

**AUDIT REPORT  
OF  
FRANKLIN COUNTY**

**JULY 1, 2021, THROUGH JUNE 30, 2022**

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**Modification of this document may change the accuracy of the original  
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**Issued on June 2, 2023**

# FRANKLIN COUNTY

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FRANKLIN COUNTY  
405 15<sup>th</sup> Ave.  
Franklin, NE 68939

**LIST OF COUNTY OFFICIALS**  
At June 30, 2022

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	Linda Carpenter	Jan. 2023
	David Pedersen	Jan. 2025
	Neil Meiner	Jan. 2023
	Roger Dorn	Jan. 2023
	Leon Bertrand	Jan. 2025
	Rick Dean	Jan. 2025
	Scot Grams	Jan. 2023
Assessor	Linda Dallman	Jan. 2023
Attorney	Henry Schenker	Jan. 2023
Clerk	Marcia Volk Schenker	Jan. 2023
Election Commissioner		
Register of Deeds		
Clerk of the District Court		
Sheriff	Jerry Archer	Jan. 2023
Emergency Manager		Appointed
Treasurer	Patricia Schurman	Jan. 2023
Veterans' Service Officer	Richard Rose	Appointed
Weed Superintendent	Doug Eckhardt	Appointed
Highway Superintendent	Michael Ingram	Appointed
Planning & Zoning		



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## FRANKLIN COUNTY

### INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Franklin County, Nebraska

#### Report on the Audit of Financial Statements

##### *Adverse and Unmodified Opinions*

We have audited the cash-basis 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, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government, as listed in the table of contents.

##### *Summary of Opinions*

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Discretely Presented Component Unit	Adverse
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

##### *Adverse Opinion on Discretely Presented Component Unit*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Franklin County, as of June 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### *Unmodified Opinions on Governmental Activities, Each Major Fund, and Aggregate Remaining Fund Information*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County, as of June 30, 2022, and the respective changes in cash-basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

##### *Basis for Adverse and Unmodified Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, and unmodified audit opinions.

*Matters Giving Rise to Adverse Opinion on the Discretely Presented Component Unit*

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for that component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, net position, receipts, and disbursements of the government-wide financial statements has not been determined.

***Emphasis of Matter – Basis of Accounting***

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 18 - 26, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2023, 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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County's internal control over financial reporting and compliance.



Dakota Christensen, CPA, CISA, CFE  
Audit Manager  
Lincoln, Nebraska

May 25, 2023

FRANKLIN COUNTY  
**STATEMENT OF NET POSITION - CASH BASIS**  
June 30, 2022

	Governmental Activities
	<hr/>
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 2,765,643
<b>TOTAL ASSETS</b>	<hr/> <hr/>
 <b>NET POSITION</b>	
Restricted for:	
Preservation of Records	967
Road and Bridge Projects	70,866
Federal Relief	519,847
Unrestricted	2,173,963
<b>TOTAL NET POSITION</b>	<hr/> <hr/>

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, 2022

<b>Functions:</b>	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$ (1,603,148)	\$ 290,663	\$ 6,084	\$ (1,306,401)
Public Safety	(644,800)	15,691	-	(629,109)
Public Works	(3,024,718)	121,880	1,099,600	(1,803,238)
Public Assistance	(13,520)	-	-	(13,520)
Total Governmental Activities	<u>\$ (5,286,186)</u>	<u>\$ 428,234</u>	<u>\$ 1,105,684</u>	<u>(3,752,268)</u>

General Receipts:

Taxes	2,766,084
Grants and Contributions Not Restricted to Specific Programs	544,413
Investment Income	7,895
Licenses and Permits	20,627
Proceeds from Sale of Bonds	590,550
Miscellaneous	28,959
Total General Receipts	<u>3,958,528</u>

Change in Net Position	206,260
Net Position - Beginning of year	2,559,383
Net Position - End of year	<u>\$ 2,765,643</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, 2022

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents (Note 1.D)	\$ 1,156,018	\$ 294,528	\$ 427,153	\$ 519,847	\$ 368,097	\$ 2,765,643
<b>TOTAL ASSETS</b>	<u>\$ 1,156,018</u>	<u>\$ 294,528</u>	<u>\$ 427,153</u>	<u>\$ 519,847</u>	<u>\$ 368,097</u>	<u>\$ 2,765,643</u>
<b>FUND BALANCES</b>						
Restricted for:						
Preservation of Records	-	-	-	-	967	967
Road and Bridge Projects	-	-	-	-	70,866	70,866
Federal Relief	-	-	-	519,847	-	519,847
Committed to:						
Law Enforcement	-	-	-	-	3,622	3,622
Road and Bridge Maintenance	-	294,528	-	-	145,997	440,525
Aid and Assistance	-	-	-	-	121,709	121,709
County Buildings and Land	-	-	-	-	687	687
Property Reappraisal	-	-	-	-	24,249	24,249
Assigned to:						
Other Purposes	-	-	427,153	-	-	427,153
Unassigned	1,156,018	-	-	-	-	1,156,018
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 1,156,018</u>	<u>\$ 294,528</u>	<u>\$ 427,153</u>	<u>\$ 519,847</u>	<u>\$ 368,097</u>	<u>\$ 2,765,643</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, 2022

	General Fund	Road Fund	Inheritance Fund	COVID American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Taxes	\$2,499,961	\$ -	\$ 266,123	\$ -	\$ -	\$ 2,766,084
Licenses and Permits	1,067	19,560	-	-	-	20,627
Investment Income	7,080	-	-	-	815	7,895
Intergovernmental	259,060	998,073	-	289,318	103,646	1,650,097
Charges for Services	302,832	121,880	-	-	3,522	428,234
Miscellaneous	7,315	21,478	-	166	-	28,959
<b>TOTAL RECEIPTS</b>	<u>3,077,315</u>	<u>1,160,991</u>	<u>266,123</u>	<u>289,484</u>	<u>107,983</u>	<u>4,901,896</u>
<b>DISBURSEMENTS</b>						
General Government	1,516,036	-	19,000	21,447	46,665	1,603,148
Public Safety	607,292	-	-	37,508	-	644,800
Public Works	49,679	2,707,435	-	-	267,604	3,024,718
Public Assistance	13,520	-	-	-	-	13,520
<b>TOTAL DISBURSEMENTS</b>	<u>2,186,527</u>	<u>2,707,435</u>	<u>19,000</u>	<u>58,955</u>	<u>314,269</u>	<u>5,286,186</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>890,788</u>	<u>(1,546,444)</u>	<u>247,123</u>	<u>230,529</u>	<u>(206,286)</u>	<u>(384,290)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	250,000	628,330	-	-	33,200	911,530
Transfers out	(661,530)	-	(250,000)	-	-	(911,530)
Proceeds from Sale of Bonds	-	590,550	-	-	-	590,550
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(411,530)</u>	<u>1,218,880</u>	<u>(250,000)</u>	<u>-</u>	<u>33,200</u>	<u>590,550</u>
<b>Net Change in Fund Balances</b>	479,258	(327,564)	(2,877)	230,529	(173,086)	206,260
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>676,760</u>	<u>622,092</u>	<u>430,030</u>	<u>289,318</u>	<u>541,183</u>	<u>2,559,383</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u><u>\$1,156,018</u></u>	<u><u>\$ 294,528</u></u>	<u><u>\$ 427,153</u></u>	<u><u>\$ 519,847</u></u>	<u><u>\$ 368,097</u></u>	<u><u>\$ 2,765,643</u></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**  
**FIDUCIARY FUNDS**  
For the Year Ended June 30, 2022

	Custodial Fund Balances July 1, 2021	Receipts	Disbursements	Custodial Fund Balances June 30, 2022
ASSETS				
Cash and Cash Equivalents	\$ 385,975	\$ 13,853,909	\$ 13,999,223	\$ 240,661
LIABILITIES				
Due to other governments				
State - Collected by County Treasurer	81,521	1,078,543	1,056,970	103,094
State - Collected by Other Offices	3,104	73,895	70,915	6,084
Schools	96,640	8,828,369	8,863,566	61,443
Educational Service Units	1,386	147,455	148,127	714
Technical College	8,502	903,212	907,346	4,368
Natural Resource Districts	8,181	1,221,824	1,226,431	3,574
Fire Districts	2,782	339,707	340,883	1,606
Municipalities	12,839	442,484	445,550	9,773
Agricultural Society	716	79,339	79,663	392
Cemetery Districts	8,319	41,694	26,660	23,353
Townships	115,325	204,340	318,741	924
Hospital	2,634	266,156	267,538	1,252
Others - Collected by County Treasurer	10,138	66,587	64,770	11,955
Others - Collected by Other Offices	33,888	160,304	182,063	12,129
TOTAL LIABILITIES	385,975	13,853,909	13,999,223	240,661
TOTAL NET POSITION	\$ -	\$ -	\$ -	\$ -

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, 2022

#### 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 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, as well as other organizations that are either fiscally dependent on the County or maintain a significant relationship with the County, 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. The County is also considered financially accountable if an organization is fiscally dependent on and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

**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 Department of Health and Human Services 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. Region III (Region) consists of the following counties: Blaine, Loup, Garfield, Wheeler, Custer, Valley, Greeley, Sherman, Howard, Buffalo, Hall, Phelps, Kearney, Adams, Clay, Furnas, Harlan, Hamilton, Merrick, Franklin, Webster, and Nuckolls.

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 \$7,858 toward the operation of the Region during fiscal year 2022. 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.

## FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Health Department – The County has entered into an agreement with the Two Rivers Health Department (Department) to provide public health services. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2018).

The Department's governing board is established by statute and includes representatives from the participating county boards and the health profession. Funding is provided by a combination of Federal, State, local, and private funding. The County did not contribute toward the operation of the Department during fiscal year 2022. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2022). Financial information for the Department is available in that report.

#### **B. Basis of Presentation**

**Government-Wide Financial Statements.** The Statement of Net Position - 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 were considered immaterial and have not been eliminated. Governmental Generally Accepted Accounting Principles (GAAP) requires internal activity to be eliminated to minimize double counting. The County reports governmental activities only. Governmental activities are generally financed through taxes, intergovernmental receipts, 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 Net Position presents the County's non-fiduciary assets in two categories:

**Restricted.** This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. 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.

**Unrestricted.** This category represents resources that do not meet the definition of the preceding category. Unrestricted resources often have constraints on resources that are imposed by management, but those constraints can be removed or modified.

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 the following: 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.

## FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**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 County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 and is primarily funded by State tax receipts.

**Inheritance Fund.** This fund is used to account for the receipts generated from inheritance taxes and is used for various projects.

**COVID American Rescue Plan Fund.** This fund is used to account for aid received from the American Rescue Plan Act and is used for aid and assistance in accordance with Federal guidelines.

The County reports the following additional non-major governmental fund types:

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

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

The County designates fund balances as follows:

**Restricted.** The fund balance is restricted by external impositions, such as creditors, grantors, or laws or regulations of other governments.

**Committed.** The fund balance has been designated by the County Board for a specific purpose.

**Assigned.** The fund balance has not been designated by the County Board for a specific purpose, but it has been separated based on the type of revenue.

**Unassigned.** This portion of the General Fund is not restricted, committed, or assigned for a specific purpose.

## FRANKLIN COUNTY

### NOTES TO FINANCIAL STATEMENTS

(Continued)

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

##### 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 Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recorded when earned, and disbursements are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements were also reported on the cash 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 requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences, and claims and judgments are recorded only when payment is due.

##### D. Assets and Net Position

**Cash and Cash Equivalents.** The County's cash and cash equivalents are considered to be cash on hand, certificates of deposit, and demand deposits.

**Investments.** The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. § 77-2315, § 77-2340, and § 77-2341 (Reissue 2018) and generally include U.S. Government obligations 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 a disbursement 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 Position.** 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 position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$591,680 of restricted net position which is fully restricted by enabling legislation.

**Budgetary Process.** The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act and County Budget Act of 1937. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those receipts actually 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 receipts 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 adopts the budget and appropriates 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 disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

#### 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. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$2,765,643 for County funds and \$240,661 for Fiduciary funds. The bank balances for all funds totaled \$3,013,491. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2022, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

#### 3. 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 they 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. Counties may levy taxes in addition to the 50-cent limitation upon a vote of the people.



FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Taxes** (Concluded)

The levy set in October 2021, for the 2021 taxes, which will be materially collected in May and September 2022, was set at \$.288384/\$100 of assessed valuation. The levy set in October 2020, for the 2020 taxes, which were materially collected in May and September 2021, was set at \$.288316/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

The tax receipts classification also contains collections from the assessment of inheritance taxes and lodging taxes.

4. **Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2022) 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 18. 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 § 23-2307 and § 23-2308 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 or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee. The Plan's financial statements, including pension costs and obligations, are audited annually and can be obtained from the State of Nebraska Public Employees Retirement System.

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, 2022, 54 employees contributed \$83,708, and the County contributed \$124,406. Contributions included \$2,311 in cash contributions towards the supplemental law enforcement plan for five law enforcement employees. Lastly, the County paid \$693 directly to six 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 the following: 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 106 counties and local governments 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 otherwise unable to discharge its legal liabilities and obligations, the County may be assessed for an additional contribution. Each county remains liable for such assessments, regardless of the county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the pool incurred during the county's period of membership.

The agreement with NIRMA requires the risk pool to 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
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2022, consisted of the following:

<b><u>Transfers to</u></b>	<b><u>Transfers from</u></b>		<b><u>Total</u></b>
	<b><u>General Fund</u></b>	<b><u>Inheritance Fund</u></b>	
General Fund	\$	\$ 250,000	\$ 250,000
Road Fund	628,330		628,330
Nonmajor Funds	33,200		33,200
Total	<u>\$ 661,530</u>	<u>\$ 250,000</u>	<u>\$ 911,530</u>

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

FRANKLIN COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Concluded)

7. **Long-Term Obligations**

**Bonds**

**Highway Allocation Bonds.** The County issued bonds on October 1, 2021, in the amount of \$600,000 for the purpose of paying the costs of road improvements constructed within the County, and to pay costs of the issuance of the bonds. The bond payable balance, as of June 30, 2022, was \$600,000. The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds. Future highway allocation funds will be used to pay off the bonds.

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 60,000	\$ 4,635	\$ 64,635
2024	60,000	4,425	64,425
2025	60,000	4,170	64,170
2026	60,000	3,870	63,870
2027	60,000	3,480	63,480
2028-2032	300,000	8,760	308,760
Total Payments	<u>\$ 600,000</u>	<u>\$ 29,340</u>	<u>\$ 629,340</u>

**Series 2003 Hospital Bonds.** In March 2008, \$3,945,000 of general obligation and refunding bonds were issued by the County, with the proceeds to be used to: (1) provide for the payment and redemption of Series 2003 Hospital bonds, maturing on or after May 1, 2009; and (2) pay the costs of constructing an addition onto the Hospital. In March 2012, the 2008 bond issue was refinanced for \$3,375,000. In August 2020, the County refunded the Series 2012 general obligation refunding bonds with Series 2020 general obligation refunding bonds, totaling \$1,935,000. The bond payable balance as of June 30, 2022, was \$1,455,000.

The County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds in the event the Hospital cannot meet the debt service obligation. As of June 30, 2021, no additional taxes had been levied by the County. Full disclosure of the liability can be found in the separately issued Hospital audit report

8. **Contingent Liabilities**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the County Attorney believes the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

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

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 2,694,000	\$ 2,694,000	\$ 2,499,961	\$ (194,039)
Licenses and Permits	1,000	1,000	1,067	67
Investment Income	15,000	15,000	7,080	(7,920)
Intergovernmental	21,999	21,999	259,060	237,061
Charges for Services	310,000	310,000	302,832	(7,168)
Miscellaneous	20,000	20,000	7,315	(12,685)
TOTAL RECEIPTS	<u>3,061,999</u>	<u>3,061,999</u>	<u>3,077,315</u>	<u>15,316</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	80,814	80,814	79,106	1,708
County Clerk	146,770	146,770	142,378	4,392
County Treasurer	144,660	144,660	136,966	7,694
County Assessor	137,235	137,235	126,308	10,927
Election Commissioner	41,532	44,032	43,588	444
Clerk of the District Court	30,114	30,114	25,539	4,575
County Court System	10,550	10,550	3,184	7,366
Building and Grounds	86,200	86,200	79,571	6,629
Agricultural Extension Agent	55,898	55,898	54,576	1,322
Data Processing Dept	48,300	48,300	47,449	851
Miscellaneous	861,089	858,589	777,371	81,218
Public Safety				
County Sheriff	339,879	339,879	263,931	75,948
County Attorney	118,292	118,292	117,343	949
County Jail	242,946	242,946	226,018	16,928
Public Works				
Noxious Weed Control	66,580	66,580	49,679	16,901
Public Assistance				
Veterans' Service Officer	17,600	17,600	13,520	4,080
TOTAL DISBURSEMENTS	<u>2,428,459</u>	<u>2,428,459</u>	<u>2,186,527</u>	<u>241,932</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>633,540</u>	<u>633,540</u>	<u>890,788</u>	<u>257,248</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	250,000	250,000	250,000	-
Transfers out	(661,530)	(661,530)	(661,530)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(411,530)</u>	<u>(411,530)</u>	<u>(411,530)</u>	<u>-</u>
Net Change in Fund Balance	222,010	222,010	479,258	257,248
<b>FUND BALANCE - BEGINNING</b>	<u>676,760</u>	<u>676,760</u>	<u>676,760</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 898,770</u>	<u>\$ 898,770</u>	<u>\$ 1,156,018</u>	<u>\$ 257,248</u>

FRANKLIN COUNTY  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
MAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
RECEIPTS				
Licenses and Permits	59,000	59,000	19,560	(39,440)
Intergovernmental	871,638	871,638	998,073	126,435
Charges for Services	126,003	126,003	121,880	(4,123)
Miscellaneous	20,000	20,000	21,478	1,478
TOTAL RECEIPTS	1,076,641	1,076,641	1,160,991	84,350
DISBURSEMENTS	2,737,063	2,737,063	2,707,435	29,628
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,660,422)	(1,660,422)	(1,546,444)	113,978
OTHER FINANCING SOURCES (USES)				
Transfers in	628,330	628,330	628,330	-
Transfers out	-	-	-	-
Proceeds from Sale of Bonds	600,000	600,000	590,550	(9,450)
TOTAL OTHER FINANCING SOURCES (USES)	1,228,330	1,228,330	1,218,880	(9,450)
Net Change in Fund Balance	(432,092)	(432,092)	(327,564)	104,528
FUND BALANCE - BEGINNING	622,092	622,092	622,092	-
FUND BALANCE - ENDING	\$ 190,000	\$ 190,000	\$ 294,528	\$ 104,528
<b>INHERITANCE FUND</b>				
RECEIPTS				
Taxes	\$ 175,000	\$ 175,000	\$ 266,123	\$ 91,123
TOTAL RECEIPTS	175,000	175,000	266,123	91,123
DISBURSEMENTS	80,030	80,030	19,000	61,030
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	94,970	94,970	247,123	152,153
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(250,000)	(250,000)	(250,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(250,000)	(250,000)	(250,000)	-
Net Change in Fund Balance	(155,030)	(155,030)	(2,877)	152,153
FUND BALANCE - BEGINNING	430,030	430,030	430,030	-
FUND BALANCE - ENDING	\$ 275,000	\$ 275,000	\$ 427,153	\$ 152,153

(Continued)

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

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>COVID AMERICAN RESCUE PLAN FUND</b>				
RECEIPTS				
Intergovernmental	-	-	289,318	289,318
Miscellaneous	-	-	166	166
TOTAL RECEIPTS	-	-	289,484	289,484
DISBURSEMENTS	289,318	289,318	58,955	230,363
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(289,318)	(289,318)	230,529	519,847
Net Change in Fund Balance	(289,318)	(289,318)	230,529	519,847
FUND BALANCE - BEGINNING	289,318	289,318	289,318	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 519,847	\$ 519,847
				(Concluded)

FRANKLIN COUNTY  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
NONMAJOR FUNDS

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>HIGHWAY ROAD BUYBACK PROGRAM</b>				
<b>FUND</b>				
Receipts	\$ 83,236	\$ 83,236	\$ 82,203	\$ (1,033)
Disbursements	(282,643)	(282,643)	(267,604)	15,039
Net Change in Fund Balance	(199,407)	(199,407)	(185,401)	14,006
Fund Balance - Beginning	199,407	199,407	199,407	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,006</u>	<u>\$ 14,006</u>
<b>BRIDGE ESCROW FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(51,800)	(51,800)	-	51,800
Net Change in Fund Balance	(51,800)	(51,800)	-	51,800
Fund Balance - Beginning	101,800	101,800	101,800	-
Fund Balance - Ending	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 101,800</u>	<u>\$ 51,800</u>
<b>HIGHWAY BRIDGE BUYBACK PROGRAM</b>				
<b>FUND</b>				
Receipts	\$ 21,442	\$ 21,442	\$ 21,442	\$ -
Disbursements	(56,860)	(56,860)	-	56,860
Net Change in Fund Balance	(35,418)	(35,418)	21,442	56,860
Fund Balance - Beginning	35,418	35,418	35,418	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,860</u>	<u>\$ 56,860</u>
<b>HISTORICAL BRIDGE FUND</b>				
Receipts	\$ -	\$ -	\$ 194	\$ 194
Disbursements	(44,003)	(44,003)	-	44,003
Net Change in Fund Balance	(44,003)	(44,003)	194	44,197
Fund Balance - Beginning	44,003	44,003	44,003	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,197</u>	<u>\$ 44,197</u>
<b>BUILDING AND LAND IMPROVEMENT</b>				
<b>FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(25,572)	(25,572)	(24,885)	687
Transfers in	17,000	17,000	17,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(8,572)	(8,572)	(7,885)	687
Fund Balance - Beginning	8,572	8,572	8,572	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 687</u>	<u>\$ 687</u>

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

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAPPRAISAL FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(34,781)	(34,781)	(18,532)	16,249
Transfers in	16,200	16,200	16,200	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(18,581)	(18,581)	(2,332)	16,249
Fund Balance - Beginning	26,581	26,581	26,581	-
Fund Balance - Ending	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 24,249</u>	<u>\$ 16,249</u>
<b>PRESERVATION AND MODERNIZATION FUND</b>				
Receipts	\$ 2,707	\$ 2,707	\$ 3,522	\$ 815
Disbursements	(3,400)	(3,400)	(3,248)	152
Net Change in Fund Balance	(693)	(693)	274	967
Fund Balance - Beginning	693	693	693	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 967</u>	<u>\$ 967</u>
<b>VETERANS' AID FUND</b>				
Receipts	\$ 1,000	\$ 1,000	\$ 622	\$ (378)
Disbursements	(92,087)	(92,087)	-	92,087
Net Change in Fund Balance	(91,087)	(91,087)	622	91,709
Fund Balance - Beginning	121,087	121,087	121,087	-
Fund Balance - Ending	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 121,709</u>	<u>\$ 91,709</u>
<b>STOP PROGRAM FUND</b>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(3,622)	(3,622)	-	3,622
Net Change in Fund Balance	(3,622)	(3,622)	-	3,622
Fund Balance - Beginning	3,622	3,622	3,622	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,622</u>	<u>\$ 3,622</u>
				(Concluded)



FRANKLIN COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR FUNDS**  
For the Year Ended June 30, 2022

	Highway Road Buyback Program Fund	Bridge Escrow Fund	Highway Bridge Buyback Program Fund	Historical Bridge Fund	Building and Land Improvement Fund
<b>RECEIPTS</b>					
Investment Income	-	-	-	194	-
Intergovernmental	82,203	-	21,442	-	-
Charges for Services	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<u>82,203</u>	<u>-</u>	<u>21,442</u>	<u>194</u>	<u>-</u>
<b>DISBURSEMENTS</b>					
General Government	-	-	-	-	24,885
Public Works	267,604	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>267,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,885</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(185,401)</u>	<u>-</u>	<u>21,442</u>	<u>194</u>	<u>(24,885)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	17,000
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,000</u>
Net Change in Fund Balances	(185,401)	-	21,442	194	(7,885)
<b>FUND BALANCES - BEGINNING</b>	<u>199,407</u>	<u>101,800</u>	<u>35,418</u>	<u>44,003</u>	<u>8,572</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 14,006</u>	<u>\$ 101,800</u>	<u>\$ 56,860</u>	<u>\$ 44,197</u>	<u>\$ 687</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Preservation of Records	-	-	-	-	-
Road and Bridge Projects	14,006	-	56,860	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Road and Bridge Maintenance	-	101,800	-	44,197	-
Aid and Assistance	-	-	-	-	-
County Buildings and Land	-	-	-	-	687
Property Reappraisal	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 14,006</u>	<u>\$ 101,800</u>	<u>\$ 56,860</u>	<u>\$ 44,197</u>	<u>\$ 687</u>

(Continued)

FRANKLIN COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR FUNDS**

For the Year Ended June 30, 2022

	Reappraisal Fund	Preservation and Modernization Fund	Veterans' Aid Fund	STOP Program Fund	Total Nonmajor Funds
<b>RECEIPTS</b>					
Investment Income	-	-	621	-	815
Intergovernmental	-	-	1	-	103,646
Charges for Services	-	3,522	-	-	3,522
<b>TOTAL RECEIPTS</b>	<u>-</u>	<u>3,522</u>	<u>622</u>	<u>-</u>	<u>107,983</u>
<b>DISBURSEMENTS</b>					
General Government	18,532	3,248	-	-	46,665
Public Works	-	-	-	-	267,604
<b>TOTAL DISBURSEMENTS</b>	<u>18,532</u>	<u>3,248</u>	<u>-</u>	<u>-</u>	<u>314,269</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(18,532)</u>	<u>274</u>	<u>622</u>	<u>-</u>	<u>(206,286)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	16,200	-	-	-	33,200
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>16,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,200</u>
Net Change in Fund Balances	(2,332)	274	622	-	(173,086)
<b>FUND BALANCES - BEGINNING</b>	<u>26,581</u>	<u>693</u>	<u>121,087</u>	<u>3,622</u>	<u>541,183</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 24,249</u>	<u>\$ 967</u>	<u>\$ 121,709</u>	<u>\$ 3,622</u>	<u>\$ 368,097</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Preservation of Records	-	967	-	-	967
Road and Bridge Projects	-	-	-	-	70,866
Committed to:					
Law Enforcement	-	-	-	3,622	3,622
Road and Bridge Maintenance	-	-	-	-	145,997
Aid and Assistance	-	-	121,709	-	121,709
County Buildings and Land	-	-	-	-	687
Property Reappraisal	24,249	-	-	-	24,249
<b>TOTAL FUND BALANCES</b>	<u>\$ 24,249</u>	<u>\$ 967</u>	<u>\$ 121,709</u>	<u>\$ 3,622</u>	<u>\$ 368,097</u>

(Concluded)

FRANKLIN COUNTY  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2022

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	Total
BALANCES JULY 1, 2021	\$ 9,671	\$ 33,368	\$ 1,672	\$ 50	\$ 37,571	\$ 1,722	\$ 84,054
RECEIPTS							
Licenses and Permits	250	-	560	-	17,939	-	18,749
Charges for Services	44,954	3,511	13,784	-	128,526	-	190,775
Miscellaneous	7,623	-	77	-	22,564	-	30,264
State Fees	66,927	6,968	-	-	-	-	73,895
Other Liabilities	-	135,913	24,391	-	-	-	160,304
TOTAL RECEIPTS	119,754	146,392	38,812	-	169,029	-	473,987
DISBURSEMENTS							
Payments to County Treasurer	46,929	3,419	14,170	-	161,153	-	225,671
Payments to State Treasurer	64,508	6,407	-	-	-	-	70,915
Petty Cash & Other Payments	7,623	-	-	-	-	500	8,123
Other Liabilities	-	157,332	24,731	-	-	-	182,063
TOTAL DISBURSEMENTS	119,060	167,158	38,901	-	161,153	500	486,772
BALANCES JUNE 30, 2022	\$ 10,365	\$ 12,602	\$ 1,583	\$ 50	\$ 45,447	\$ 1,222	\$ 71,269
BALANCES CONSIST OF:							
Due to County Treasurer	\$ 2,842	\$ 92	\$ 1,403	\$ -	\$ 45,447	\$ 1,222	\$ 51,006
Petty Cash	2,000	-	-	50	-	-	2,050
Due to State Treasurer	5,523	561	-	-	-	-	6,084
Due to Others	-	11,949	180	-	-	-	12,129
BALANCES JUNE 30, 2022	\$ 10,365	\$ 12,602	\$ 1,583	\$ 50	\$ 45,447	\$ 1,222	\$ 71,269

FRANKLIN COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED**  
**FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY**  
June 30, 2022

Item	2017	2018	2019	2020	2021
Tax Certified by Assessor					
Real Estate	\$ 10,701,025	\$ 10,924,035	\$ 10,998,260	\$ 11,644,827	\$ 11,833,523
Personal and Specials	592,225	569,701	556,418	648,925	691,131
Total	<u>11,293,250</u>	<u>11,493,736</u>	<u>11,554,678</u>	<u>12,293,752</u>	<u>12,524,654</u>
Corrections					
Additions	4,351	2,949	3,426	1,910	40
Deductions	(5,779)	(7,985)	(5,880)	(2,544)	(1,855)
Net Additions/ (Deductions)	<u>(1,428)</u>	<u>(5,036)</u>	<u>(2,454)</u>	<u>(634)</u>	<u>(1,815)</u>
Corrected Certified Tax	<u>11,291,822</u>	<u>11,488,700</u>	<u>11,552,224</u>	<u>12,293,118</u>	<u>12,522,839</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2018	7,481,618	-	-	-	-
June 30, 2019	3,800,323	7,257,368	-	-	-
June 30, 2020	6,313	4,223,273	7,363,958	-	-
June 30, 2021	3,075	3,176	4,184,164	8,018,376	-
June 30, 2022	272	3,882	2,838	4,268,525	8,338,831
Total Net Collections	<u>11,291,601</u>	<u>11,487,699</u>	<u>11,550,960</u>	<u>12,286,901</u>	<u>8,338,831</u>
Total Uncollected Tax	<u>\$ 221</u>	<u>\$ 1,001</u>	<u>\$ 1,264</u>	<u>\$ 6,217</u>	<u>\$ 4,184,008</u>
Percentage Uncollected Tax	<u>0.00%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.05%</u>	<u>33.41%</u>

Note: Tax refunds are netted against tax collections to determine Net Tax Collected.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

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FRANKLIN COUNTY  
**INDEPENDENT AUDITOR'S 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, 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, 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 25, 2023. 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.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

- The County offices lacked a segregation of duties, as 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. Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting. Due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost.

**Report on 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 financial statements. 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*.

**Additional Items**

We also noted certain matters that we reported to the management of Franklin County in a separate letter dated May 25, 2023.

**Franklin County's Response to Findings**

Franklin County declined to respond to the finding described above.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dakota Christensen". The signature is fluid and cursive, with the first name "Dakota" and last name "Christensen" clearly distinguishable.

Dakota Christensen, CPA, CISA, CFE  
Audit Manager  
Lincoln, Nebraska

May 25, 2023



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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May 25, 2023

Board of Supervisors  
Franklin County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Franklin County (County) for the fiscal year ended June 30, 2022, and have issued our report thereon dated May 25, 2023. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

During our audit, we noted certain matters involving internal control over financial reporting and other operational matters that are presented here. These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

### COUNTY TREASURER

#### Possibly Fraudulent Vehicle Lien Removal and Apparent Sales Tax Evasion

During our audit, we noted concerns regarding a possibly fraudulent vehicle lien removal, along with other sales tax issues, as described below.

#### ***Possibly Fraudulent Vehicle Lien Removal***

During the audit, the Auditor of Public Accounts (APA) noted that an employee of the Franklin County Treasurer's Office, Tammy Biesecker, removed a lien on a white 2005 Jeep Grand Cherokee – vehicle identification number (VIN) 1J4HR58255C595830 – without proper authorization on April 20, 2022. Ms. Biesecker's employment with the County was terminated on June 13, 2022.

The following image is from the Nebraska Department of Motor Vehicle's vehicle registration and title system, VicToRy, showing that Ms. Biesecker issued a new title for this car ***without the lien*** on April 20, 2022.

Details List

Details: Issue Type: Release Lien - Paper

Filter

Title Number	User	Title Issued Date	Title Type	Issue Type	Source Type	Has Liens	Entity ID	Entity	County Office
N0002586514	Tammy Biesecker	20-Apr-2022 11:09:58	Vehicle Title	Release Lien - Paper	Lien Management	<input type="checkbox"/>	1J4HR58255C595830	2005 JEEP GRAND CHEROKEE SV	FRANKLIN

Close

The vehicle at issue belonged to Courtney Yockey, the girlfriend of Ms. Biesecker's son, David Robert Smith. Ms. Yockey has previously used the last names "Richardson" and "Tobin" as well.

The APA obtained a copy of the lien release authorization letter that Ms. Biesecker offered as support for the lien removal. The main text of the letter is copied below:

*American Auto Exchange Inc.  
1519 2nd Ave  
Kearney, NE 68847*

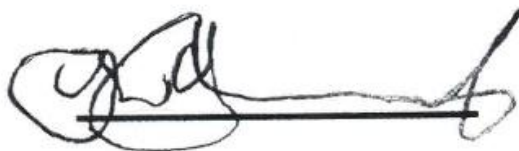
**Vehicle lien release**

I'm releasing the lien of the 2005 Jeep Grand Cherokee SUV

VIN# J4HR58255C595830

To: Courtney Yockey

820 W 56th St Unit 154



An image of the entire letter is shown in **Attachment A** hereto.

The APA questions the validity of this document due to the several irregularities noted therein, including: 1) lack of a date; 2) the missing city, state, and zip code after Ms. Yockey's street address; 3) the absence of any punctuation; 4) a completely illegible signature coupled with no printed name or title for the authorized representative of the lienholder; and 5) the failure to notarize the letter.

Furthermore, as shown by the image in **Attachment A**, the following message appears at the bottom of the full letter: "Sent from my iPhone."

According to the Franklin County Treasurer, moreover, Ms. Biesecker claimed that the lien release authorization letter was sent by mail. However, the Franklin County Treasurer observed that the letter did not contain any creases or fold marks to indicate that it had actually been mailed. Based on both this information and the "Sent from my iPhone" notation at the bottom of the page, the letter appears to have been emailed rather than mailed.

On June 21, 2022, the Franklin County Treasurer received a telephone call from American Auto Exchange, Inc., the lienholder on the white 2005 Jeep Grand Cherokee, inquiring why the lien had been removed. When American Auto Exchange attempted to repossess the vehicle, the caller explained, the Buffalo County Treasurer said that the lien no longer existed. American Auto Exchange informed the Franklin County Treasurer that authorization had not been given to remove the lien. The APA verified this information with American Auto Exchange via an April 12, 2023, telephone call. Per American Auto Exchange, they use the Nebraska Department of Motor Vehicles' prescribed lien release form that is required to be notarized; see **Attachment B** for the form normally used by American Auto Exchange. Furthermore, the APA called Ms. Biesecker's phone twice on April 21, 2023; however, the APA had to leave a voicemail. No call was returned.

Based on this information, as well as the irregularities in the document noted above, the lien release authorization letter presented by Ms. Biesecker appears to have been falsified.

The Franklin County Treasurer and the State Department of Motor Vehicles (DMV) sent a total of three letters to Ms. Yockey, explaining that she was in possession of a deficient vehicle title that needed to be brought to the DMV or any county treasurer in order to be recalled or cancelled. In its place, a valid vehicle title reflecting the lien would



be issued. Nevertheless, due to Ms. Yockey's unresponsiveness, the title and registration for the white 2005 Jeep Grand Cherokee were cancelled on August 16, 2022.

The APA noted that this white 2005 Jeep Grand Cherokee was purchased, titled, and registered in Buffalo County, Nebraska. However, the lien removal and issuance of the supposedly "clean" title was completed by Ms. Biesecker in Franklin County, nearly 50 miles southward. For this vehicle, the questioned lien removal was the only transaction that occurred outside of Buffalo County.

While investigating this matter, the APA requested the assistance of the Buffalo County Sheriff's office in locating the vehicle in question, which was found at Ms. Yockey's residence in Gibbon, NE, on April 20, 2023 – exactly one year after Ms. Biesecker completed the questionable lien removal.

The following are photographs of the vehicle (one image with license plates and the other of the VIN) taken by the Buffalo County Sheriff's office investigator at Ms. Yockey's residence on April 20, 2023:



Further examination has revealed that the license plates shown on the vehicle are fictitious, having been issued instead to a black 2001 Jeep Grand Cherokee Laredo registered to Ms. Yockey's boyfriend, David Robert Smith, the son of Ms. Biesecker. It should be noted also that, per the VicToRy system, these plates expired in February 2023; however, the expiration sticker on the plates in the image above show an expiration month of June 2023. Per additional review of VicToRy, none of Mr. Smith's or Ms. Yockey's other vehicles had expiration dates in June 2023, so it appears unlikely that stickers from their other vehicles could have been used. The APA questions, therefore, whether Ms. Biesecker may have obtained the June 2023 expiration stickers when her Franklin County employment was terminated in June 2022.

A closer image of the expiration sticker on the license plates is shown below:



Additionally, on April 23, 2023, Ms. Yockey posted a photograph on her personal Facebook page that appears to show the same white 2005 Jeep Grand Cherokee in the background. This photo indicates that Ms. Yockey remained in possession of the vehicle on that date, some three days after the Buffalo County Sheriff's office investigator had located it at her residence.

The following is a clipping of the photo found on Ms. Yockey's Facebook page, appearing to show the white 2005 Jeep Grand Cherokee in the background:



On April 20, 2023, three auditors from the APA's office, along with the Buffalo County Sheriff's office investigator who had located the vehicle, interviewed Ms. Yockey and Mr. Smith. During that interview, the APA asked why the white 2005 Jeep Grand Cherokee had fictitious license plates. Ms. Yockey responded, "So the cops wouldn't see that we didn't have plates on the Jeep." Additionally, it should be noted that the photograph posted on her personal Facebook page, shown above, appears to still show the Jeep Grand Cherokee has plates on it even after she informed the APA and the investigator that she would remove the fictitious plates during the interview.

The APA asked also why current license plates had not been obtained for the vehicle. Ms. Yockey replied that the Buffalo County Treasurer had informed her that American Auto Exchange had placed a hold on the vehicle. Ms. Yockey stated further that the loan on the white 2005 Jeep Grand Cherokee had been paid off, and the title to it was clean. Ms. Yockey claimed to have received the vehicle lien release authorization letter shown in **Attachment A** from the lienholder, American Auto Exchange. She then stated that she emailed this documentation to the Franklin County Treasurer's office; however, that office does not list an email address on its website. Ms. Yockey explained that the letter was sent to Franklin County – instead of to Buffalo County, where she currently resides – because she and her boyfriend were considering moving to Franklin County.

Of particular interest, Ms. Yockey originally denied knowing anyone at the Franklin County Treasurer's office. After a follow-up question by the APA, however, she admitted knowing Ms. Biesecker, her boyfriend's mother.

Because Ms. Yockey claimed to have paid off the loan on the white 2005 Jeep Grand Cherokee, the APA requested copies of any receipts that she had to support the vehicle payments to American Auto Exchange. The APA's review of both the receipts provided and the purchase agreement revealed that Ms. Yockey still owed a significant balance on the vehicle as of April 20, 2023, an entire year after Ms. Biesecker had issued the lien release authorization letter at issue. Therefore, American Auto Exchange appears to have had an ongoing financial interest in the vehicle, supporting the continued lien on it, when Ms. Biesecker authorized the problematic lien release.

If, as all of the above information appears to indicate, Ms. Biesecker used her position as an employee of the Franklin County Treasurer's office improperly to remove the lien on the white 2005 Jeep Grand Cherokee owned by Ms. Yockey, her son's girlfriend, such action would give rise to serious concerns regarding probable violations of various State statutes – including, though by no means limited to – those set out below. Also, Ms. Yockey's possession of the alleged deficient vehicle title gives rise to concerns regarding possible violations of State statutes, which are also described below.

To start, Neb. Rev. Stat. § 60-164(8) (Reissue 2021) states the following:

*When a lien is discharged, the holder shall, within fifteen days after payment is received, note a cancellation of the lien on the certificate of title over his, her, or its signature and deliver the certificate of title to the county treasurer or the department, which shall note the cancellation of the lien on the face of the certificate of title and on the records of such office. If delivered to a county treasurer, he or she shall on that day notify the department which shall note the cancellation on its records. The county treasurer or the department shall then return the certificate of title to the owner or as otherwise directed by the owner. The cancellation of lien shall be noted on the certificate of title without charge. For an electronic certificate of title record, the lienholder shall, within fifteen days after payment is received when such lien is discharged, notify the department electronically or provide written notice of such lien release, in a manner prescribed by the department, to the county treasurer or department. The department shall note the cancellation of lien and, if no other liens exist, issue the certificate of title to the owner or as otherwise directed by the owner or lienholder. If the holder of the title cannot locate a lienholder, a lien may be discharged ten years after the date of filing by presenting proof that thirty days have passed since the mailing of a written notice by certified mail, return receipt requested, to the last-known address of the lienholder.*

Neb. Rev. Stat. § 60-179 (Reissue 2021) provides the following penalty for falsifying a vehicles' title or lien information:

*A person commits a Class IV felony if he or she (1) forges any certificate of title or manufacturer's or importer's certificate to a vehicle, any assignment of either certificate, or any cancellation of any lien on a vehicle, (2) holds or uses such certificate, assignment, or cancellation knowing the same to have been forged, (3) procures or attempts to procure a certificate of title to a vehicle or passes or attempts to pass a certificate of title or any assignment thereof to a vehicle, knowing or having reason to believe that such vehicle has been stolen, (4) sells or offers for sale in this state a vehicle on which the motor number or manufacturer's serial number has been destroyed, removed, covered, altered, or defaced with knowledge of the destruction, removal, covering, alteration, or defacement of such motor number or manufacturer's serial number, (5) knowingly uses a false or fictitious name, knowingly gives a false or fictitious address, knowingly makes any false statement in any application or affidavit required under the Motor Vehicle Certificate of Title Act or in a bill of sale or sworn statement of ownership, or (6) otherwise knowingly commits a fraud in any application for a certificate of title.*

(Emphasis added.) Neb. Rev. Stat. § 28-924 (Reissue 2016) prohibits “official misconduct” by a public servant, as follows:

*(1) A public servant commits official misconduct if he knowingly violates any statute or lawfully adopted rule or regulation relating to his official duties.*

*(2) Official misconduct is a Class II misdemeanor.*

Similarly, Ms. Yockey’s admitted use of fictitious license plates prompts other serious statutory concerns, including possible violations of the following laws.

Neb. Rev. Stat. § 60-362 (Reissue 2021) states the following:

*Unless otherwise expressly provided, no motor vehicle shall be operated or parked and no trailer shall be towed or parked on the highways of this state unless the motor vehicle or trailer is registered in accordance with the Motor Vehicle Registration Act. There shall be a rebuttable presumption that any motor vehicle or trailer stored and kept more than thirty days in the state is being operated, parked, or towed on the highways of this state, and such motor vehicle or trailer shall be registered in accordance with the act, from the date of title of the motor vehicle or trailer or, if no transfer in ownership of the motor vehicle or trailer has occurred, from the expiration of the last registration period for which the motor vehicle or trailer was registered. No motor vehicle or trailer shall be eligible for initial registration in this state, except a motor vehicle or trailer registered or eligible to be registered as part of a fleet of apportionable vehicles under section 60-3,198, unless the Motor Vehicle Certificate of Title Act has been complied with insofar as the motor vehicle or trailer is concerned.*

(Emphasis added.) Neb. Rev. Stat. § 60-363(1) (Reissue 2021) states the following:

*No person shall operate or park a motor vehicle on the highways unless such motor vehicle at all times carries in or upon it, subject to inspection by any peace officer, the registration certificate issued for it.*

Neb. Rev. Stat. § 60-399(1) (Reissue 2021) provides the following:

*Except as otherwise specifically provided, no person shall operate or park or cause to be operated or parked a motor vehicle or tow or park or cause to be towed or parked a trailer on the highways unless such motor vehicle or trailer has displayed the proper number of plates as required in the Motor Vehicle Registration Act.*

*In each registration period in which new license plates are not issued, previously issued license plates shall have affixed thereto the validation decals issued pursuant to section 60-3,101. In all cases such license plates shall be securely fastened in an upright position to the motor vehicle or trailer so as to prevent such plates from swinging and at a minimum distance of twelve inches from the ground to the bottom of the license plate. No person shall attach to or display on such motor vehicle or trailer any (a) license plate or registration certificate other than as assigned to it for the current registration period, (b) fictitious or altered license plates or registration certificate, (c) license plates or registration certificate that has been canceled by the department, or (d) license plates lacking current validation decals.*

(Emphasis added.) Neb. Rev. Stat. § 60-3,170 (Reissue 2021) provides the penalty for violating the statutes governing vehicle registrations and license plates, as follows:



*Any person, firm, association, partnership, limited liability company, or corporation which violates any provision of the Motor Vehicle Registration Act for which a penalty is not otherwise provided shall be guilty of a Class III misdemeanor.*

Finally, it should be noted that Neb. Rev. Stat. § 84-305.02 (Cum. Supp. 2022) creates a criminal penalty for interfering with an audit or examination by the APA or providing false information in relation to such official activity:

*Any person who willfully fails to comply with section 84-305 or 84-305.01, who otherwise willfully obstructs or hinders the conduct of an audit, examination, or related activity by the Auditor of Public Accounts, or who willfully misleads or attempts to mislead any person charged with the duty of conducting such audit, examination, or related activity shall be guilty of a Class II misdemeanor.*

### **Apparent Sales Tax Evasion**

The APA's investigation into Ms. Biesecker's suspicious lien removal on the white 2005 Jeep Grand Cherokee owned by Ms. Yockey resulted in multiple related concerns regarding vehicle sales and the apparent failure to report or pay sales tax on those transactions. Specifically, the APA inquired as to whether the white 2005 Jeep Grand Cherokee – being shown erroneously as free of any lien – might have been sold or used as a trade-in on another vehicle purchase, or other license plates had been placed on it.

While investigating these concerns, the APA noted that Ms. Yockey registered a black 2007 Chevrolet Trailblazer on December 13, 2022. Per the Nebraska Sales/Use Tax and Tire Fee Statement Form 6 (Form 6) for this vehicle, Ms. Yockey claimed to have purchased that vehicle on July 18, 2022, for only \$200.

A copy of the Form 6 for the black 2007 Chevrolet Trailblazer is shown below:

Nebraska Department of <b>REVENUE</b>		<b>Nebraska Sales/Use Tax and Tire Fee Statement</b>				<b>FORM 6</b>	
PURCHASER'S NAME AND ADDRESS				SELLER'S NAME AND ADDRESS			
Name COURTNEY J YOCKEY				Name [REDACTED]			
Street or Other Address 45495 COAL CHUTE RD				Street or Other Address 9203 S 145TH ST			
City GIBBON		State NE		Zip Code 68840-3017		City OMAHA	
						State NE	
						Zip Code 68138-3626	
PURCHASED VEHICLE/TRAILER DESCRIPTION							
Make CHEVROLET	Body Type TRAILBLAZER LS/LT	Year 2007	Vehicle Identification Number (VIN) 1GNDT13S572195031		Date of Purchase 07/18/2022		
TRADE-IN VEHICLE/TRAILER DESCRIPTION							
Make	Body Type	Year	Vehicle Identification Number (VIN)	License Plate Number	Was trade-in Vehicle being Leased?		
					If Yes, enter 0 on line 2.		
TAX COMPUTATION — See Instructions							
1 Total Sales Price.....				1		200.00	
2 Less trade-in allowance.....				2		0.00	
3 Less Manufacturer's rebate assigned to dealer at time of sale.....				3		0.00	
4 Tax base (line 1 minus lines 2 and 3) (if zero or less, enter 0).....				4		200.00	
5 Nebraska sales or use tax (line 4 multiplied by rate).....				5		11.00	
6 Local sales or use tax (line 4 multiplied by rate).....				6		0.00	
7 Nebraska and local tax due (line 5 plus line 6).....				7		11.00	
8 Credit for tax properly paid to other state (attach documentation).....				8		0.00	
9 Total Nebraska and local sales or use tax due (line 7 minus line 8).....				9		11.00	
10 Tire Fee (Number of new tires <u>0</u> multiplied by \$1).....				10		0.00	
11 Penalty for late payment.....				11		5.00	
12 Interest for late payment.....				12		0.11	
13 BALANCE DUE (total of lines 9, 10, 11, and 12).....				13		16.11	
<small>Any dealer or seller who willfully prepares a false or fraudulent Nebraska Sales/Use Tax and Tire Fee Statement may be found guilty of a Class IV felony and shall, upon conviction, be fined not more than \$10,000, or be imprisoned not more than 5 years or both. Under penalties of law, I declare that I have examined this statement and it is correct and complete.</small>							
<b>sign here</b> Signature of Seller				Signature of Purchaser or Agent of Purchaser			
				Date			

The Form 6 does not show that a trade-in vehicle was included in this purchase. Regardless, the APA noted that the vehicle was registered on December 13, 2022, but the Form 6 shows that it was purchased on July 18, 2022. Additionally, the address given for the seller – a private individual rather than a dealership – appears to be fictitious, as it is actually that of a car dealership in Omaha, NE; however, prior registrations for the vehicle, as well as the vehicle's title, list the seller's address as a residence in Gibbon, NE.

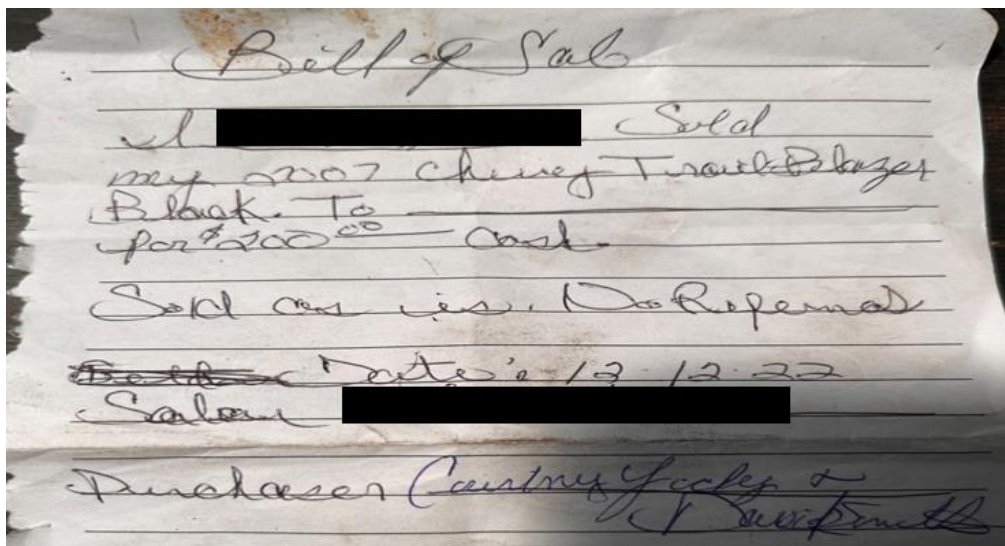
As a result, the APA questioned the accuracy of this Form 6 and whether it reflected the true sales transaction. On April 11, 2023, therefore, the APA contacted the seller of the black 2007 Chevrolet Trailblazer. The seller informed us that he sold the vehicle to Snell Salvage in Gibbon for \$500, and Ms. Yockey was not involved in the sale. A bill of sale could not be provided.

The APA then contacted the owner of Snell Salvage. He explained that he originally purchased the black 2007 Chevrolet Trailblazer for a few hundred dollars with the intention of scrapping it. Planning to junk the vehicle, he neither signed the title nor registered it. Rather than scrapping the vehicle as intended, though, the owner of the salvage yard stated that he sold the vehicle to an individual doing a job for him. The owner of the salvage yard was unable to remember when he sold the vehicle or for how much money; however, he noted that it was probably sold for only a few hundred dollars. No bill of sale could be provided.

The purchaser of the black 2007 Chevrolet Trailblazer from Snell Salvage was serving a prison sentence at the time of the APA's investigation in mid-April 2023; therefore, no attempt was made to contact him. The owner of the salvage yard also stated that the last time he saw the vehicle was when it was parked at the house of David Robert Smith, the nephew of the incarcerated purchaser – as well as Ms. Yockey's boyfriend and son of Tammy Biesecker, the former Franklin County Treasurer's office employee discussed in the previous comment.

During our interview with Ms. Yockey and Mr. Smith on April 20, 2023, the APA asked about the black 2007 Chevrolet Trailblazer. Ms. Yockey claimed to have purchased the vehicle from Mr. Smith's uncle in December 2022 for \$1,500. When the APA asked why she listed the purchase price of the vehicle as only \$200 on the Form 6, Ms. Yockey changed her answer suddenly, saying instead that Mr. Smith purchased the black 2007 Chevrolet Trailblazer for \$1,500 from his uncle, and she subsequently purchased it from Mr. Smith for \$200. She also stated that she registered the 2007 Chevrolet Trailblazer with the Buffalo County Treasurer, which required the vehicle to be put in her name.

During the interview, Ms. Yockey claimed to have a copy of the bill of sale for the black 2007 Chevrolet Trailblazer; however, she could not produce it at that time. A few hours later, though, she emailed an alleged copy of the document to the Buffalo County Sheriff's office investigator. Shown below is an image of the supposed bill of sale provided by Ms. Yockey:



The APA questions the authenticity of this bill of sale for the following reasons:

1. Ms. Yockey stated that she paid only \$200 to purchase the black 2007 Chevrolet Trailblazer from Mr. Smith, who had purchased it earlier from his uncle for \$1,500. The bill of sale states clearly, however, that the vehicle was purchased for \$200 directly from Mr. Smith's uncle.

2. When emailing a copy of the supposed bill of sale to the Buffalo County Sheriff's office investigator, Ms. Yockey included the following message:

*I apologize for the incorrect information regarding the \$1200 vs. \$200. [Mr. Smith's uncle] asked \$1200 and after David estimated cost for repairs "they" settled on \$200. I was not apart [sic] of that transaction/agreement.*

The above statement by Ms. Yockey appears implausible for the following reasons: 1) the amount that she claims was paid for the vehicle changed from \$1,500 to \$1,200, and then \$200; and 2) she stated, "I was not apart [sic] of that transaction/agreement." The alleged bill of sale was signed, however, by both Ms. Yockey and Mr. Smith.

3. The "To" line in the alleged bill of sale is blank.

In light of all the above, the information that Ms. Yockey included on the Form 6 appears to have been inaccurate – meaning that she did not pay the actual sales tax owed on the vehicle – and the alleged bill of sale for the black 2007 Chevrolet Trailblazer, which she emailed to the Buffalo County Sheriff's office investigator hours after her interview with him and the APA's auditors, appears to have been fabricated. Furthermore, the 2007 Trailblazer appears to have been sold multiple times; however, there is no indication that the purchasers reported the sales and paid the taxes thereon.

If shown to be true, these suspicions give rise to certain potential statutory concerns – including, among others, those set out below.

Neb. Rev. Stat. § 77-2713 (Cum. Supp. 2022) states, in relevant part, the following:

*(1) Any person required under the provisions of sections 77-2701.04 to 77-2713 to collect, account for, or pay over any tax imposed by the Nebraska Revenue Act of 1967 who willfully fails to collect or truthfully account for or pay over such tax and any person who willfully attempts in any manner to evade any tax imposed by such provisions of such act or the payment thereof shall, in addition to other penalties provided by law, be guilty of a Class IV felony.*

*(2) Any person who willfully aids or assists in, procures, counsels, or advises the preparation or presentation of a false or fraudulent return, affidavit, claim, or document under or in connection with any matter arising under sections 77-2701.04 to 77-2713 shall, whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document, be guilty of a Class IV felony.*

\* \* \* \*

*(5) Any violation of the provisions of sections 77-2701.04 to 77-2713, except as otherwise provided, shall be a Class IV misdemeanor.*

(Emphasis added.) Nebraska Department of Revenue Form 6: Nebraska Sales/Use Tax and Tire Fee Statement for Motor Vehicle and Trailer Sales (Rev. October 2021) contains the following:

*Any dealer or seller who willfully prepares a false or fraudulent Nebraska Sales/Use Tax and Tire Fee Statement may be found guilty of a Class IV felony and will, upon conviction, be fined not more than \$10,000, or be imprisoned not more than five years or both.*

Neb. Rev. Stat. § 77-2701.33 (Reissue 2018) states the following, in relevant part:

*Sale means any transfer of title or possession or segregation in contemplation of transfer of title or possession, exchange, barter, lease, or rental, conditional or otherwise, in any manner or by any means, of property for a consideration or the provision of service for a consideration.*

Neb. Rev. Stat. § 77-2703(i) (Cum. Supp. 2022) states the following, in relevant part:

*The tax imposed by this section on the sales of motor vehicles, semitrailers, and trailers as defined in sections 60-339, 60-348, and 60-354 shall be the liability of the purchaser and . . . the tax shall be collected by the county treasurer as provided in the Motor Vehicle Registration Act or by an approved licensed dealer participating in the electronic dealer services system pursuant to section 60-1507 at the time the purchaser makes application for the registration of the motor vehicle, semitrailer, or trailer for operation upon the highways of this state. . . . At the time of the sale of any motor vehicle, semitrailer, or trailer, the seller shall (i) state on the sales invoice the dollar amount of the tax imposed under this section and (ii) furnish to the purchaser a certified statement of the transaction, in such form as the Tax Commissioner prescribes, setting forth as a minimum the total sales price, the allowance for any trade-in, and the difference between the two. The sales tax due shall be computed on the difference between the total sales price and the allowance for any trade-in as disclosed by such certified statement. Any seller who willfully understates the amount upon which the sales tax is due shall be subject to a penalty of one thousand dollars. A copy of such certified statement shall also be furnished to the Tax Commissioner. Any seller who fails or refuses to furnish such certified statement shall be guilty of a misdemeanor and shall, upon conviction thereof, be punished by a fine of not less than twenty-five dollars nor more than one hundred dollars. If the purchaser does not register such motor vehicle, semitrailer, or trailer for operation on the highways of this state within thirty days of the purchase thereof, the tax imposed by this section shall immediately thereafter be paid by the purchaser to the county treasurer or the Department of Motor Vehicles. If the tax is not paid on or before the thirtieth day after its purchase, the county treasurer or Department of Motor Vehicles shall also collect from the purchaser interest from the thirtieth day through the date of payment and sales tax penalties as provided in the Nebraska Revenue Act of 1967. . . .*

(Emphasis added.) Neb. Rev. Stat. § 60-1417 (Reissue 2021) states the following, in relevant part:

*Every motor vehicle, motorcycle, or trailer sale, except between a manufacturer or distributor, shall be evidenced by an instrument in writing upon a form that may be adopted and promulgated by the board and approved by the Attorney General which shall contain all the agreements of the parties and shall be signed by the buyer and seller or a duly acknowledged agent of the seller. Prior to or concurrent with any such motor vehicle, motorcycle, or trailer sale, the seller shall deliver to the buyer written documentation which shall contain the following information:*

*(1) Name of seller;*

*(2) Name of buyer;*

*(3) Year of model and identification number;*

*(4) Cash sale price;*

*\* \* \* \**

*(6) The amount of buyer's downpayment and whether made in money or goods or partly in money and partly in goods, including a brief description of any goods traded in;*

*(7) The difference between subdivisions (4) and (6) of this section . . .*

Neb. Rev. Stat. § 60-1418 (Reissue 2021) states the following:

*Any person guilty of violating any of the provisions of section 60-1417 shall be guilty of a Class III misdemeanor.*

Additionally, as mentioned also in the prior comment, Neb. Rev. Stat. § 84-305.02 (Cum. Supp. 2022) provides a criminal penalty for interfering with an audit or examination by the APA or providing false information in relation to such official activity:

*Any person who willfully fails to comply with section 84-305 or 84-305.01, who otherwise willfully obstructs or hinders the conduct of an audit, examination, or related activity by the Auditor of Public Accounts, or who willfully misleads or attempts to mislead any person charged with the duty of conducting such audit, examination, or related activity shall be guilty of a Class II misdemeanor.*



Good internal control requires procedures to ensure that all transactions by the County Treasurer, including his or her employees, are adequately reviewed in a timely manner in order to verify their validity. These reviews should ensure that original/authentic supporting documentation is maintained on file to support all transactions.

Without such procedures, there is an increased risk for not only loss or misuse of public funds but also violation of State statutes.

We recommend the County Treasurer implement procedures to ensure that all transactions by the County Treasurer, including his or her employees, are adequately reviewed in a timely manner in order to verify their validity. These reviews should ensure that original/authentic supporting documentation is maintained on file to support all transactions. Additionally, because the comments herein address possible violations of State statute, we are forwarding this information to the Nebraska Attorney General, the Buffalo County Attorney, the Franklin County Attorney, the Nebraska State Patrol, the Department of Motor Vehicles, the Department of Revenue, and the Nebraska Motor Vehicle Industry Licensing Board for further review.

*County Treasurer Response: I agree with the finding. The procedure for the lien releases in this office has always been to use the Non-Participating Lien Holder release form. The approved document was not used in the transaction referenced in this audit. This office will be implementing procedures for new employees and current employees that will do continued education and reviews of proper documents for transactions. Reviews will be completed of transactions in a timely manner.*

## **COUNTY SHERIFF**

### **Accounting Procedures**

During the audit, we noted the following regarding the accounting procedures of the County Sheriff's office:

- The office recorded the book balance of the bank account on the check register and the daily balance sheet. However, as of June 30, 2022, the check register showed a book balance of \$861 while the daily balance sheet showed a book balance of \$987, a variance of \$126. The County Sheriff could not explain why these balances did not agree.
- In December 2020, the County Sheriff closed an old bank account. At the time of closing, this account had two outstanding checks, totaling \$64. These checks were not reissued from the new bank account. In addition, these checks were due to the State Treasurer as unclaimed property in November 2022; however, per a discussion with office personnel, these checks had not been remitted as of audit fieldwork in mid-April 2023.
- The County Sheriff maintains a monthly list of all receipts. The receipts listing for May 2022 showed that \$130 was collected for vehicle title inspections, and \$8 was collected for copy fees. Due to an error in calculating the total amount due to the County Treasurer, only \$110 was remitted for title inspections, and \$5 was remitted for copy fees. The remaining \$23 had not been remitted to the County Treasurer as of audit fieldwork in April 2023.
- As of June 30, 2022, the County Sheriff had civil service fees and mileage accounts receivable of \$99. This amount was not remitted to the County Treasurer when the fees were earned.
- We noted two coding errors during the year. In October 2021, \$25 was remitted to the County Treasurer for inmate phone cards; however, this was coded as a miscellaneous receipt rather than charges for service.

In January 2022, \$90 was remitted to the County Treasurer for handgun permits; however, it was coded as a law enforcement contract receipt. These coding errors are summarized below:

Amount	Correct Coding	Actual Coding	Description
\$ 25.00	100-395.26	100-540.01	Inmate Phone Cards
\$ 90.00	100-395.13	100-395.03	Handgun Permits

- The County Sheriff's bank account had a cash long of \$338, a decrease of \$182 from the long noted in the prior audit. This discrepancy is due to the lack of accurate, monthly asset-to-liability reconciliations performed by the office. The County Sheriff was unable to identify the individual(s) to whom this money is owed. The following table summarizes this long:

Assets	
Reconciled Bank Balance	\$797
Receivables	\$105
Cash on Hand	\$681
<b>Total Assets</b>	<b>\$1,583</b>
Liabilities	
Unremitted County Fees	\$1,065
Due to Others	\$180
<b>Total Liabilities</b>	<b>\$1,245</b>
<b>Unknown Long</b>	<b>\$338</b>

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018) states the following:

*Except as otherwise provided by law, all intangible personal property held for the owner by any court, public corporation, public authority, or public officer of this state, or a political subdivision thereof, that has remained unclaimed by the owner for more than three years is presumed abandoned.*

Neb. Rev. Stat. § 69-1310 (Reissue 2018) states, in relevant part, the following:

*(a) Every person holding funds or other property, tangible or intangible, presumed abandoned under the Uniform Disposition of Unclaimed Property Act shall report to the State Treasurer with respect to the property as hereinafter provided.*

\* \* \* \*

*(d) The report shall be filed before November 1 of each year as of June 30 next preceding, but the report of life insurance corporations shall be filed before May 1 of each year as of December 31 next preceding. A one-time supplemental report shall be filed by life insurance corporations with regard to property subject to section 69-1307.05 before November 1, 2003, as of December 31, 2002, as if section 69-1307.05 had been in effect before January 1, 2003. The property must accompany the report unless excused by the State Treasurer for good cause. The State Treasurer may postpone the reporting date upon written request by any person required to file a report.*

Neb. Rev. Stat. § 33-117(3) (Reissue 2016) provides the following:

*The sheriff shall, on the first Tuesday in January, April, July, and October of each year, make a report to the county board showing (a) the different items of fees, except mileage, collected or earned, from whom, at what time, and for what service, (b) the total amount of the fees collected or earned by the officer since the last report, and (c) the amount collected or earned for the current year. He or she shall pay all fees earned to the county treasurer who shall credit the fees to the general fund of the county.*

Neb. Rev. Stat. § 23-1601(1) (Reissue 2022) states the following:

*It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.*

Good internal controls and sound business practices require procedures to ensure the following: 1) an accurate book balance is maintained; 2) funds held as abandoned property are properly remitted to the State Treasurer in accordance with statute; 3) all fees collected each month are remitted to the County Treasurer; 4) civil service fees are remitted to the County Treasurer when earned, not when payment is received; 5) all payments to the County Treasurer are coded to the proper funds and account codes; and 6) assets (cash on hand, reconciled bank balance, accounts receivable, etc.) agree with office liabilities (fee and trust accounts) on at least a monthly basis, and any account variances noted are identified and resolved timely.

Without such procedures, there is an increased risk of not only noncompliance with State statute but also a loss or misuse of County funds.

A similar finding was noted in prior audits.

We recommend the County Sheriff implement procedures to ensure the following: 1) an accurate book balance is maintained; 2) funds held as unclaimed property are properly remitted to the State Treasurer in accordance with statute; 3) all fees collected each month are remitted to the County Treasurer; 4) civil service fees are remitted to the County Treasurer when earned, not when payment is received; 5) all payments to the County Treasurer are coded to the proper funds and account codes; and 6) assets (cash on hand, reconciled bank balance, accounts receivable, etc.) agree with office liabilities (fee and trust accounts) on at least a monthly basis, and any account variances noted are identified and resolved timely.

## **COUNTY BOARD**

### **Lack of Employee Reimbursement Policy**

During our audit, we noted that the County lacked an employee reimbursement policy that outlines allowable reimbursements for meals and other expenses. During testing of two employee meal reimbursements, we noted the following:

- For one claim, totaling \$143, the employee traveled to Kearney, Nebraska, for a conference; however, no documentation was attached to the claim to support the conference attended and whether the conference provided any meals. This claim included receipts for lunch and dinner at various places in Kearney, and one meal included a milk shake in addition to the employee's regular meal of tea and burger.
- For the other claim, totaling \$95, the employee traveled to Lincoln, Nebraska, for another conference and was reimbursed for a \$10 dessert to go and one-half of an appetizer for another \$10.

The Local Government Miscellaneous Expenditure Act (Act), which is found at Neb. Rev. Stat. § 13-2201 et seq. (Reissue 2022), places strict parameters upon certain expenditures of public funds by local governments, including counties.

Specifically, Neb. Rev. Stat. § 13-2203 (Reissue 2022) states the following, in relevant part:

*In addition to other expenditures authorized by law, each governing body may approve:*

*(1)(a) The expenditure of public funds for the payment or reimbursement of actual and necessary expenses incurred by elected and appointed officials, employees, or volunteers at educational workshops, conferences, training programs, official functions, hearings, or meetings, whether incurred within or outside the boundaries of the local government, if the governing body gave prior approval for participation or attendance at the event and for payment or reimbursement either by the formal adoption of a uniform policy or by a formal vote of the governing body. Authorized expenses may include:*

(i) Registration costs, tuition costs, fees, or charges;

(ii) Mileage at the rate allowed by section 81-1176 for travel by personal automobile, but if travel by rental vehicle or commercial or charter means is economical and practical, then authorized expenses shall include only the actual cost of the rental vehicle or commercial or charter means. The governing body may establish different mileage rates based on whether the personal automobile usage is at the convenience of the local government or at the convenience of the local government's elected or appointed official, employee, or volunteer; and

(iii) Meals and lodging at a rate not exceeding the applicable federal rate unless a fully itemized claim is submitted substantiating the costs actually incurred in excess of such rate and such additional expenses are expressly approved by the governing body; and

(b) Authorized expenditures shall not include expenditures for meals of paid members of a governing body provided while such members are attending a public meeting of the governing body unless such meeting is a joint public meeting with one or more other governing bodies;

(Emphasis added.) Good internal controls and sound business practices require the County Board to approve a formal reimbursement policy for the cost of meals and other expenses incurred by employees while attending conferences and other official functions.

Without such a formal reimbursement policy, there is an increased risk for theft, loss, or misuse of County funds.

We recommend the County approve a formal employee reimbursement policy for the cost of meals and other expenses incurred by employees while attending conferences and other official functions.

## **COUNTY OVERALL**

### **Segregation of Duties**

We noted that the offices of the County each lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be 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.

This was also noted in prior audits.

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

\* \* \* \* \*

It should be noted this report is critical in nature, as 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 County to provide management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Where no response has been included, the County declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

A handwritten signature in black ink that reads "Dakota Christensen". The signature is written in a cursive, flowing style.

Dakota Christensen, CPA, CISA, CFE  
Audit Manager

FRANKLIN COUNTY  
Alleged Lien Release Authorization Letter

ATTACHMENT A

*American Auto Exchange Inc.*  
*1519 2nd Ave*  
*Kearney, NE 68847*

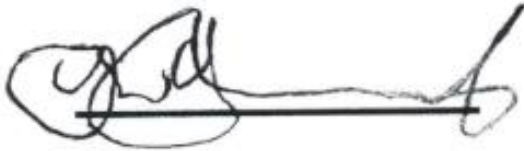
**Vehicle lien release**

I'm releasing the lien of the 2005 Jeep Grand Cherokee SUV

VIN# J4HR58255C595830

To: Courtney Yockey

820 W 56th St Unit 154

A handwritten signature in black ink, appearing to be "C. Yockey", is written over a horizontal line.

---

Sent from my iPhone

FRANKLIN COUNTY  
Nebraska Electronic Lien and Title Lien Release Template

ATTACHMENT B



Nebraska Electronic Lien and Title  
Non-Participating Lender  
Lien Release

This lien release form is to be completed by a lender who does not participate in the Nebraska Electronic Lien and Title program, currently appears as the lienholder on the DMV's records for vehicle identified below and is releasing interest in such vehicle. Upon completion of this form the Lender must submit this form direct to a Nebraska County Treasurer's Office for the lien release to occur.

Lender: \_\_\_\_\_  
(Must match lender identified as lienholder on DMV records)

Vehicle Owner: \_\_\_\_\_  
(Must match owner identified on DMV records)

Vehicle Identification Number (VIN): \_\_\_\_\_

Vehicle Year: \_\_\_\_\_

Vehicle Make: \_\_\_\_\_

Name of Entity and Address where printed Nebraska Certificate of Title is to be mailed:

\_\_\_\_\_  
(Name of current owner – may be dealership, insurance company etc. that has recently acquired ownership.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
(Authorized Representative of Lienholder)

Signature: \_\_\_\_\_  
(Authorized Representative of Lienholder)

Title: \_\_\_\_\_ Date: \_\_\_\_\_

Subscribed and sworn before me the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature Notary Public or Designated County Official

My commission expires on \_\_\_\_\_.

**Notary Seal**

Rev. 7/2017