed District
 Statement of Changes in Assets, Liabilities, and Fund Balances
 For the Fiscal Year Ended June 30, 2003

Schedule E-5

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
ASSETS				
Accounts Receivables	\$ 11,770	\$ 6,187	\$ 17,957	\$ -
Total Assets	\$ 11,770	\$ 6,187	\$ 17,957	\$ -
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Other Liabilities	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
 Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Service Earnings	11,770	6,187	17,957	-
Total Fund Balances	11,770	6,187	17,957	-
Total Liabilities and Fund Balances	\$ 11,770	\$ 6,187	\$ 17,957	\$ -

Franklin County Highway Superintendent
 Franklin, Nebraska
 Statement of Changes in Assets, Liabilities, and Fund Balances
 For the Fiscal Year Ended June 30, 2003

Schedule E-6

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
ASSETS				
Accounts Receivables	\$ 65,102	\$ 88,772	\$ 119,326	\$ 34,548
Total Assets	\$ 65,102	\$ 88,772	\$ 119,326	\$ 34,548
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to State Treasurer:				
Sales Tax	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
 Fund Balances:				
Unreserved, Undesignated				
Consists of:				
Road Maintenance	65,102	73,760	104,314	34,548
Miscellaneous	-	15,012	15,012	-
Total Fund Balances	65,102	88,772	119,326	34,548
Total Liabilities and Fund Balances	\$ 65,102	\$ 88,772	\$ 119,326	\$ 34,548

Franklin County Veterans' Service Officer
 Franklin, Nebraska
 Statement of Changes in Assets, Liabilities, and Fund Balances
 For the Fiscal Year Ended June 30, 2003

Schedule E-7

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
ASSETS				
Cash and Deposits	\$ 15,637	\$ 196	\$ 860	\$ 14,973
Total Assets	\$ 15,637	\$ 196	\$ 860	\$ 14,973
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Other Liabilities				
Extra	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
 Fund Balances:				
Reserved for Specific Purposes:				
Trust Fund Benefits for Veterans'	15,637	196	860	14,973
Total Fund Balances	15,637	196	860	14,973
Total Liabilities and Fund Balances	\$ 15,637	\$ 196	\$ 860	\$ 14,973

Franklin County
 Comparative Analysis Of Total Tax Certified, Corrections, and
 Collections For Past Five Tax Years
 Of All Political Subdivisions In Franklin County

Schedule F-1

Item	1998	1999	2000	2001	2002
Tax Certified by Assessor					
Real Estate	\$ 4,678,689	\$ 4,536,634	\$ 4,690,099	\$ 4,675,435	\$ 4,859,932
Personal and Specials	412,274	431,394	428,325	421,460	435,429
Total	5,090,963	4,968,028	5,118,424	5,096,895	5,295,361
Corrections					
Additions	1,385	3,561	20,395	2,288	1,328
Deductions	1,030	1,860	1,024	1,124	4,006
Net Additions/ (Deductions)	355	1,701	19,371	1,164	(2,678)
Corrected Certified Tax	5,091,318	4,969,729	5,137,795	5,098,059	5,292,683
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 1999	2,883,440	-	-	-	-
June 30, 2000	2,191,381	2,954,142	-	-	-
June 30, 2001	12,132	2,002,302	2,964,527	-	-
June 30, 2002	884	6,465	2,158,706	3,000,500	-
June 30, 2003	946	1,647	6,313	2,079,385	3,148,331
Total Net Collections	5,088,783	4,964,556	5,129,546	5,079,885	3,148,331
Total Uncollected Tax	\$ 2,535	\$ 5,173	\$ 8,249	\$ 18,174	\$ 2,144,352
Percentage Uncollected Tax	0.05%	0.10%	0.16%	0.36%	40.52%

STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS



P.O. Box 98917
State Capitol, Suite 2303
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

Kate Witek
State Auditor
kwitek@mail.state.ne.us

FRANKLIN COUNTY **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Deann Haeffner, CPA
Deputy State Auditor
haeffner@mail.state.ne.us

We have audited the financial statements of Franklin County as of and for the year ended June 30, 2003, and have issued our report thereon dated March 31, 2004. 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 discussed in the second sentence, 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.

Don Dunlap, CPA
Asst. Deputy Auditor
ddunlap@mail.state.ne.us

Pat Reding, CPA
Asst. Deputy Auditor
reding@mail.state.ne.us

Compliance

Tim Channer, CPA
Asst. Deputy Auditor
channer@mail.state.ne.us

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 and regulations, 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 that are required to be reported under *Government Auditing Standards*. We noted a certain immaterial instance of noncompliance that we have reported to the management of Franklin County in the Comments Section of this report as Comment Number 3 (Petty Cash Fund).

Mary Avery
SAE/Finance Manager
marya@mail.state.ne.us

Dennis Meyer, CGFM
Subdivision Budget
Coordinator
dmeyer@mail.state.ne.us

Internal Control Over Financial Reporting

Mark Avery, CPA
Subdivision Audit
Review Coordinator
mavery@mail.state.ne.us

In planning and performing our audit, we considered Franklin County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control

Robert Hotz, JD
Legal Counsel
robhotz@mail.state.ne.us

over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Franklin County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the Comments Section of the report as Comment Number 1 (Segregation of Duties).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. We also noted another matter involving internal control over financial reporting that we have reported to management of Franklin County in the Comments Section of the report as Comment Number 2 (Balancing Procedures).

This report is intended solely for the information and use of the County, 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.

March 31, 2004


Dawn Hauffman CPA
Deputy State Auditor