FRANKLIN COUNTY, NEBRASKA

FINANCIAL STATEMENTS

JUNE 30, 2025

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

FRANKLIN COUNTY, NEBRASKA
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FRANKLIN COUNTY, NEBRASKA
LIST OF COUNTY OFFICIALS
JUNE 30, 2025

Title	Name	Term Expires
Board of Supervisors	Steven Hogeland	Jan. 2027
	David Pedersen	Jan. 2029
	Joshua Johnson	Jan. 2027
	Roger Dorn	Jan. 2027
	Bruce Schepler	Jan. 2029
	Mark Goebel	Jan. 2029
	Scot Grams	Jan. 2027
Assessor	Linda Dallman	Jan. 2027
Attorney	Henry Schenker	Jan. 2027
Clerk Election Commissioner Register of Deeds Clerk of the District Court	Marcia Volk Schenker	Jan. 2027
Sheriff Emergency Manager	Bryon Detlefsen	Jan. 2027
Treasurer	Patricia Schurman	Jan. 2027
Veteran's Service Officer	Robert D. Wistrand	Appointed
Weed Superintendent	Doug Eckhardt	Appointed
Highway Superintendent Planning and Zoning	Lance Harter	Appointed

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the County Board of Supervisors
Franklin County
Franklin, Nebraska

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County, Nebraska, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Franklin County, Nebraska's primary government basic financial statements as listed in the table of contents.

Adverse Opinion on the Discretely Presented Component Unit for the year ended June 30, 2025:

In our opinion, because of the significance of the matter discussed below in the "Basis for Adverse Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly to the financial position of the discretely presented component unit of Franklin County, Nebraska, as of June 30, 2025, or the change in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion for the year ended June 30, 2025:

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County, Nebraska, as of and for the year ended June 30, 2025, and the respective changes in financial position cash basis thereof for the year then ended in accordance with the cash 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 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 Financial Statements section of our report. We are required to be independent of Franklin County, Nebraska, and to meet our ethical responsibilities, in accordance with the relevant ethical requirement related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Adverse Opinion on the Discretely Presented Component Units for the year ended June 30, 2025:

The financial statements referred to above do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require 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 unit. 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 that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility 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 in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Franklin County, Nebraska'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 double about Franklin County, Nebraska'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 as a whole, which collectively comprise Franklin County, Nebraska's basic financial statements. The supplementary information on pages 24 - 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information on pages 24 - 35 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. Such 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 supplementary information on pages 24 - 35 is fairly stated, in all material respects, in relation to the basic financial statements as a whole information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2026, on our consideration of Franklin County, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County, Nebraska's internal control over financial reporting and compliance.

Dana L Cole + Company, LLP

Minden, Nebraska
June 22, 2026

EXHIBIT A

FRANKLIN COUNTY, NEBRASKA
STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2025

ASSETS	
Cash and certificates of deposit	2,983,206
Restricted cash and certificates of deposit	463,486
TOTAL ASSETS	3,446,692
NET POSITION	
Restricted for	
Preservation of records	1,409
Road and bridge projects	404,714
Federal projects	57,363
Unrestricted	2,983,206
TOTAL NET POSITION	3,446,692

See accompanying notes to financial statements.

EXHIBIT B

FRANKLIN COUNTY, NEBRASKA
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Cash Disbursements	Program Cash Receipts: Charges for Services	Program Cash Receipts: Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
GOVERNMENTAL ACTIVITIES				
General government	2,541,050	446,846	4,675	(2,089,529)
Public Safety	913,090	81,710		(831,380)
Public Works	2,075,645	137,251	1,053,004	(885,390)
Public Assistance	18,933			(18,933)
Net program (disbursements) receipts	5,548,718	665,807	1,057,679	(3,825,232)
GENERAL RECEIPTS				
Taxes				
Property taxes, levied for general purposes				2,751,139
Motor vehicle taxes				156,593
Inheritance taxes				192,927
Total taxes				3,100,659
State sources				433,974
Federal sources				13,024
Interest received				166,611
Total general receipts				3,714,268
CHANGE IN NET POSITION				(110,964)
NET POSITION, beginning of year				3,557,656
NET POSITION, end of year				3,446,692

See accompanying notes to financial statements.

EXHIBIT C

FRANKLIN COUNTY, NEBRASKA
STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds				
	General Fund	Road Fund	Inheritance Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and certificates of deposit	1,227,025	716,442	686,625	353,114	2,983,206
Restricted cash and certificates of deposit				463,486	463,486
TOTAL ASSETS	1,227,025	716,442	686,625	816,600	3,446,692
FUND BALANCES					
Restricted for:					
Preservation of records				1,409	1,409
Road and bridge projects				404,714	404,714
Federal programs				57,363	57,363
Committed to:					
Law enforcement				2,376	2,376
Road and bridge maintenance		716,442		150,348	866,790
Aid and assistance				131,896	131,896
County buildings and land				4,037	4,037
Property reappraisal				50,636	50,636
Assigned to:					
Other purposes			686,625	13,821	700,446
Unassigned	1,227,025				1,227,025
TOTAL FUND BALANCES	1,227,025	716,442	686,625	816,600	3,446,692

See accompanying notes to financial statements.

EXHIBIT D

FRANKLIN COUNTY, NEBRASKA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Major Funds				
	General Fund	Road Fund	Inheritance Tax Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Taxes	2,751,139		192,927		2,944,066
Interest	161,247			5,364	166,611
Federal	4,675			13,024	17,699
Intergovernmental	440,864	1,053,004		149,703	1,643,571
Charges for services	526,132	137,251		2,424	665,807
Total receipts	3,884,057	1,190,255	192,927	170,515	5,437,754
DISBURSEMENTS					
General government	2,087,458		319,374	134,218	2,541,050
Public Safety	913,090				913,090
Public Works	44,167	2,031,478			2,075,645
Public Assistance	18,933				18,933
Total disbursements	3,063,648	2,031,478	319,374	134,218	5,548,718
RECEIPTS OVER (UNDER) DISBURSEMENTS	820,409	(841,223)	(126,447)	36,297	(110,964)
OTHER FINANCING SOURCES (USES)					
Transfers in	200,000	1,074,841		40,994	1,315,835
Transfers out	(1,115,835)		(200,000)		(1,315,835)
Total other financing sources (uses)	(915,835)	1,074,841	(200,000)	40,994	
NET CHANGE IN FUND BALANCES	(95,426)	233,618	(326,447)	77,291	(110,964)
FUND BALANCE, beginning of year	1,322,451	482,824	1,013,072	739,309	3,557,656
FUND BALANCE, end of year	1,227,025	716,442	686,625	816,600	3,446,692

See accompanying notes to financial statements.

EXHIBIT E

FRANKLIN COUNTY, NEBRASKA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
CASH BASIS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Cash Balance July 1, 2024	Receipts	Disbursements	Cash Balance June 30, 2025
ASSETS				
Cash and cash equivalents	219,368	14,526,727	14,555,918	190,177
LIABILITIES				
Due to other governments				
State - collected by County Treasurer	69,365	979,029	976,807	71,587
Schools	86,018	9,948,895	9,978,854	56,059
Educational service units	1,222	157,410	157,852	780
Technical college	6,977	435,575	441,378	1,174
Natural resource districts	4,427	1,168,774	1,170,311	2,890
Fire districts	3,523	505,345	506,646	2,222
Municipalities	11,109	570,141	565,630	15,620
Agricultural society	689	98,606	98,785	510
Cemetery districts	17,936	43,213	32,723	28,426
Townships	1,565	219,046	219,661	950
Hospital	1,955	258,829	259,495	1,289
Others - collected by County Treasurer	14,582	141,864	147,776	8,670
	219,368	14,526,727	14,555,918	190,177
TOTAL NET POSITION				

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of Franklin County:

Franklin County, Nebraska (the County), which is governed by a seven-member Board of Supervisors, for financial statement purposes, includes all of the funds relevant to the operation of Franklin County, Nebraska. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from Franklin County, Nebraska. The financial statements of the County include those of separately administered organizations that are controlled by or dependent on the County. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Other individual county offices maintain accounting records and account for monies received and disbursed directly by these offices. Only that portion of these monies which is subsequently receipted by the County Treasurer is reflected in the County's financial statements.

A. FINANCIAL REPORTING ENTITY

The County's financial reporting entity is composed of the following:

Primary government: County of Franklin, Nebraska

In determining the financial reporting entity, the County complies with the provisions of Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*.

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the County Board, or the component unit provides services entirely to the County. The component unit's funds are blended into those of the County by appropriate fund type to constitute the primary government presentation. The County did not have any blended component units.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending.

Excluded from the Reporting Entity

The Franklin County Memorial Hospital is a component unit of the County because of the significance of its operational and financial relationship with the County. The financial statements do not include the data of Franklin County Memorial Hospital

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Continued)

Excluded from the Reporting Entity (Continued)

necessary for reporting in conformity with accounting principles generally accepted in the United States of America. Complete financial statements of Franklin County Memorial Hospital can be obtained from the Franklin County Memorial Hospital's administrative office.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all the nonfiduciary activities of the County. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The County did not have any activities that met the definition of a business-type activity.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements as applicable.

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. The County does not presently have any funds that would meet the definition of a proprietary activity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for proceeds of the specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the County. The reporting entity includes the following special revenue funds, the first three funds are to be reported as major funds and the remaining are to be reported as nonmajor funds:

Fund	Brief Description
Road Fund	Maintains and improves County roads, bridges, and other county infrastructure. The County is required to match a certain amount of state resources for these purposes.
Inheritance Tax Fund	Collects inheritance tax filed in County Court. The County supervisors determine specific uses from these collections.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

Fund	Brief Description
Highway Road Buyback Program, COVID ARPA, Bridge Escrow, Highway Bridge Buyback Program, Historical Bridge, Building and Land Improvement, Reappraisal, Preservation and Modernization, Veterans' Aid, STOP Program, Opioid Recovery, LATCF	These funds account for revenues and expenditures as stated in the fund name.

Fiduciary Fund Types

Custodial Funds are used to account for assets held by the County in a trustee capacity for other governmental units. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are as follows:

Fund	Brief Description
State	Collection of monies for licensing, taxation, and other transactions of which a portion of these collections are for state use and remitted on a monthly basis.
Partial payments	Collection of payments for real estate and personal property taxes that are not paid in full. When collection of total taxes due is satisfied, the amount is transferred to the County Treasurer to reflect the taxpayer's payment of their assessed taxes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Fiduciary Fund Types (Continued)

Fund	Brief Description
Schools, ESUs, Technical College, NRD, Fire Districts, Municipalities, Agricultural Society, Drainage District, and Townships	These separate autonomous entities adopt a legal budget in accordance with state laws and are submitted to the County. The County is required by law to include these budgets with its own in setting tax levies for each tax county. Upon collection of monies from taxpayers, the County Treasurer accounts for the allocation to each entity based on the set levy. Disbursements to these entities are remitted upon request, usually on a monthly basis.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

In the governmental activities of the government-wide statement of net position and statement of activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting.

In the fund financial statements, the "current financial resources" measurement focus, as applied to the cash basis of accounting, is used as appropriate:

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

The County's funds are maintained on the cash basis of accounting. Revenues are recognized when cash is received by the County Treasurer rather than when earned. Expenditures are recognized when cash is disbursed rather than when the obligation is incurred. This differs from accounting principles generally accepted in the United States of America, which require governmental funds to follow the modified accrual basis of accounting. Accordingly, the accompanying financial statements are not intended to present financial position and the results of operations in conformity with accounting principles generally accepted in the United States of America.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. CASH AND CASH EQUIVALENTS

This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, savings accounts, money market accounts, and other highly liquid temporary investments with original maturities of three months or less, readily convertible to known amounts of cash. It does not include certificates of deposit or treasury notes, which are separately stated.

Certificates of Deposit

Certificates of deposit classified in the financial statements are carried at cost, which approximates fair value, and have an original maturity term exceeding three months.

E. REVENUES

Program Revenues

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Program Cash Receipts

In the statement of activities and net position, cash basis revenues that are derived directly from each activity or from parties outside the County's taxpayers are reported as program revenues.

The County has the following program revenues in each activity:

General government	Fees, permits, licenses, and commissions
Public Safety	Fines and fees and operating grants from federal and state agencies for law enforcement
Public Works	Highway allocation, motor vehicle fees, operating grants, and other federal and state agencies for road and infrastructure work

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. REVENUE RECOGNITION - PROPERTY TAXES

Property taxes are levied by November 1 based on valuations as of May 1. Real estate and personal property taxes become due and attach as an enforceable lien-on property as of January 1. Real estate and personal property taxes are payable in two installments and become delinquent May 1 and September 1. Motor vehicle taxes are due when an application is made for registration of a motor vehicle.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with the cash basis of accounting used by the County requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. 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 accounting principles generally accepted in the United States of America, 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 leave is earned.

I. CAPITAL ASSETS

Capital assets are not recorded as assets on the government-wide or fund financial statements and depreciation is not recognized. Purchases of capital assets are recorded as disbursements by function in the financial statements.

J. LONG-TERM OBLIGATIONS

Long-term debt is not reported as a liability in the government-wide or fund financial statements. Proceeds from long-term debt are reported as receipts and payments of principal and interest are reported as disbursements in both the government-wide and fund financial statements.

K. EQUITY CLASSIFICATION

Government-Wide Statements

Equity is classified as net position and displayed in two components:

Restricted net position consists of net assets with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. EQUITY CLASSIFICATION (Continued)

Government-Wide Statements (Continued)

Unrestricted net position consists of net assets that do not meet the definition of restricted.

It is the County's policy to use restricted net position first, prior to the use of unrestricted net position, when a disbursement is paid for purposes in which both restricted and unrestricted net position are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact. The County currently has no amounts classified in this category.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. EQUITY CLASSIFICATION (Continued)

Fund Financial Statements (Continued)

Fund Balance Classification (Continued)

Assigned

This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Supervisors or through the Board delegating this responsibility to the County Clerk through the budgetary process.

Unassigned

This classification includes the residual fund balance for the General Fund.

The County would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

L. INTERFUND ACTIVITIES

In the process of aggregating the financial information government-wide financial statements, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

M. LEASES

Right-to-use assets are not recorded as assets on the government-wide or fund financial statements, and amortization is not recognized. Likewise, the related liabilities for these leases are not recognized in the financial statements. Payment on all leases are recorded as disbursements by function in the financial statements.

Under GASB Statement 87, *Leases*, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Since the County reports on the cash basis of accounting, there was no effect on the financial statements other than note disclosures. Leases that transfer ownership (formerly disclosed as capital leases) are now disclosed in the footnote for long-term debt and other leases are disclosed in a separate footnote. Disclosure of terms and lease obligations are disclosed to maturity for leases with the exception of those leases meeting the criteria of short-term leases. Short-term leases are those with maximum possible terms at inception of 12 months or less. No disclosures are required for these leases. The standard does not apply to intangible assets including subscription-based technology arrangements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

GASB Statement 96, *Subscription-based Information Technology Arrangements*, provides guidance related to accounting and financial reporting for subscription-based information technology arrangements (SBITAs).

The standard generally requires the recording of a right-to-use subscription asset (intangible asset) and a corresponding liability. There is an exception for short-term SBITAs defined as those with maximum possible terms of 12 months or less including options to extend, regardless of their probability of being exercised.

NOTE 2. CASH AND INVESTMENTS

For the following disclosures, deposits - including checking accounts, savings accounts, money market accounts, and certificates of deposit - are all classified as cash or cash and cash equivalents on the financial statements.

Custodial Credit Risk - Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County has adopted a resolution stating deposits that are over the amount insured under the Federal Deposit Insurance Act shall have pledged securities in the form of U.S. Treasury Notes, U.S. Bonds, and/or securities authorized by state statute to be used as a pledge for these County monies.

As of June 30, 2025, all of the County's deposits with financial institutions were fully insured or collateralized by securities held in the County's name in the form of joint safekeeping receipts or pledged collateral through the Nebraska Single-Bank Pooled Collateral Program (SBPC) pursuant to Nebraska statutes. State law requires all funds in depositories to be fully insured or collateralized.

The SBPC program allows participating banks to aggregate their total public deposits and to pledge collateral against its entire portfolio of public deposits rather than pledging per entity. As the program administrator, the Nebraska Bankers Insurance and Services Company (NBISCO) collects, confirms, and reports bank compliance with mandated pledging requirements on a monthly basis. Collateral is pledged to NBISCO. In the event of bank closure, the pledged collateral would be assigned to the Nebraska Department of Banking and Finance (NDBF) for liquidation and payment to impacted political subdivisions.

Nebraska statutes allow the County to make any investment allowed by the State Investment Officer. This includes bank certificates of deposit.

As defined by Governmental Accounting Standards Board Statement 3, the County had no investments as of June 30, 2025.

NOTE 3. RETIREMENT PLAN

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 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. State. §§ 23-2301 through 23-2334 (reissue 2012, Cum. Supp. 2020) 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 and certified law enforcement personnel contribute 6.5%. In addition, personnel for civil defense contribute 5.5%. The County contributes an amount of 2.0% plus the matching 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.

For the year ended June 30, 2025, 53 employees contributed $99,498, and the County contributed $145,450. Total covered payroll was $2,042,307. Covered payroll refers to all compensation paid by the County to active employees covered by the Plan.

NOTE 4. JOINT VENTURE

Franklin County, Nebraska, has entered into agreements with the other counties in Region III (the Region) in conjunction with the Nebraska Department of Public Institutions to provide services to carry out the provisions for the Nebraska Comprehensive Community Mental Health Services Act and the related alcoholism and drug abuse services and the Developmental Disabilities Services Act (the Acts). Region III consists of the following counties: Adams, Blaine, Buffalo, Clay, Custer, Franklin, Furnas, Garfield, Greeley, Hall, Hamilton, Harlan, Howard, Kearney, Loup, Merrick, Nuckolls, Phelps, Sherman, Valley, Webster, and Wheeler. Separate agreements were established under the authority of the Interlocal Cooperation Act for services to be provided under each of the Acts. The governing boards for Region III Services are established by statute and the agreements and include representatives from the participating county boards. Each county contributes to the financial support of the Region activities based on formulas developed by the Region governing boards and as required by the Acts. Funding is provided by a combination of federal, state, local, and private funding. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Nebraska

NOTE 4. JOINT VENTURE (Continued)

Department of Public Institutions 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, Nebraska, has entered into an agreement with the Two Rivers Health 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. Sections 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 2025. 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. Section 84-304(4) (Cum. Supp. 2022). Financial information for the Department is available in that report.

NOTE 5. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 113 members throughout Nebraska. NIRMA was created as a result of the Intergovernmental Risk Management Act authorized by State Statute Section 44-4301 R.R.S. 1943, which resulted in two programs being established, NIRMA and NIRMA II. The County has the option of participating in one or both of the programs.

The County pays annual deposit premiums 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 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

NOTE 5. RISK MANAGEMENT (Continued)

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.

NOTE 6. RESTRICTED ASSETS

Restricted assets consist of the following cash deposits restricted for specific projects as of June 30, 2025, which follows:

Capital improvements	404,714
Preservation of records	1,409
Federal programs	57,363
	463,486

NOTE 7. LONG-TERM DEBT

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, 2025, was $420,000. 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:

Year	Principal	Interest	Total
2026	60,000	3,870	63,870
2027	60,000	3,480	63,480
2028	60,000	3,000	63,000
2029	60,000	2,445	62,445
2030	60,000	1,815	61,815
2031 - 2032	120,000	1,500	121,500
Total payments	420,000	16,110	436,110

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 and 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, 2025, was $740,000.

NOTE 7. LONG-TERM DEBT (Continued)

Bonds (Continued)

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, 2025, no additional taxes had been levied by the County. Full disclosure of the liability can be found in the separately issued Hospital audit report.

NOTE 8. INTERFUND TRANSFERS

Interfund Transfers for the year ended June 30, 2025, consisted of the following:

	Transfers from		
Transfers to	General Fund	Inheritance Fund	Total
General Fund		200,000	200,000
Road Fund	1,074,841		1,074,841
Nonmajor Funds	40,944		40,944
Total	1,115,785	200,000	1,315,785

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.

NOTE 9. SUBSEQUENT EVENT

In preparing the financial statements, the County Board of Commissioners has evaluated events and transactions for potential recognition or disclosure through June 22, 2026, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

FRANKLIN COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Favorable (Unfavorable)
RECEIPTS			
Taxes	3,189,971	2,751,139	(438,832)
Interest	25,000	161,247	136,247
Federal	4,000	4,675	675
State	51,200	440,864	389,664
Local	518,713	526,132	7,419
TOTAL RECEIPTS	3,788,884	3,884,057	95,173
DISBURSEMENTS			
General government			
County Board			
Personnel services	92,700	92,631	69
Operating expenses	4,150	2,921	1,229
Supplies and materials	50		50
Total county board	96,900	95,552	1,348
Clerk			
Personnel services	159,436	158,835	601
Operating expenses	4,850	1,660	3,190
Supplies and materials	3,575	2,239	1,336
Capital outlay	1,750	212	1,538
Total clerk	169,611	162,946	6,665
Treasurer			
Personnel services	153,089	148,516	4,573
Operating expenses	8,000	10,164	(2,164)
Supplies and materials	7,000	6,838	162
Capital outlay	1,500	1,579	(79)
Total treasurer	169,589	167,097	2,492
Assessor			
Personnel services	156,196	151,008	5,188
Operating expenses	5,850	2,315	3,535
Supplies and materials	2,400	1,960	440
Capital outlay	2,800	156	2,644
Total assessor	167,246	155,439	11,807

FRANKLIN COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Favorable (Unfavorable)
DISBURSEMENTS (Continued)			
General government (Continued)			
Election Commissioner			
Personnel services	51,500	48,585	2,915
Operating expenses	15,400	13,766	1,634
Supplies and materials	2,500	470	2,030
Rent and services rendered	600	600	
Capital outlay		106	(106)
Total election commissioner	70,000	63,527	6,473
Data Processing Department			
Operating expenses	93,600	82,630	10,970
Supplies and materials	3,400	3,630	(230)
Capital outlay	5,000		5,000
Total data processing department	102,000	86,260	15,740
Clerk of the District Court			
Personnel services	15,600	5,917	9,683
Operating expenses	12,400	159	12,241
Supplies and materials	700	1,710	(1,010)
Capital outlay	1,550	4,745	(3,195)
Total clerk of the district court	30,250	12,531	17,719
County Court			
Operating expenses	6,850	2,225	4,625
Supplies and materials	1,900	999	901
Capital outlay	1,800		1,800
Total county court	10,550	3,224	7,326
Building and Grounds			
Personnel services	49,900	49,746	154
Operating expenses	58,875	62,101	(3,226)
Supplies and materials	5,500	2,638	2,862
Capital outlay	1,000		1,000
Total building and grounds	115,275	114,485	790

FRANKLIN COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Favorable (Unfavorable)
DISBURSEMENTS (Continued)			
General government (Continued)			
Agricultural Extension Agent			
Personnel services	54,082	53,081	1,001
Operating expenses	6,840	6,315	525
Supplies and materials	1,300	1,803	(503)
Capital outlay	2,500	2,830	(330)
Total agricultural extension agent	64,722	64,029	693
Miscellaneous			
Personnel services	629,825	664,610	(34,785)
Operating expenses	544,853	476,136	68,717
Supplies and materials	6,700	60	6,640
Rent and services rendered	22,000	19,589	2,411
Capital outlay	1,500	1,973	(473)
Total miscellaneous	1,204,878	1,162,368	42,510
Total general government	2,201,021	2,087,458	113,563
Public Safety			
County Sheriff			
Personnel services	391,240	383,632	7,608
Operating expenses	40,900	30,663	10,237
Supplies and materials	27,500	29,472	(1,972)
Capital outlay	29,000	13,436	15,564
Total sheriff	488,640	457,203	31,437
County Attorney			
Personnel services	110,604	110,868	(264)
Operating expenses	27,333	21,425	5,908
Supplies and materials	500		500
Capital outlay		1,296	(1,296)
Total county attorney	138,437	133,589	4,848

FRANKLIN COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Favorable (Unfavorable)
DISBURSEMENTS (Continued)			
Public Safety (Continued)			
County Jail			
Personnel services	277,800	267,222	10,578
Operating expenses	92,950	54,766	38,184
Supplies and materials	2,100	180	1,920
Capital outlay	5,000	130	4,870
Total county jail	377,850	322,298	50,682
Total Public Safety	1,004,927	913,090	86,967
Public Works			
Noxious Weed			
Personnel services	27,650	29,089	(1,439)
Operating expenses	44,645	11,662	32,983
Supplies and materials	5,400	3,416	1,984
Capital outlay	1,750		1,750
Total noxious weed	79,445	44,167	35,278
Total Public Works	79,445	44,167	35,278
Public Welfare and Social Services			
Veterans Service Officer			
Personnel services	19,100	16,695	2,405
Operating expenses	5,450	2,238	3,212
Supplies and materials	400		400
Capital outlay	2,000		2,000
Total veterans service officer	26,950	18,933	8,017
Total Public Welfare and Social Services	26,950	18,933	8,017
TOTAL DISBURSEMENTS	3,312,343	3,063,648	243,825
RECEIPTS OVER DISBURSEMENTS		820,409	

SCHEDULE 1
(Continued)

FRANKLIN COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	200,000	
Transfers out	(1,140,222)	(1,115,835)	24,387
TOTAL OTHER FINANCING SOURCES (USES)	(940,222)	(915,835)	24,387
NET CHANGE IN FUND BALANCE		(95,426)	
FUND BALANCE, beginning of year		1,322,451	
FUND BALANCE, end of year		1,227,025	

SCHEDULE 2

FRANKLIN COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
ROAD/BRIDGE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Favorable (Unfavorable)
RECEIPTS			
Federal	2,112		(2,112)
State	1,083,026	1,053,004	(30,022)
Local	120,624	137,251	16,627
Total receipts	1,205,762	1,190,255	(15,507)
DISBURSEMENTS			
Personnel services	935,542	742,872	192,670
Operating expenses	306,030	245,197	60,833
Supplies and materials	888,500	506,760	381,740
Rent and services rendered	8,500	8,600	(100)
Capital outlay	388,600	463,679	(75,079)
Debt service	64,570	64,370	200
Total disbursements	2,591,742	2,031,478	560,264
RECEIPTS UNDER DISBURSEMENTS		(841,223)	
OTHER FINANCING SOURCES			
Transfers in	1,093,156	1,074,841	(18,315)
NET CHANGE IN FUND BALANCE		233,618	
FUND BALANCE, beginning of year		482,824	
FUND BALANCE, end of year		716,442	

SCHEDULE 3

FRANKLIN COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
INHERITANCE TAX FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Favorable (Unfavorable)
RECEIPTS			
Inheritance taxes		192,927	192,927
DISBURSEMENTS			
Operating expenses	613,072	283,097	329,975
Capital outlay		36,277	(36,277)
Total disbursements	613,072	319,374	293,698
RECEIPTS UNDER DISBURSEMENTS		(126,447)	
OTHER FINANCING SOURCES (USES)			
Transfers out	(200,000)	(200,000)	
NET CHANGE IN FUND BALANCE		(326,447)	
FUND BALANCE, beginning of year		1,013,072	
FUND BALANCE, end of year		686,625	

SCHEDULE 4

FRANKLIN COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
SPECIAL REVENUE FUNDS - NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Favorable (Unfavorable)
RECEIPTS			
Highway Road Buyback Program Fund			
State	95,491	95,491	
Highway Bridge Buyback Program Fund			
State	32,009	32,009	
Historical Bridge Fund			
Local		2,264	2,264
Building and Land Improvement Fund			
Transfers in	17,156	12,159	(4,997)
Equipment Sinking Sheriff Vehicle Fund			
Local	10,000	14,931	4,931
Reappraisal Fund			
Transfers in	29,909	28,835	(1,074)
Preservation and Modernization Fund			
State	2,000	2,424	424
Veterans' Aid Fund			
Local	1,000	5,365	4,365
STOP Program Fund			
State		520	520
Opioid Recovery Fund			
Local	3,700	4,487	787
LATCF Fund			
Federal		13,024	13,024
TOTAL RECEIPTS	191,265	211,509	20,244

FRANKLIN COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
SPECIAL REVENUE FUNDS - NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Favorable (Unfavorable)
DISBURSEMENTS			
Highway Road Buyback Program Fund			
Capital outlay	314,474		314,474
Bridge Escrow Fund			
Capital outlay	51,800		51,800
Highway Bridge Buyback Program Fund			
Capital outlay	90,240		90,240
Building and Land Improvement Fund			
Operating expenses		3,624	(3,624)
Capital outlay	25,000	12,342	12,658
Total building and land improvement fund	25,000	15,966	9,034
Equity Sinking Sherriff Fund			
Capital outlay	10,883	6,725	4,158
Reappraisal Fund			
Personal services	22,200	1,207	20,993
Operating expense	10,500	2,711	7,789
Supplies and materials	2,000	408	1,592
Capital outlay	16,500	12,253	4,247
Total reappraisal fund	51,200	16,579	34,621
Preservation and Modernization Fund			
Operating expense	2,307	1,722	585
Equipment rental	400		400
Total preservation and modernization fund	2,707	1,722	985
Veterans' Aid Fund			
Operating expenses	97,531		97,531

SCHEDULE 4
(Continued)

FRANKLIN COUNTY, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
SPECIAL REVENUE FUNDS - NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Favorable (Unfavorable)
DISBURSEMENTS (Continued)			
STOP Program Fund			
Operating expenses	1,856		1,856
OPIOID Recover Fund			
Operating expenses	13,034		13,034
COVID ARPA Fund			
Operating expenses	16,126	18,932	(2,806)
Capital outlay	31,691	19,532	12,159
Total COVID ARPA Fund	47,817	38,464	9,353
LATCF Fund			
Operating expenses	63,111	27,000	36,111
Capital outlay	26,637	27,762	(1,125)
Total LATCF Fund	89,748	54,762	34,986
TOTAL DISBURSEMENTS	796,290	134,218	649,038
RECEIPTS OVER DISBURSEMENTS		77,291	
FUND BALANCES, beginning of year		739,309	
FUND BALANCES, end of year		816,600	

FRANKLIN COUNTY, NEBRASKA
NOTES TO BUDGETARY SCHEDULES

NOTE 1. BUDGETARY COMPARISON SCHEDULES - CASH BASIS

Budgets

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

On or before August 1, the finance committee or other designated budget-making authority prepares and transmits a budget for each County fund showing the requirements, the outstanding warrants, the operating reserve to be maintained, the cash on hand at the close of the preceding fiscal year, the revenue from sources other than taxation, and the amount to be raised by taxation. The budget, like the County financial statements, is prepared on the cash basis of accounting.

At least one public hearing must be held by the County Board.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that an additional public hearing be held. Appropriations lapse at year end.

Basis of Accounting

The accompanying budgetary comparison schedules are presented on the cash basis of accounting. This basis is consistent with the basis of accounting used in preparing the basic financial statements. All unexpended appropriations lapse at the end of the budget year.

Budget Law

The County is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. Any revisions to the adopted budget of total expenditures to any fund require a public hearing.

SCHEDULE 5

FRANKLIN COUNTY, NEBRASKA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Highway Road Buyback Program Fund	Bridge Escrow Fund	Highway Bridge Buyback Program Fund	Historical Bridge Fund	Building and Land Improvement Fund	Equip Sinking Sheriff Vehicle Fund	Reappraisal Fund	Preservation and Modernization Fund	Veterans' Aid Fund	STOP Program Fund	Opioid Recovery Fund	COVID ARPA Fund	LATCF Fund	Total Other Governmental Funds
RECEIPTS														
Interest									5,364					5,364
Intergovernmental	95,491		32,009	2,264		14,931			1	520	4,487		13,024	162,727
Charges for services								2,424						2,424
TOTAL RECEIPTS	95,491		32,009	2,264		14,931		2,424	5,365	520	4,487		13,024	170,515
DISBURSEMENTS														
General government					3,624		4,326	1,722				18,932	27,000	55,604
Capital outlay					12,342	6,725	12,253					19,532	27,762	78,614
TOTAL DISBURSEMENTS					15,966	6,725	16,579	1,722				38,464	54,762	134,218
RECEIPTS OVER (UNDER) DISBURSEMENTS	95,491		32,009	2,264	(15,966)	8,206	(16,579)	702	5,365	520	4,487	(38,464)	(41,738)	36,297
OTHER FINANCING SOURCES (USES)														
Transfers in (out)					12,159		28,835							40,994
NET CHANGE IN FUND BALANCE	95,491		32,009	2,264	(3,807)	8,206	12,256	702	5,365	520	4,487	(38,464)	(41,738)	77,291
FUND BALANCE, beginning of year	218,983	101,800	58,231	46,284	7,844	883	29,291	707	126,531	1,856	9,334	47,817	89,748	739,309
FUND BALANCE, end of year	314,474	101,800	90,240	48,548	4,037	9,089	41,547	1,409	131,896	2,376	13,821	9,353	48,010	816,600
ASSETS, end of year														
Cash and certificates of deposit	314,474	101,800	90,240	48,548	4,037	9,089	41,547	1,409	131,896	2,376	13,821	9,353	48,010	816,600
FUND BALANCES, end of year														
Restricted for:														
Preservation of records								1,409						1,409
Federal programs												9,353	48,010	57,363
Road and bridge projects	314,474		90,240											404,714
Committed to:														
Law enforcement										2,376				2,376
Road and bridge maintenance		101,800		48,548										150,348
Aid and assistance									131,896					131,896
County buildings and land					4,037									4,037
Property reappraisal						9,089	41,547							50,636
Assigned											13,821			13,821
Total fund balances	314,474	101,800	90,240	48,548	4,037	9,089	41,547	1,409	131,896	2,376	13,821	9,353	48,010	816,600

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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*

To the County Board of Commissioners
Franklin County
Franklin, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County, Nebraska, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Franklin County, Nebraska's basic financial statements, and have issued our report thereon dated June 22, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Franklin County, Nebraska'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 Franklin County, Nebraska's internal control. Accordingly, we do not express an opinion on the effectiveness of Franklin County, Nebraska'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 entity'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 did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County, Nebraska's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.*

Franklin County, Nebraska's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Franklin County, Nebraska's response to the finding identified in our audit which is described in the accompanying schedule of findings and responses. Franklin County, Nebraska's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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 Franklin County, Nebraska's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County, Nebraska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana Cole + Company, LLP

Minden, Nebraska
June 22, 2026

FRANKLIN COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025

2025-001 SEGREGATION OF DUTIES

Criteria

Internal controls should be in place to ensure proper segregation of duties.

Condition

The same individual routinely reconciles the bank statements, makes journal entries, and manages the general ledger functions. Administrative personnel have access to cash receipts, preparing checks, recording the transactions, and making deposits.

Cause

Due to the size of the County, there is limited segregation of duties over accounting functions.

Potential Effect

Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting.

Recommendations

We recommend that the County continue to monitor and evaluate its internal controls with the use of limited personnel and to provide as much segregation of duties as determined to be feasible within its operations.

Views of Responsible Officials and Planned Corrective Action

The County, within the constraints of existing time and cost considerations, will continue to review the situation and make improvements as deemed appropriate.

FRANKLIN COUNTY, NEBRASKA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025

2024-001 SEGREGATION OF DUTIES

The County had a limited number of personnel involved in the accounting functions. It was recommended that the County continue to monitor and evaluate its internal controls with the use of limited personnel to provide as much segregation of duties as determined to be feasible within its operations. This is a continuing finding, as noted in the schedule of findings and responses as item 2025-001, for the year ended June 30, 2025.