

**AUDIT REPORT  
OF  
BUTLER COUNTY**

**JULY 1, 2011 THROUGH JUNE 30, 2012**

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**Issued on April 22, 2013**

BUTLER COUNTY

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BUTLER COUNTY

**LIST OF COUNTY OFFICIALS**

At June 30, 2012

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Max Birkel	Board of Supervisors	Jan. 2013
Irvin Cidlik		Jan. 2015
William Kozisek		Jan. 2015
Tony Krafka		Jan. 2013
David Mach		Jan. 2015
Kevin Slama		Jan. 2015
Gregory Janak		Jan. 2013
Vickie Donoghue	Assessor	Jan. 2015
Julie Reiter	Attorney	Jan. 2015
Vicki Truksa	Clerk Election Commissioner Register of Deeds	Jan. 2015
Nancy Prochaska	Clerk of the District Court	Jan. 2015
Mark Hecker	Sheriff	Jan. 2015
Karey Adamy	Treasurer	Jan. 2015
Dean Kriz	Veterans' Service Officer	Appointed
Max Birkel	Weed Superintendent	Appointed
Jim Truksa	Highway Superintendent	Appointed



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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## BUTLER COUNTY

### INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Butler County, Nebraska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Butler County, as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements of the County's primary government, as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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

The financial statements referred to above include only the primary government of the County which consists of all funds, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the County's legally separate component units, which accounting principles generally accepted in the United States of America, as applied to the County's cash basis of accounting, require to be reported with the financial data of the

County's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the cash basis financial position of the reporting entity of the County as of June 30, 2012, and the changes in its cash basis financial position and its cash flows, where applicable, for the year then ended in conformity with the basis of accounting described in Note 1.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Butler County, as of June 30, 2012, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2013, on our consideration of Butler County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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, 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 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 financial statements or to the 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.

SIGNED ORIGINAL ON FILE

April 15, 2013

Deann Haeffner, CPA  
Assistant Deputy Auditor

**BUTLER COUNTY**  
**STATEMENT OF NET ASSETS - CASH BASIS**

June 30, 2012

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents (Note 1.D)	\$ 2,018,515
Investments (Note 1.D)	<u>3,091,868</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 5,110,383</u></u></b>
 <b>NET ASSETS</b>	
Restricted for:	
Visitor Promotion	\$ 16,847
911 Emergency Services	59,819
Debt Service	339,909
Unrestricted	<u>4,693,808</u>
<b>TOTAL NET ASSETS</b>	<b><u><u>\$ 5,110,383</u></u></b>

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

**BUTLER COUNTY**  
**STATEMENT OF ACTIVITIES - CASH BASIS**

For the Year Ended June 30, 2012

<b>Functions:</b>	Cash Disbursements	<u>Program Cash Receipts</u>		Net (Disbursement)
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Receipts and Changes in Net Assets</u>
<b>Governmental Activities:</b>				
General Government	\$ (1,763,479)	\$ 323,137	\$ 51,264	\$ (1,389,078)
Public Safety	(1,667,378)	344,897	69,096	(1,253,385)
Public Works	(2,580,032)	326	1,184,571	(1,395,135)
Public Assistance	(343,455)	45,732	-	(297,723)
Culture and Recreation	(5,865)	-	1,161	(4,704)
Debt Payments	(236,127)	-	-	(236,127)
<b>Total Governmental Activities</b>	<u><u>\$ (6,596,336)</u></u>	<u><u>\$ 714,092</u></u>	<u><u>\$ 1,306,092</u></u>	<u><u>(4,576,152)</u></u>
 General Receipts:				
Property Taxes				3,634,065
Grants and Contributions Not Restricted to Specific Programs				941,662
Investment Income				14,656
Licenses and Permits				37,152
Miscellaneous				126,261
<b>Total General Receipts</b>				<u><u>4,753,796</u></u>
 Change in Net Assets				
Net Assets - Beginning				4,932,739
Net Assets - Ending				<u><u>\$ 5,110,383</u></u>

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

**BUTLER COUNTY**  
**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
June 30, 2012

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Special Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents (Note 1.D)	\$ 689,512	\$ 583,167	\$ -	\$ -	\$ 745,836	\$ 2,018,515
Investments (Note 1.D)	132,857	-	2,157,809	794,186	7,016	3,091,868
<b>TOTAL ASSETS</b>	<u>\$ 822,369</u>	<u>\$ 583,167</u>	<u>\$ 2,157,809</u>	<u>\$ 794,186</u>	<u>\$ 752,852</u>	<u>\$ 5,110,383</u>
<b>FUND BALANCES</b>						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ 16,847	\$ 16,847
911 Emergency Services	-	-	-	-	59,819	59,819
Debt Service	-	-	-	-	339,909	339,909
Committed to:						
Law Enforcement	-	-	-	-	35,767	35,767
Road Maintenance	-	583,167	-	794,186	-	1,377,353
Aid and Assistance	-	-	-	-	275,053	275,053
Weed Control	-	-	-	-	21,457	21,457
Equipment	-	-	-	-	4,000	4,000
Assigned to:						
Other Purposes	-	-	2,157,809	-	-	2,157,809
Unassigned	822,369	-	-	-	-	822,369
<b>TOTAL CASH BASIS FUND BALANCES</b>	<u>\$ 822,369</u>	<u>\$ 583,167</u>	<u>\$ 2,157,809</u>	<u>\$ 794,186</u>	<u>\$ 752,852</u>	<u>\$ 5,110,383</u>

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

BUTLER COUNTY  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2012

	General Fund	Road Fund	Inheritance Fund	Special Road Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property Taxes	\$ 2,893,650	\$ -	\$ 423,558	\$ -	\$ 316,857	\$ 3,634,065
Licenses and Permits	36,977	175	-	-	-	37,152
Interest	14,656	-	-	-	-	14,656
Intergovernmental	302,063	1,705,060	3,000	4,338	233,293	2,247,754
Charges for Services	668,034	-	-	-	46,058	714,092
Miscellaneous	10,947	78,151	10,750	-	26,413	126,261
<b>TOTAL RECEIPTS</b>	<u>3,926,327</u>	<u>1,783,386</u>	<u>437,308</u>	<u>4,338</u>	<u>622,621</u>	<u>6,773,980</u>
<b>DISBURSEMENTS</b>						
General Government	1,644,640	-	118,315	-	524	1,763,479
Public Safety	1,374,395	-	-	-	292,983	1,667,378
Public Works	62,389	2,476,968	-	-	40,675	2,580,032
Public Assistance	164,195	-	-	-	179,260	343,455
Culture and Recreation	-	-	-	-	5,865	5,865
Debt Service:						
Principal Payments	-	-	-	-	180,000	180,000
Interest and Fiscal Charges	-	-	-	-	56,127	56,127
<b>TOTAL DISBURSEMENTS</b>	<u>3,245,619</u>	<u>2,476,968</u>	<u>118,315</u>	<u>-</u>	<u>755,434</u>	<u>6,596,336</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>680,708</u>	<u>(693,582)</u>	<u>318,993</u>	<u>4,338</u>	<u>(132,813)</u>	<u>177,644</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	350,000	679,601	-	365,000	195,737	1,590,338
Transfers out	(850,835)	(365,000)	(350,000)	-	(24,503)	(1,590,338)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(500,835)</u>	<u>314,601</u>	<u>(350,000)</u>	<u>365,000</u>	<u>171,234</u>	<u>-</u>
Net Change in Fund Balances	179,873	(378,981)	(31,007)	369,338	38,421	177,644
<b>CASH BASIS FUND BALANCES - BEGINNING</b>	<u>642,496</u>	<u>962,148</u>	<u>2,188,816</u>	<u>424,848</u>	<u>714,431</u>	<u>4,932,739</u>
<b>CASH BASIS FUND BALANCES - ENDING</b>	<u>\$ 822,369</u>	<u>\$ 583,167</u>	<u>\$ 2,157,809</u>	<u>\$ 794,186</u>	<u>\$ 752,852</u>	<u>\$ 5,110,383</u>

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

**BUTLER COUNTY**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**CASH BASIS**  
**FIDUCIARY FUNDS**  
 June 30, 2012

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,486,868
 <b>LIABILITIES</b>	
Due to other governments:	
State	187,030
Schools	152,170
Educational Service Units	1,211
Technical College	9,382
Natural Resource Districts	3,593
Fire Districts	3,608
Municipalities	21,458
Agricultural Society	7,081
Townships	802
Sanitary and Improvement Districts	68,411
Hospital	8,000,535
Others	31,587
<b>TOTAL LIABILITIES</b>	<b>8,486,868</b>
 <b>TOTAL NET ASSETS</b>	 <b>\$ -</b>

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

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2012

1. **Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

Butler 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 which 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.

**Component Unit.** These financial statements present the County (the primary government). The Butler County Health Care Center (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 V** – 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 V (Region) consists of the following counties: Polk, Butler, Saunders, Seward, Lancaster, Otoe, Fillmore, Saline, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, York, and Richardson.

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

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

County contributed \$29,179 toward the operation of the Region during fiscal year 2012. 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.

Health Department – The County has entered into an agreement with Four Corners Health Department (Department) to provide public health services. Agreements were established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Supp. 2011).

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 made no contributions toward the operation of the Department during fiscal year 2012. 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 required to be audited annually in accordance with Neb. Rev. Stat. § 84-304(4) (Reissue 2008). Financial information for the Department is available in that report.

**B. Basis of Presentation**

**Government-wide Financial Statements.** The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis display information about the activities of the County and are in the format of government-wide statements, as required by GASB Statement Number 34. These statements include all the financial activities of the County, except for fiduciary activities and the Hospital. Internal activities in these statements 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 activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods,

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

**Fund Financial Statements.** The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The 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 which 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.

**Special Road Fund.** This fund is used to account for funds set aside and costs associated with specific road projects.

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.

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

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**Debt Service Funds.** The Courthouse Bond Fund accounts for the resources for, and the payment of, general long-term debt principal, interest, and related costs.

The County designates fund balances as:

**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 balances has not been designated by the County Board for a specific purpose, but has been separated based on the type of revenue.

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

**C. Measurement Focus, Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis. Receipts are recognized when received and disbursements are recognized when warrants are paid. This differs from governmental GAAP, which requires the government-wide and fiduciary fund financial statements to be reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus and basis of accounting 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 require 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 generally are 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.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**D. Assets and Net Assets**

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

**Investments.** The types of investments in which the County is authorized to invest funds are enumerated in Neb. Rev. Stat. §§ 77-2315, 77-2340, and 77-2341 (Reissue 2009), and generally include U.S. Government obligations, certificates of deposit, and time deposits and securities, which are authorized by the Nebraska Investment Council.

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

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

**Compensated Absences.** Vested or accumulated vacation leave that is liquidated with expendable available financial resources is reported as 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.

**Restricted Net Assets.** When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net assets are reported as restricted when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$416,575 of restricted net assets, of which \$76,666 is restricted by enabling legislation.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

**Budgetary Process.** The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. The budget is prepared on the cash receipts and disbursements basis of accounting. The budget contains only those 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 2009).

At year end, the County's carrying amount of deposits was \$2,018,515 for County funds and \$486,333 for Fiduciary funds. The bank balances for all funds totaled \$2,458,471. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2012, were either entirely insured or collateralized with securities held by the County's agent in the County's name.

The County's carrying value of investments are stated at cost, which approximates market. Investments consisted of \$7,016 in Cole Real Estate investments, invested by the Senior Service Program and of \$3,084,852 for County funds and \$8,000,535 for Fiduciary funds deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a seven member Board of

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. **Deposits and Investments** (Concluded)

Trustees. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which has accrued to each participant is converted as of the close of business of each calendar month into additional units which thereafter are held in each participant's trust account. Since net income of the fund is allocated among participant's each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the County's name. The Cole Real Estate investment account was held by the Senior Service Program or its agent in the Senior Service Program's name.

3. **Property Taxes**

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

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

The levy set in October 2011, for the 2011 taxes, which will be materially collected in May and September 2012, was set at \$.224132/\$100 of assessed valuation. The levy set in October 2010, for the 2010 taxes, which were materially collected in May and September 2011, was set at \$.240398/\$100 of assessed valuation. The amount collected for 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. It may be increased by 1% by a three-fourths majority of the County Board.

4. **Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer 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 23-2335 (Reissue 2012) and may be amended through legislative action.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. **Retirement System** (Concluded)

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. Prior service benefits are paid directly by the County to the retired employee.

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

For the year ended June 30, 2012, 90 employees contributed \$113,313, and the County contributed \$168,547. Contributions included \$2,833 in cash contributions towards the supplemental law enforcement plan for 7 law enforcement employees. Lastly, the County paid \$1,085 directly to 15 retired employees for prior service benefits.

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 78 counties throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed by the Board for an additional contribution equal to its contribution for the current fiscal year, divided by the contribution of all participants for such year, times the amount of such deficiency. Each such assessment,

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. **Risk Management** (Concluded)

and the manner of calculating the same, is sent to each county in writing, and each county has sixty days in which to pay the amount of such assessment. Each county remains liable for such assessments, regardless of such county's withdrawal from participation or the termination of the agreement, as well as for liabilities of the Pool incurred during such 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
Worker's Compensation Claim	\$ 500,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2013. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2012, consisted of the following:

<b>Transfers to</b>	Transfers from				Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds	
Road Fund	\$ 679,601	\$ -	\$ -	\$ -	\$ 679,601
General	-	350,000	-	-	350,000
Special Road	-	-	365,000	-	365,000
Nonmajor Funds	171,234	-	-	24,503	195,737
<b>Total</b>	<b>\$ 850,835</b>	<b>\$ 350,000</b>	<b>\$ 365,000</b>	<b>\$ 24,503</b>	<b>\$ 1,590,338</b>

BUTLER COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**6. Interfund Transfers** (Concluded)

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.

**7. Contingent Liabilities**

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

**8. Long-Term Debt**

**General Obligation Bond.** The County issued bonds on May 3, 2010, in the amount of \$2,230,000 for the purpose of refunding the County's General Obligation Building Bonds, Series 2002, dated May 1, 2002, which were issued for the purpose of paying the costs of constructing additions and improvements to the Butler County Courthouse. The bond payable balance, as of June 30, 2012, was \$1,870,000. 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 tax resources will be used to pay off the bonds.

Future Payments:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 180,000	\$ 53,788	\$ 233,788
2014	185,000	50,907	235,907
2015	190,000	47,485	237,485
2016	195,000	43,305	238,305
2017	195,000	38,138	233,138
2018-2022	925,000	90,265	1,015,265
<b>Total Payments</b>	<b>\$ 1,870,000</b>	<b>\$ 323,888</b>	<b>\$ 2,193,888</b>

**Hospital Bond.** In March 2009, the County issued bonds in the amount of \$3,180,000 for the purpose of refunding the Series 2004 Hospital Building Bonds originally issued in January 2004 for the purpose of paying the costs of constructing and remodeling the Hospital facility. In May 2012, the County Board of Supervisors issued General Obligation Bonds in the original amount of \$8,000,000 issued for the purpose of paying for the costs related to the construction of additions and improvements to the existing Hospital facility. The bond payable balance as of June 30, 2012, was \$10,780,000. Butler County has the ability to levy taxes as necessary to cover the annual required principal and interest payments over the term of these bonds; however, it is the intent of the County Board to use proceeds from the Hospital to pay off the bonds. Complete financial statements of the Hospital can be obtained from the Hospital's administrative office.

BUTLER COUNTY

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**9. Senior Services Program**

The Butler County Senior Services Program (Program), which was identified as a separate component unit of the County in previous audits, was determined to be a function of the County and required to be included as a special revenue fund in the County's financial statements. All activity of the Program is included as a separate fund identified as the Senior Services Fund.

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 2,960,496	\$ 2,960,496	\$2,893,650	\$ (66,846)
Licenses and Permits	34,000	34,000	36,977	2,977
Interest	20,000	20,000	14,656	(5,344)
Intergovernmental	182,300	182,300	302,063	119,763
Charges for Services	477,100	477,100	668,034	190,934
Miscellaneous	-	-	10,947	10,947
<b>TOTAL RECEIPTS</b>	<u>3,673,896</u>	<u>3,673,896</u>	<u>3,926,327</u>	<u>252,431</u>
<b>DISBURSEMENTS</b>				
General Government:				
County Board	204,656	204,656	199,383	5,273
County Clerk	149,566	149,566	147,696	1,870
County Treasurer	147,312	147,312	145,271	2,041
County Assessor	190,801	190,801	182,304	8,497
Election Commissioner	59,515	59,515	40,248	19,267
Data Processing Department	53,000	53,000	23,667	29,333
Clerk of the District Court	165,546	165,546	147,708	17,838
County Court System	10,500	10,500	9,014	1,486
Public Defender	164,285	164,285	121,660	42,625
Building and Grounds	215,331	215,331	204,724	10,607
Reappraisal	55,711	55,711	54,970	741
Agricultural Extension Agent	82,362	82,362	74,179	8,183
Child Support	17,864	17,864	-	17,864
Energy Efficiency Grant	42,000	42,000	41,573	427
Miscellaneous	320,640	320,640	252,243	68,397
Public Safety:				
County Sheriff	549,282	549,282	523,125	26,157
County Attorney	207,549	207,549	204,088	3,461
County Jail	633,569	633,569	618,323	15,246
Juvenile Diversion	12,572	12,572	11,396	1,176
Miscellaneous	32,000	32,000	17,463	14,537
Public Works:				
County Surveyor	62,515	62,515	62,389	126
Public Assistance:				
Veterans' Service Officer	37,287	37,287	37,069	218
Victims Assistance Program	27,832	27,832	25,000	2,832
Miscellaneous	126,982	126,982	102,126	24,856
<b>TOTAL DISBURSEMENTS</b>	<u>3,568,677</u>	<u>3,568,677</u>	<u>3,245,619</u>	<u>323,058</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	105,219	105,219	680,708	575,489
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	350,000	350,000	350,000	-
Transfers out	(847,715)	(847,715)	(850,835)	(3,120)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(497,715)	(497,715)	(500,835)	(3,120)
Net Change in Fund Balance	(392,496)	(392,496)	179,873	572,369
<b>FUND BALANCE - BEGINNING</b>	642,496	642,496	642,496	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 822,369</u>	<u>\$ 572,369</u>

(Concluded)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ROAD FUND</b>				
<b>RECEIPTS</b>				
Licenses and Permits	\$ -	\$ -	\$ 175	\$ 175
Intergovernmental	1,617,892	1,617,892	1,705,060	87,168
Miscellaneous	10,000	10,000	78,151	68,151
<b>TOTAL RECEIPTS</b>	<u>1,627,892</u>	<u>1,627,892</u>	<u>1,783,386</u>	<u>155,494</u>
<b>DISBURSEMENTS</b>	<u>2,944,641</u>	<u>2,944,641</u>	<u>2,476,968</u>	<u>467,673</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,316,749)</u>	<u>(1,316,749)</u>	<u>(693,582)</u>	<u>623,167</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	679,601	679,601	679,601	-
Transfers out	(100,000)	(100,000)	(365,000)	(265,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>579,601</u>	<u>579,601</u>	<u>314,601</u>	<u>(265,000)</u>
Net Change in Fund Balance	(737,148)	(737,148)	(378,981)	358,167
FUND BALANCE - BEGINNING	962,148	962,148	962,148	-
FUND BALANCE - ENDING	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 583,167</u>	<u>\$ 358,167</u>
<b>INHERITANCE FUND</b>				
<b>RECEIPTS</b>				
Taxes	\$ 100,250	\$ 100,250	\$ 423,558	\$ 323,308
Intergovernmental	-	-	3,000	3,000
Miscellaneous	-	-	10,750	10,750
<b>TOTAL RECEIPTS</b>	<u>100,250</u>	<u>100,250</u>	<u>437,308</u>	<u>337,058</u>
<b>DISBURSEMENTS</b>	<u>1,939,066</u>	<u>1,939,066</u>	<u>118,315</u>	<u>1,820,751</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(1,838,816)</u>	<u>(1,838,816)</u>	<u>318,993</u>	<u>2,157,809</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(350,000)	(350,000)	(350,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Net Change in Fund Balance	(2,188,816)	(2,188,816)	(31,007)	2,157,809
FUND BALANCE - BEGINNING	2,188,816	2,188,816	2,188,816	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,157,809</u>	<u>\$ 2,157,809</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>SPECIAL ROAD FUND</u></b>				
<b>RECEIPTS</b>				
Intergovernmental	\$ -	\$ -	\$ 4,338	\$ 4,338
<b>TOTAL RECEIPTS</b>	<b>-</b>	<b>-</b>	<b>4,338</b>	<b>4,338</b>
<b>DISBURSEMENTS</b>	<b>524,848</b>	<b>524,848</b>	<b>-</b>	<b>524,848</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(524,848)</b>	<b>(524,848)</b>	<b>4,338</b>	<b>529,186</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	365,000	265,000
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>100,000</b>	<b>100,000</b>	<b>365,000</b>	<b>265,000</b>
Net Change in Fund Balance	(424,848)	(424,848)	369,338	794,186
FUND BALANCE - BEGINNING	424,848	424,848	424,848	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,186</u>	<u>\$ 794,186</u>

(Concluded)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EMERGENCY MANAGEMENT FUND</b>				
RECEIPTS	\$ 20,500	\$ 20,500	\$ 29,925	\$ 9,425
DISBURSEMENTS	68,393	68,393	60,011	8,382
OTHER FINANCING SOURCES (USES)				
Transfers in	32,140	32,140	32,140	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	32,140	32,140	32,140	-
Net Change in Fund Balance	(15,753)	(15,753)	2,054	17,807
FUND BALANCE - BEGINNING	15,753	15,753	15,753	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 17,807	\$ 17,807
<b>EQUIPMENT SINKING FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	4,000	4,000	-	4,000
OTHER FINANCING SOURCES (USES)				
Transfers in	4,000	4,000	4,000	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	4,000	4,000	4,000	-
Net Change in Fund Balance	-	-	4,000	4,000
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 4,000	\$ 4,000
<b>VISITOR PROMOTION FUND</b>				
RECEIPTS	\$ 2,000	\$ 2,000	\$ 2,190	\$ 190
DISBURSEMENTS	11,166	11,166	5,865	5,301
Net Change in Fund Balance	(9,166)	(9,166)	(3,675)	5,491
FUND BALANCE - BEGINNING	9,166	9,166	9,166	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 5,491	\$ 5,491

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VISITOR IMPROVEMENT FUND</b>				
RECEIPTS	\$ 2,000	\$ 2,000	\$ 2,190	\$ 190
DISBURSEMENTS	11,166	11,166	-	11,166
Net Change in Fund Balance	(9,166)	(9,166)	2,190	11,356
FUND BALANCE - BEGINNING	9,166	9,166	9,166	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,356</u>	<u>\$ 11,356</u>
<b>RELIEF / MEDICAL FUND</b>				
RECEIPTS	\$ -	\$ -	\$ 5,451	\$ 5,451
DISBURSEMENTS	18,489	18,489	8,299	10,190
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(3)	(3)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(3)	(3)
Net Change in Fund Balance	(18,489)	(18,489)	(2,851)	15,638
FUND BALANCE - BEGINNING	18,489	18,489	18,489	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,638</u>	<u>\$ 15,638</u>
<b>INSTITUTION FUND</b>				
RECEIPTS	\$ -	\$ -	\$ 9,394	\$ 9,394
DISBURSEMENTS	23,639	23,639	5,524	18,115
Net Change in Fund Balance	(23,639)	(23,639)	3,870	27,509
FUND BALANCE - BEGINNING	23,639	23,639	23,639	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,509</u>	<u>\$ 27,509</u>
<b>VETERANS' AID FUND</b>				
RECEIPTS	\$ -	\$ -	\$ 4,559	\$ 4,559
DISBURSEMENTS	21,129	21,129	3,600	17,529
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3	3
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	3	3
Net Change in Fund Balance	(21,129)	(21,129)	962	22,091
FUND BALANCE - BEGINNING	21,129	21,129	21,129	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,091</u>	<u>\$ 22,091</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>STOP FUND</b>				
RECEIPTS	\$ 5,000	\$ 5,000	\$ 8,800	\$ 3,800
DISBURSEMENTS	16,107	16,107	5,067	11,040
Net Change in Fund Balance	(11,107)	(11,107)	3,733	14,840
FUND BALANCE - BEGINNING	11,107	11,107	11,107	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,840</u>	<u>\$ 14,840</u>
<b>CANINE (K-9) FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,120	3,120
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	3,120	3,120
Net Change in Fund Balance	-	-	3,120	3,120
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,120</u>	<u>\$ 3,120</u>
<b>FEDERAL GRANT FUND</b>				
RECEIPTS	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
DISBURSEMENTS	100,079	100,079	79	100,000
Net Change in Fund Balance	(79)	(79)	(79)	-
FUND BALANCE - BEGINNING	79	79	79	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>911 WIRELESS SERVICE FUND</b>				
RECEIPTS	\$ 30,000	\$ 30,000	\$ 27,879	\$ (2,121)
DISBURSEMENTS	53,082	53,082	12,013	41,069
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,244	3,244
Transfers out	-	-	(21,256)	(21,256)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(18,012)	(18,012)
Net Change in Fund Balance	(23,082)	(23,082)	(2,146)	20,936
FUND BALANCE - BEGINNING	23,082	23,082	23,082	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,936</u>	<u>\$ 20,936</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>911 WIRELESS HOLDING FUND</b>				
RECEIPTS	\$ -	\$ -	\$ -	\$ -
DISBURSEMENTS	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	21,256	21,256
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	21,256	21,256
Net Change in Fund Balance	-	-	21,256	21,256
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,256</u>	<u>\$ 21,256</u>
<b>COURTHOUSE BOND FUND</b>				
RECEIPTS	\$ 236,651	\$ 236,651	\$ 247,373	\$ 10,722
DISBURSEMENTS	565,838	565,838	236,651	329,187
Net Change in Fund Balance	(329,187)	(329,187)	10,722	339,909
FUND BALANCE - BEGINNING	329,187	329,187	329,187	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,909</u>	<u>\$ 339,909</u>
<b>NOXIOUS WEED FUND</b>				
RECEIPTS	\$ -	\$ -	\$ 326	\$ 326
DISBURSEMENTS	61,806	61,806	40,675	21,131
OTHER FINANCING SOURCES (USES)				
Transfers in	41,452	41,452	41,452	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	41,452	41,452	41,452	-
Net Change in Fund Balance	(20,354)	(20,354)	1,103	21,457
FUND BALANCE - BEGINNING	20,354	20,354	20,354	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,457</u>	<u>\$ 21,457</u>

(Continued)

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

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>911 EMERGENCY ASSISTANCE FUND</u></b>				
RECEIPTS	\$ 112,150	\$ 112,150	\$ 112,214	\$ 64
DISBURSEMENTS	236,620	236,620	215,813	20,807
OTHER FINANCING SOURCES (USES)				
Transfers in	90,522	90,522	90,522	-
Transfers out	-	-	(3,244)	(3,244)
TOTAL OTHER FINANCING SOURCES (USES)	90,522	90,522	87,278	(3,244)
Net Change in Fund Balance	(33,948)	(33,948)	(16,321)	17,627
FUND BALANCE - BEGINNING	33,948	33,948	33,948	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,627</u>	<u>\$ 17,627</u>
<b><u>SENIOR SERVICE FUND</u></b>				
RECEIPTS	\$ -	\$ -	\$ 172,320	\$ 172,320
DISBURSEMENTS	-	-	161,837	(161,837)
Net Change in Fund Balance	-	-	10,483	10,483
FUND BALANCE - BEGINNING	199,332	199,332	199,332	-
FUND BALANCE - ENDING	<u>\$ 199,332</u>	<u>\$ 199,332</u>	<u>\$ 209,815</u>	<u>\$ 10,483</u>

(Concluded)

BUTLER COUNTY  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BASIS FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2012

	Emergency Management Fund	Equipment Sinking Fund	Visitor Promotion Fund	Visitor Improvement Fund	Relief / Medical Fund	Institution Fund
<b>RECEIPTS</b>						
Property Taxes	\$ -	\$ -	\$ 2,190	\$ 2,190	\$ 5,377	\$ 7,228
Intergovernmental	29,155	-	-	-	74	95
Charges for Services	-	-	-	-	-	-
Miscellaneous	770	-	-	-	-	2,071
<b>TOTAL RECEIPTS</b>	<u>29,925</u>	<u>-</u>	<u>2,190</u>	<u>2,190</u>	<u>5,451</u>	<u>9,394</u>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	-	-	-
Public Safety	60,011	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Assistance	-	-	-	-	8,299	5,524
Culture and Recreation	-	-	5,865	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<u>60,011</u>	<u>-</u>	<u>5,865</u>	<u>-</u>	<u>8,299</u>	<u>5,524</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>(30,086)</u>	<u>-</u>	<u>(3,675)</u>	<u>2,190</u>	<u>(2,848)</u>	<u>3,870</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	32,140	4,000	-	-	-	-
Transfers out	-	-	-	-	(3)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>32,140</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
Net Change in Fund Balances	2,054	4,000	(3,675)	2,190	(2,851)	3,870
<b>FUND BALANCES - BEGINNING</b>	<u>15,753</u>	<u>-</u>	<u>9,166</u>	<u>9,166</u>	<u>18,489</u>	<u>23,639</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 17,807</u>	<u>\$ 4,000</u>	<u>\$ 5,491</u>	<u>\$ 11,356</u>	<u>\$ 15,638</u>	<u>\$ 27,509</u>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ 5,491	\$ 11,356	\$ -	\$ -
911 Emergency Services	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Committed to:						
Law Enforcement	17,807	-	-	-	-	-
Aid and Assistance	-	-	-	-	15,638	27,509
Weed Control	-	-	-	-	-	-
Equipment	-	4,000	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 17,807</u>	<u>\$ 4,000</u>	<u>\$ 5,491</u>	<u>\$ 11,356</u>	<u>\$ 15,638</u>	<u>\$ 27,509</u>

(Continued)

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

For the Year Ended June 30, 2012

	Veterans' Aid Fund	STOP Fund	Canine (K-9) Fund	Federal Grant Fund	911 Wireless Service Fund	911 Wireless Holding Fund
<b>RECEIPTS</b>						
Property Taxes	\$ 4,293	\$ -	\$ -	\$ -	\$ 27,879	\$ -
Intergovernmental	56	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	210	8,800	-	-	-	-
<b>TOTAL RECEIPTS</b>	<b>4,559</b>	<b>8,800</b>	<b>-</b>	<b>-</b>	<b>27,879</b>	<b>-</b>
<b>DISBURSEMENTS</b>						
General Government	-	-	-	-	-	-
Public Safety	-	5,067	-	79	12,013	-
Public Works	-	-	-	-	-	-
Public Assistance	3,600	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>3,600</b>	<b>5,067</b>	<b>-</b>	<b>79</b>	<b>12,013</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>959</b>	<b>3,733</b>	<b>-</b>	<b>(79)</b>	<b>15,866</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3	-	3,120	-	3,244	21,256
Transfers out	-	-	-	-	(21,256)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3</b>	<b>-</b>	<b>3,120</b>	<b>-</b>	<b>(18,012)</b>	<b>21,256</b>
Net Change in Fund Balances	962	3,733	3,120	(79)	(2,146)	21,256
<b>FUND BALANCES - BEGINNING</b>	<b>21,129</b>	<b>11,107</b>	<b>-</b>	<b>79</b>	<b>23,082</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 22,091</b>	<b>\$ 14,840</b>	<b>\$ 3,120</b>	<b>\$ -</b>	<b>\$ 20,936</b>	<b>\$ 21,256</b>
<b>FUND BALANCES:</b>						
Restricted for:						
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
911 Emergency Services	-	-	-	-	20,936	21,256
Debt Service	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	14,840	3,120	-	-	-
Aid and Assistance	22,091	-	-	-	-	-
Weed Control	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 22,091</b>	<b>\$ 14,840</b>	<b>\$ 3,120</b>	<b>\$ -</b>	<b>\$ 20,936</b>	<b>\$ 21,256</b>

(Continued)

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

For the Year Ended June 30, 2012

	Courthouse Bond Fund	Noxious Weed Fund	911 Emergency Assistance Fund	Senior Service Fund	Total Nonmajor Governmental Funds
<b>RECEIPTS</b>					
Property Taxes	\$ 232,701	\$ -	\$ 34,999	\$ -	\$ 316,857
Intergovernmental	14,672	-	77,215	112,026	233,293
Charges for Services	-	326	-	45,732	46,058
Miscellaneous	-	-	-	14,562	26,413
<b>TOTAL RECEIPTS</b>	<u>247,373</u>	<u>326</u>	<u>112,214</u>	<u>172,320</u>	<u>622,621</u>
<b>DISBURSEMENTS</b>					
General Government	524	-	-	-	524
Public Safety	-	-	215,813	-	292,983
Public Works	-	40,675	-	-	40,675
Public Assistance	-	-	-	161,837	179,260
Culture and Recreation	-	-	-	-	5,865
Debt Service:					
Principal Payments	180,000	-	-	-	180,000
Interest and Fiscal Charges	56,127	-	-	-	56,127
<b>TOTAL DISBURSEMENTS</b>	<u>236,651</u>	<u>40,675</u>	<u>215,813</u>	<u>161,837</u>	<u>755,434</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>10,722</u>	<u>(40,349)</u>	<u>(103,599)</u>	<u>10,483</u>	<u>(132,813)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	41,452	90,522	-	195,737
Transfers out	-	-	(3,244)	-	(24,503)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>41,452</u>	<u>87,278</u>	<u>-</u>	<u>171,234</u>
Net Change in Fund Balances	10,722	1,103	(16,321)	10,483	38,421
<b>FUND BALANCES - BEGINNING</b>	<u>329,187</u>	<u>20,354</u>	<u>33,948</u>	<u>199,332</u>	<u>714,431</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 339,909</u>	<u>\$ 21,457</u>	<u>\$ 17,627</u>	<u>\$ 209,815</u>	<u>\$ 752,852</u>
<b>FUND BALANCES:</b>					
Restricted for:					
Visitor Promotion	\$ -	\$ -	\$ -	\$ -	\$ 16,847
911 Emergency Services	-	-	17,627	-	59,819
Debt Service	339,909	-	-	-	339,909
Committed to:					
Law Enforcement	-	-	-	-	35,767
Aid and Assistance	-	-	-	209,815	275,053
Weed Control	-	21,457	-	-	21,457
Equipment	-	-	-	-	4,000
<b>TOTAL FUND BALANCES</b>	<u>\$ 339,909</u>	<u>\$ 21,457</u>	<u>\$ 17,627</u>	<u>\$ 209,815</u>	<u>\$ 752,852</u>

(Concluded)

**BUTLER COUNTY**  
**SCHEDULE OF OFFICE ACTIVITIES**  
For the Year Ended June 30, 2012

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	County Detention Center	Highway Superintendent	Veterans' Service Officer	County Senior Services	Total
BALANCES JULY 1, 2011	\$ 7,974	\$ 53,835	\$ 1,779	\$ 462	\$ 28,636	\$ -	\$ 2,425	\$ 195,929	\$ 291,040
<b>RECEIPTS</b>									
Licenses and Permits	730	-	-	-	-	-	-	-	730
Intergovernmental	-	-	12,000	-	-	594,531	3,600	115,059	725,190
Charges for Services	55,063	6,573	21,572	-	316,371	-	-	47,297	446,876
Miscellaneous	-	-	3,500	-	-	11,709	-	14,562	29,771
State Fees	69,161	12,726	-	-	131	-	-	-	82,018
Other Liabilities	-	82,955	11,576	-	158,253	-	-	-	252,784
<b>TOTAL RECEIPTS</b>	<b>124,954</b>	<b>102,254</b>	<b>48,648</b>	<b>-</b>	<b>474,755</b>	<b>606,240</b>	<b>3,600</b>	<b>176,918</b>	<b>1,537,369</b>
<b>DISBURSEMENTS</b>									
Payments to County Treasurer	55,462	6,629	33,601	-	306,389	605,761	-	-	1,007,842
Payments to State Treasurer	67,741	12,860	-	-	118	-	-	-	80,719
Other Liabilities	116	81,843	11,407	-	158,664	-	1,680	157,986	411,696
<b>TOTAL DISBURSEMENTS</b>	<b>123,319</b>	<b>101,332</b>	<b>45,008</b>	<b>-</b>	<b>465,171</b>	<b>605,761</b>	<b>1,680</b>	<b>157,986</b>	<b>1,500,257</b>
BALANCES JUNE 30, 2012	<u>\$ 9,609</u>	<u>\$ 54,757</u>	<u>\$ 5,419</u>	<u>\$ 462</u>	<u>\$ 38,220</u>	<u>\$ 479</u>	<u>\$ 4,345</u>	<u>\$ 214,861</u>	<u>\$ 328,152</u>
<b>BALANCES CONSIST OF:</b>									
Due to County Treasurer	\$ 9,409	\$ 903	\$ 1,324	\$ 462	\$ 33,241	\$ 479	\$ 4,345	\$ 207,768	\$ 257,931
Petty Cash	200	-	3,500	-	3,500	-	-	-	7,200
Due to State Treasurer	-	605	-	-	77	-	-	-	682
Due to Others	-	53,249	595	-	1,402	-	-	7,093	62,339
BALANCES JUNE 30, 2012	<u>\$ 9,609</u>	<u>\$ 54,757</u>	<u>\$ 5,419</u>	<u>\$ 462</u>	<u>\$ 38,220</u>	<u>\$ 479</u>	<u>\$ 4,345</u>	<u>\$ 214,861</u>	<u>\$ 328,152</u>

BUTLER COUNTY  
**SCHEDULE OF TAXES CERTIFIED AND COLLECTED FOR  
 ALL POLITICAL SUBDIVISIONS IN THE COUNTY**

June 30, 2012

Item	2007	2008	2009	2010	2011
Tax Certified by Assessor					
Real Estate	\$ 13,934,697	\$ 14,581,243	\$ 15,956,016	\$ 18,088,063	\$ 19,719,390
Personal and Specials	890,296	952,141	1,166,900	1,374,706	1,813,626
Total	<u>14,824,993</u>	<u>15,533,384</u>	<u>17,122,916</u>	<u>19,462,769</u>	<u>21,533,016</u>
Corrections					
Additions	3,381	10,649	7,099	7,232	6,453
Deductions	<u>(2,206)</u>	<u>(7,980)</u>	<u>(11,582)</u>	<u>(17,321)</u>	<u>(8,089)</u>
Net Additions/ (Deductions)	<u>1,175</u>	<u>2,669</u>	<u>(4,483)</u>	<u>(10,089)</u>	<u>(1,636)</u>
Corrected Certified Tax	<u>14,826,168</u>	<u>15,536,053</u>	<u>17,118,433</u>	<u>19,452,680</u>	<u>21,531,380</u>
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2008	8,823,245	-	-	-	-
June 30, 2009	5,986,009	9,317,086	-	-	-
June 30, 2010	9,126	6,204,223	10,394,792	-	-
June 30, 2011	3,568	8,223	6,723,333	12,044,987	-
June 30, 2012	<u>2,259</u>	<u>3,966</u>	<u>(4,936)</u>	<u>7,398,151</u>	<u>13,429,098</u>
Total Net Collections	<u>14,824,207</u>	<u>15,533,498</u>	<u>17,113,189</u>	<u>19,443,138</u>	<u>13,429,098</u>
Total Uncollected Tax	<u>\$ 1,961</u>	<u>\$ 2,555</u>	<u>\$ 5,244</u>	<u>\$ 9,542</u>	<u>\$ 8,102,282</u>
Percentage Uncollected Tax	<u>0.01%</u>	<u>0.02%</u>	<u>0.03%</u>	<u>0.05%</u>	<u>37.63%</u>



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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BUTLER 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  
Butler County, Nebraska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Butler County as of and for the year ended June 30, 2012, and have issued our report thereon dated April 15, 2013. 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 Butler County Health Care Center, a component unit of Butler County. Except as noted above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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, detect, or 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, detected or corrected on a timely basis. We consider the following deficiency to be a material weakness:

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Butler County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters that we reported to the management of Butler County in a separate letter dated April 15, 2013.

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

SIGNED ORIGINAL ON FILE

April 15, 2013

Deann Haeffner, CPA  
Assistant Deputy Auditor



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

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April 15, 2013

Board of Supervisors  
Butler County, Nebraska

Dear Supervisors:

We have audited the basic financial statements of Butler County (County) for the fiscal year ended June 30, 2012, and have issued our report thereon dated April 15, 2013. 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 areas as follows:

## **COUNTY OVERALL**

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### **Segregation of Duties**

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

We noted the offices of the County each had a lack of segregation of duties since one person could handle all aspects of processing a transaction from beginning to end. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. 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.

## **Unclaimed Property**

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009) states that personal property held by public entities or political subdivisions which remains unclaimed for more than three years is presumed abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires such items be reported to the Nebraska State Treasurer before November 1 of each year as of June 30 next proceeding. In addition, sound accounting practices require that old accounts be followed up on to determine if they should still be active or not.

During our audit, we noted the following offices held funds which had remained unclaimed for more than three years and had not been remitted to the State Treasurer in accordance with the Unclaimed Property Act:

- Clerk of the District Court – Three checks totaling \$101 and one trust balance of \$75
- County Sheriff – Fifteen checks totaling \$394

We recommend all personal property, including uncashed checks and unclaimed trust balances, which remain unclaimed for more than three years be remitted to the State Treasurer in accordance with the Unclaimed Property Act.

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## **COUNTY SHERIFF**

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### **Balancing Procedures**

The County Sheriff does not have procedures in place to determine accurate asset to liability balancing. At June 30, 2012, the County Sheriff's records indicated the bank account exceeded liabilities by \$595. We also noted an inability to provide an accurate listing of accounts receivable and payables at June 30, 2012.

Good internal control requires procedures be in place to ensure assets (cash on hand, reconciled bank statement, and accounts receivable) are in agreement with office liabilities (fees and trust accounts). Without proper oversight of transaction activity and a failure to determine asset to liability balancing variances, there is an increased risk of loss, theft, or misuse of funds allowing errors to more easily go undetected.

We recommend the County Sheriff remit excess amounts to the County Treasurer and the accounting system be updated to reflect correct balances.

## COUNTY BOARD

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### Senior Services Program

Financial activities of the Senior Services Program (Program) were delegated to a separate board; however, the Program is a function of the County and all activity should have been reviewed and approved by the County Board. Because the County considered the Program to be a separate component unit, proper procedures were not followed in relation to the following:

- Expenditures were not approved by the County Board.
- Receipts were not deposited to the County Treasurer.
- Employees were not properly contributing to the County Retirement Plan.
- Activity was not included in the County budget.

Neb. Rev. Stat. § 23-1601 (Reissue 2012) states, “It is the duty of the county treasurer to receive all money belonging to the county from whatever source derived...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.” Neb. Rev. Stat. § 23-903 (Reissue 2012) states,

*“the budget of the county shall present a complete financial plan for the period for which said budget is drawn, as hereinafter provided. It shall set forth (1) all proposed expenditures for the administration, operation and maintenance of all offices, departments, activities, funds and institutions of the county.”*

Neb. Rev. Stat. § 23-2301 (Reissue 2012) defines members of the County Retirement Plan as all persons or officers employed by a county on a permanent basis.

When all receipts are not deposited with the County Treasurer and expenditures are not approved by the County Board, the financial activity of the County is not properly disclosed to the public according to statutes. Such procedures also increase the risk of loss or misuse of funds.

We understand the County has implemented the procedures as noted above effective July 1, 2012. We recommend the County Board continue to include the Senior Services Program within the County operations.

\* \* \* \* \*

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

Draft copies of this report were furnished to the County to provide them 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 will be verified in the next audit.

This report is intended solely for the information and use of the County, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

SIGNED ORIGINAL ON FILE

Deann Haeffner, CPA  
Assistant Deputy Auditor