

**AUDIT REPORT
OF
BUTLER COUNTY**

JULY 1, 2014 THROUGH JUNE 30, 2015

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Issued on April 19, 2016

BUTLER COUNTY

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BUTLER COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Mach	Board of Supervisors	Jan. 2019
Gregory Janak		Jan. 2017
Kevin Slama		Jan. 2019
Scott Steager		Jan. 2019
Tony Krafka		Jan. 2017
David Potter		Jan. 2019
Max Birkel		Jan. 2017
Vickie Donoghue	Assessor	Jan. 2019
Julie Reiter	Attorney	Jan. 2019
Vicki Truksa	Clerk Election Commissioner Register of Deeds	Jan. 2019
Nancy Prochaska	Clerk of the District Court	Jan. 2019
Marcus Siebken	Sheriff	Jan. 2019
Karey Adamy	Treasurer	Jan. 2019
Brian Foral	Surveyor	Jan. 2019
Dean Kriz	Veterans' Service Officer	Appointed
Max Birkel	Weed Superintendent	Appointed
Jim Rerucha	Highway Superintendent	Appointed
Linda Vandenberg	Senior Services	Appointed



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BUTLER COUNTY

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Butler County, Nebraska

Report on the Financial Statements

We have audited the accompanying cash-basis 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, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government, as listed in the table of contents.

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Summary of Opinions

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

Basis for Adverse Opinion on the Discretely Presented Component Unit

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Discretely Presented Component Unit” paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of Butler County, as of June 30, 2015, 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 Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and aggregate remaining fund information of Butler County, as of June 30, 2015, and the respective changes in cash-basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Emphasis of Matters – Basis of Accounting

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole, which 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.

The combining nonmajor fund financial statement, budgetary comparison information, schedule of office activity, and schedule of taxes certified and collected, pages 19-35, are the responsibility of management and were derived from, and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2016, 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 considering Butler County's internal control over financial reporting and compliance.



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

April 4, 2016

BUTLER COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2015

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 1,266,932
Investments (Note 1.D)	5,327,288
TOTAL ASSETS	\$ 6,594,220
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 24,350
911 Emergency Services	99,350
Drug Education	462
Law Enforcement	966
Preservation of Records	8,737
Aid and Assistance	13,501
Road/Bridge Projects	276,895
Child Support Enforcement	32,729
Unrestricted	6,137,230
TOTAL NET POSITION	\$ 6,594,220

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, 2015

Functions:	Cash Disbursements	Program Cash Receipts		Net (Disbursement) Receipts and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ (1,817,598)	\$ 406,839	\$ 58,876	\$ (1,351,883)
Public Safety	(2,205,341)	30,373	67,174	(2,107,794)
Public Works	(2,524,755)	680	1,424,031	(1,100,044)
Public Assistance	(358,487)	51,502	107,842	(199,143)
Culture and Recreation	(676)	-	-	(676)
Debt Payments	(1,552,726)	-	-	(1,552,726)
Total Governmental Activities	<u>\$ (8,459,583)</u>	<u>\$ 489,394</u>	<u>\$ 1,657,923</u>	<u>(6,312,266)</u>
General Receipts:				
				4,491,637
				1,250,665
				12,769
				29,202
				143,464
				<u>5,927,737</u>
				(384,529)
				6,978,749
				<u>\$ 6,594,220</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, 2015

	General Fund	Road Fund	Inheritance Fund	Special Road Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ -	\$ 447,946	\$ -	\$ -	\$ 818,986	\$ 1,266,932
Investments (Note 1.D)	927,952	619,898	2,458,036	1,256,787	64,615	5,327,288
TOTAL ASSETS	\$ 927,952	\$ 1,067,844	\$ 2,458,036	\$ 1,256,787	\$ 883,601	\$ 6,594,220
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	24,350	24,350
911 Emergency Services	-	-	-	-	99,350	99,350
Drug Education	-	-	-	-	462	462
Law Enforcement	-	-	-	-	966	966
Preservation of Records	-	-	-	-	8,737	8,737
Aid and Assistance	-	-	-	-	13,501	13,501
Road/Bridge Projects	-	-	-	-	276,895	276,895
Child Support Enforcement	-	-	-	-	32,729	32,729
Committed to:						
Law Enforcement	-	-	-	-	32,931	32,931
Road Maintenance	-	1,067,844	-	1,256,787	-	2,324,631
Aid and Assistance	-	-	-	-	361,393	361,393
Equipment	-	-	-	-	16,000	16,000
Weed Control	-	-	-	-	16,287	16,287
Assigned to:						
Other Purposes	-	-	2,458,036	-	-	2,458,036
Unassigned	927,952	-	-	-	-	927,952
TOTAL CASH BASIS FUND BALANCES	\$ 927,952	\$ 1,067,844	\$ 2,458,036	\$ 1,256,787	\$ 883,601	\$ 6,594,220

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, 2015

	General Fund	Road Fund	Inheritance Fund	Special Road Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 3,449,190	\$ -	\$ 839,040	\$ -	\$ 203,407	\$ 4,491,637
Licenses and Permits	29,127	75	-	-	-	29,202
Interest	7,412	-	-	-	5,357	12,769
Intergovernmental	669,126	1,939,279	-	3,455	296,728	2,908,588
Charges for Services	425,091	-	-	-	64,303	489,394
Miscellaneous	22,517	96,169	-	-	24,778	143,464
TOTAL RECEIPTS	<u>4,602,463</u>	<u>2,035,523</u>	<u>839,040</u>	<u>3,455</u>	<u>594,573</u>	<u>8,075,054</u>
DISBURSEMENTS						
General Government	1,810,569	-	-	-	7,029	1,817,598
Public Safety	1,864,131	-	-	-	341,210	2,205,341
Public Works	43,096	2,430,480	-	-	51,179	2,524,755
Public Assistance	132,026	-	-	-	226,461	358,487
Culture and Recreation	-	-	-	-	676	676
Debt Service:						
Principal Payments	-	-	1,173,459	-	331,541	1,505,000
Interest and Fiscal Charges	-	-	-	-	47,726	47,726
TOTAL DISBURSEMENTS	<u>3,849,822</u>	<u>2,430,480</u>	<u>1,173,459</u>	<u>-</u>	<u>1,005,822</u>	<u>8,459,583</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>752,641</u>	<u>(394,957)</u>	<u>(334,419)</u>	<u>3,455</u>	<u>(411,249)</u>	<u>(384,529)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	70,801	539,166	-	100,000	392,788	1,102,755
Transfers out	(891,684)	(100,000)	-	-	(111,071)	(1,102,755)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(820,883)</u>	<u>439,166</u>	<u>-</u>	<u>100,000</u>	<u>281,717</u>	<u>-</u>
Net Change in Fund Balances	(68,242)	44,209	(334,419)	103,455	(129,532)	(384,529)
CASH BASIS FUND BALANCES - BEGINNING						
	<u>996,194</u>	<u>1,023,635</u>	<u>2,792,455</u>	<u>1,153,332</u>	<u>1,013,133</u>	<u>6,978,749</u>
CASH BASIS FUND BALANCES - ENDING						
	<u>\$ 927,952</u>	<u>\$ 1,067,844</u>	<u>\$ 2,458,036</u>	<u>\$ 1,256,787</u>	<u>\$ 883,601</u>	<u>\$ 6,594,220</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, 2015

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 562,347
 LIABILITIES	
Due to other governments	
State	200,348
Schools	175,521
Educational Service Units	1,816
Technical College	13,369
Natural Resource Districts	5,130
Fire Districts	4,812
Municipalities	15,079
Agricultural Society	1,200
Townships	10,571
Sanitary and Improvement Districts	20,574
Others	113,927
TOTAL LIABILITIES	562,347
 TOTAL NET ASSETS	 \$ -

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, 2015

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 that are either fiscally dependent on the County or maintain a significant relationship with the County, such that exclusion would be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

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 \$30,060 toward the operation of the Region during fiscal year 2015. 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. The agreement was established under authority of the Interlocal Cooperation Act for services to be provided per Neb. Rev. Stat. §§ 71-1626 to 71-1636 (Reissue 2009, Cum. Supp. 2014).

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 2015. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Supp. 2015). Financial information for the Department is available in that report.

B. Basis of Presentation

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

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

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds. GAAP requires separate statements by fund category – governmental, proprietary, and fiduciary. The County uses only the governmental and fiduciary fund categories. The County Board is the highest level of decision-making authority and has the authority, by resolution, to establish, modify, or rescind the commitment or assignment of a fund balance to a specific purpose. When resources for a specific purpose are available in more than one fund balance classification, the County's policy is to use resources in the following order: restricted, committed, assigned, and unassigned. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

Road Fund. This fund is used to account for costs associated with the repair and maintenance of roads and bridges and is primarily funded by State tax receipts.

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

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.

Debt Service Fund. 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 follows:

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

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The accounting records of the County are maintained and the government-wide financial statements were reported on the basis of cash receipts and disbursements. As such, the measurement focus includes only those assets and fund balances arising from cash transactions on the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis. Receipts are recognized when received, and disbursements are recognized when 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 requires governmental fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus and basis of accounting, receipts are recognized as soon as they are both measurable and available. Receipts are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Disbursements are generally recorded when a liability is incurred, as under accrual accounting. However, disbursements related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets and Net Position

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

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 Position. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources, as they are needed. Net position is reported as restricted when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$456,990 of restricted net position, of which \$456,024 is restricted by enabling legislation.

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.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Summary of Significant Accounting Policies (Concluded)

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 \$1,266,932 for County funds and \$562,347 for Fiduciary funds. The bank balances for all funds totaled \$1,703,171. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2015, 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 is stated at cost, which approximates market. Investments consisted of \$10,444 in Cole Real Estate Investments and of \$54,171 in Butler County Area Foundation Fund, and \$5,262,673 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 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 that 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 participants 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 Investments and Butler County Area Foundation Fund were held by the County or its agent in the name of the County.

3. Property Taxes

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

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

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

The levy set in October 2014, for the 2014 taxes, which will be materially collected in May and September 2015, was set at \$.166540/\$100 of assessed valuation. The levy set in October 2013, for the 2013 taxes, which were materially collected in May and September 2014, was set at \$.189665/\$100 of assessed valuation. The amount collected for the motor vehicle tax is outlined in State statute.

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

4. **Retirement System**

The Retirement System for Nebraska Counties (the Plan) is a multiple-employer plan administered by the Public Employees Retirement Board in accordance with the provisions of the County Employees Retirement Act. The Plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. The Plan provisions are established under Neb. Rev. Stat. §§ 23-2301 through 23-2334 (Reissue 2012, Cum. Supp. 2014, Supp. 2015) and may be amended through legislative action.

Participation in the Plan is required of all full-time employees. Part-time (working less than one-half of the regularly scheduled hours) employees may elect voluntary participation upon reaching age 18. Part-time elected officials may exercise the option to join.

County employees and elected officials contribute 4.5% of their total compensation. In addition, the County contributes an amount equal to 150% of the employee's contribution. The contribution rates are established by § 23-2307 and § 23-2308 and may be amended through legislative action. The employee's and employer's contributions are kept in separate accounts. The employee's account is fully vested. The employer's account is fully vested after three years of participation in the system or credit for participation in another governmental plan prior to actual contribution to the Plan. Non-vested County contributions are forfeited upon termination. Forfeitures are used to cover a portion of the pension plan's administrative expenses. Prior service benefits are paid directly by the County to the retired employee.

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.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. **Retirement System** (Concluded)

For the year ended June 30, 2015, 105 employees contributed \$132,084, and the County contributed \$196,015. Contributions included \$4,220 in cash contributions towards the supplemental law enforcement plan for 14 law enforcement employees. Lastly, the County paid \$1,168 directly to 18 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 80 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, and the manner of calculating the same, is sent to each county in writing, and each county has 60 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
Workers' Compensation Claim	\$ 550,000	Statutory Limits
Property Damage Claim	\$ 250,000	Insured Value at Replacement Cost

The County has not paid any additional assessments to the pool in the last three fiscal years, and no assessments are anticipated for fiscal year 2016. The County has not had to pay out any amounts that exceeded coverage provided by the pool in the last three fiscal years.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Road Fund	Nonmajor Funds	
Road Fund	\$ 539,166	\$ -	\$ -	\$ 539,166
General Fund	-	-	70,801	70,801
Special Road Fund	-	100,000	-	100,000
Nonmajor Funds	352,518	-	40,270	392,788
Total	\$ 891,684	\$ 100,000	\$ 111,071	\$ 1,102,755

Transfers are used to move unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In the year ended June 30, 2015, the County made a one-time transfer of \$66,301 from the Courthouse Bond Fund to the General Fund when the County Board closed the fund.

7. **Contingent Liabilities**

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

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 paying the costs of refunding the County's General Obligation Building Bonds, Series 2002, dated May 1, 2002, which were issued for the purpose of paying costs of constructing additions and improvements to the Butler County Courthouse. The County paid off the bond in full during the fiscal year and transferred the remaining fund balance to the General fund.

Hospital Bond

In May 2012, the County issued General Obligation Bonds in the original amount of \$8,000,000 for the purpose of paying for costs related to the construction of additions and improvements to the existing hospital facility. In January 2013, the County issued General Obligation Refunding Bonds in the amount of \$2,580,000 for the purpose of redeeming Series 2009 bonds. The bond payable balance as of June 30, 2015, was \$8,775,000. 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 Hospital and 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
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,492,245	\$ 3,492,245	\$ 3,449,190	\$ (43,055)
Licenses and Permits	25,800	25,800	29,127	3,327
Interest	5,000	5,000	7,412	2,412
Intergovernmental	502,800	502,800	669,126	166,326
Charges for Services	321,000	321,000	425,091	104,091
Miscellaneous	-	-	22,517	22,517
TOTAL RECEIPTS	<u>4,346,845</u>	<u>4,346,845</u>	<u>4,602,463</u>	<u>255,618</u>
DISBURSEMENTS				
General Government:				
County Board	247,830	247,830	236,523	11,307
County Clerk	162,350	162,350	160,519	1,831
County Treasurer	162,182	162,182	158,493	3,689
County Assessor	202,672	202,672	199,545	3,127
Election Commissioner	60,000	60,000	55,432	4,568
Data Processing Dept.	55,680	55,680	36,685	18,995
Clerk of the District Court	178,680	178,680	172,063	6,617
County Court System	10,500	10,500	10,465	35
Public Defender	124,440	124,440	122,605	1,835
Building and Grounds	233,056	233,056	199,427	33,629
Reappraisal	45,591	45,591	44,776	815
Agricultural Extension Agent	92,210	92,210	87,390	4,820
Miscellaneous	403,463	403,463	326,646	76,817
Public Safety:				
County Sheriff	973,985	973,985	944,578	29,407
County Attorney	225,963	225,963	222,404	3,559
Diversion Program	14,500	14,500	6,501	7,999
County Jail	683,888	683,888	673,994	9,894
Law Enforcement Grant	5,000	5,000	3,575	1,425
Miscellaneous	32,500	32,500	13,079	19,421
Public Works:				
County Surveyor	43,180	43,180	43,096	84
Public Assistance:				
Veterans' Service Officer	41,316	41,316	41,145	171
Victim Assistance Program	26,500	28,504	28,504	-
Miscellaneous	74,797	72,793	62,377	10,416
TOTAL DISBURSEMENTS	<u>4,100,283</u>	<u>4,100,283</u>	<u>3,849,822</u>	<u>250,461</u>

(Continued)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	246,562	246,562	752,641	506,079
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	70,801	70,801
Transfers out	(892,756)	(892,756)	(891,684)	1,072
TOTAL OTHER FINANCING SOURCES (USES)	(892,756)	(892,756)	(820,883)	71,873
Net Change in Fund Balance	(646,194)	(646,194)	(68,242)	577,952
FUND BALANCE - BEGINNING	996,194	996,194	996,194	-
FUND BALANCE - ENDING	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 927,952</u>	<u>\$ 577,952</u>

(Concluded)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Licenses and Permits	\$ -	\$ -	\$ 75	\$ 75
Intergovernmental	1,958,461	1,958,461	1,939,279	(19,182)
Miscellaneous	20,000	20,000	96,169	76,169
TOTAL RECEIPTS	<u>1,978,461</u>	<u>1,978,461</u>	<u>2,035,523</u>	<u>57,062</u>
DISBURSEMENTS	<u>4,721,489</u>	<u>4,721,489</u>	<u>2,430,480</u>	<u>2,291,009</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,743,028)</u>	<u>(2,743,028)</u>	<u>(394,957)</u>	<u>2,348,071</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,069,393	2,069,393	539,166	(1,530,227)
Transfers out	(100,000)	(100,000)	(100,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,969,393</u>	<u>1,969,393</u>	<u>439,166</u>	<u>(1,530,227)</u>
Net Change in Fund Balance	(773,635)	(773,635)	44,209	817,844
FUND BALANCE - BEGINNING	<u>1,023,635</u>	<u>1,023,635</u>	<u>1,023,635</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 1,067,844</u>	<u>\$ 817,844</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 200,250	\$ 200,250	\$ 839,040	\$ 638,790
TOTAL RECEIPTS	<u>200,250</u>	<u>200,250</u>	<u>839,040</u>	<u>638,790</u>
DISBURSEMENTS	<u>1,842,705</u>	<u>1,842,705</u>	<u>1,173,459</u>	<u>669,246</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,642,455)</u>	<u>(1,642,455)</u>	<u>(334,419)</u>	<u>1,308,036</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,150,000)	(1,150,000)	-	1,150,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,150,000)</u>	<u>(1,150,000)</u>	<u>-</u>	<u>1,150,000</u>
Net Change in Fund Balance	(2,792,455)	(2,792,455)	(334,419)	2,458,036
FUND BALANCE - BEGINNING	<u>2,792,455</u>	<u>2,792,455</u>	<u>2,792,455</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,458,036</u>	<u>\$ 2,458,036</u>

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SPECIAL ROAD FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 3,455	\$ 3,455
TOTAL RECEIPTS	-	-	3,455	3,455
DISBURSEMENTS				
	-	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	-	-	3,455	3,455
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	(1,253,332)	(1,253,332)	-	1,253,332
TOTAL OTHER FINANCING SOURCES (USES)	(1,153,332)	(1,153,332)	100,000	1,253,332
Net Change in Fund Balance	(1,153,332)	(1,153,332)	103,455	1,256,787
FUND BALANCE - BEGINNING	1,153,332	1,153,332	1,153,332	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 1,256,787	\$ 1,256,787

(Concluded)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK FUND				
Receipts	\$ 139,993	\$ 139,993	\$ 139,993	\$ -
Disbursements	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(276,895)	(276,895)	-	276,895
Net Change in Fund Balance	(136,902)	(136,902)	139,993	276,895
Fund Balance - Beginning	136,902	136,902	136,902	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,895</u>	<u>\$ 276,895</u>
EMERGENCY MANAGEMENT FUND				
Receipts	\$ 38,750	\$ 38,750	\$ 32,186	\$ (6,564)
Disbursements	(69,956)	(69,956)	(53,055)	16,901
Transfers in	29,726	29,726	34,226	4,500
Transfers out	-	-	(4,500)	(4,500)
Net Change in Fund Balance	(1,480)	(1,480)	8,857	10,337
Fund Balance - Beginning	1,480	1,480	1,480	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,337</u>	<u>\$ 10,337</u>
EQUIPMENT SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(16,000)	(16,000)	-	16,000
Transfers in	4,000	4,000	4,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(12,000)	(12,000)	4,000	16,000
Fund Balance - Beginning	12,000	12,000	12,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,000</u>	<u>\$ 16,000</u>
CHILD SUPPORT INCENTIVE FUND				
Receipts	\$ -	\$ -	\$ 7,225	\$ 7,225
Disbursements	(25,504)	(25,504)	-	25,504
Net Change in Fund Balance	(25,504)	(25,504)	7,225	32,729
Fund Balance - Beginning	25,504	25,504	25,504	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,729</u>	<u>\$ 32,729</u>

(Continued)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR'S PROMOTION FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 2,706	\$ 706
Disbursements	(13,652)	(13,652)	(676)	12,976
Net Change in Fund Balance	(11,652)	(11,652)	2,030	13,682
Fund Balance - Beginning	11,652	11,652	11,652	-
Fund Balance - Ending	\$ -	\$ -	\$ 13,682	\$ 13,682

VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 2,706	\$ 706
Disbursements	(9,962)	(9,962)	-	9,962
Net Change in Fund Balance	(7,962)	(7,962)	2,706	10,668
Fund Balance - Beginning	7,962	7,962	7,962	-
Fund Balance - Ending	\$ -	\$ -	\$ 10,668	\$ 10,668

REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 6,321	\$ 1,321
Disbursements	(13,909)	(13,909)	(6,493)	7,416
Net Change in Fund Balance	(8,909)	(8,909)	(172)	8,737
Fund Balance - Beginning	8,909	8,909	8,909	-
Fund Balance - Ending	\$ -	\$ -	\$ 8,737	\$ 8,737

RELIEF MEDICAL FUND				
Receipts	\$ 17,513	\$ 17,513	\$ 16,530	\$ (983)
Disbursements	(40,000)	(40,000)	(11,255)	28,745
Net Change in Fund Balance	(22,487)	(22,487)	5,275	27,762
Fund Balance - Beginning	22,487	22,487	22,487	-
Fund Balance - Ending	\$ -	\$ -	\$ 27,762	\$ 27,762

INSTITUTION FUND				
Receipts	\$ 13,831	\$ 13,831	\$ 14,489	\$ 658
Disbursements	(45,000)	(45,000)	(8,021)	36,979
Net Change in Fund Balance	(31,169)	(31,169)	6,468	37,637
Fund Balance - Beginning	31,169	31,169	31,169	-
Fund Balance - Ending	\$ -	\$ -	\$ 37,637	\$ 37,637

(Continued)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' AID FUND				
Receipts	\$ 10,707	\$ 10,707	\$ 10,111	\$ (596)
Disbursements	(35,000)	(35,000)	(2,000)	33,000
Net Change in Fund Balance	(24,293)	(24,293)	8,111	32,404
Fund Balance - Beginning	24,293	24,293	24,293	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,404</u>	<u>\$ 32,404</u>
RURAL TRANSIT SERVICE FUND				
Receipts	\$ 43,782	\$ 43,782	\$ 54,036	\$ 10,254
Disbursements	(63,805)	(63,805)	(54,986)	8,819
Transfers in	10,351	10,351	4,779	(5,572)
Transfers out	-	-	-	-
Net Change in Fund Balance	(9,672)	(9,672)	3,829	13,501
Fund Balance - Beginning	9,672	9,672	9,672	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,501</u>	<u>\$ 13,501</u>
SENIOR SERVICES PROGRAM FUND				
Receipts	\$ 129,416	\$ 129,416	\$ 121,356	\$ (8,060)
Disbursements	(187,877)	(187,877)	(135,019)	52,858
Transfers in	16,500	16,500	16,500	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(41,961)	(41,961)	2,837	44,798
Fund Balance - Beginning	71,961	71,961	71,961	-
Fund Balance - Ending	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 74,798</u>	<u>\$ 44,798</u>
SENIOR SERVICES SAVINGS FUND				
Receipts	\$ -	\$ -	\$ 5,357	\$ 5,357
Disbursements	(198,615)	(198,615)	(15,180)	183,435
Net Change in Fund Balance	(198,615)	(198,615)	(9,823)	188,792
Fund Balance - Beginning	198,615	198,615	198,615	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,792</u>	<u>\$ 188,792</u>

(Continued)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STOP PROGRAM FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 12,287	\$ 7,287
Disbursements	(13,617)	(13,617)	(5,320)	8,297
Net Change in Fund Balance	(8,617)	(8,617)	6,967	15,584
Fund Balance - Beginning	8,617	8,617	8,617	-
Fund Balance - Ending	\$ -	\$ -	\$ 15,584	\$ 15,584
DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ 4,538	\$ 4,538	\$ -	\$ (4,538)
Disbursements	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance	(462)	(462)	-	462
Fund Balance - Beginning	462	462	462	-
Fund Balance - Ending	\$ -	\$ -	\$ 462	\$ 462
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ 25,000	\$ 25,000	\$ 966	\$ (24,034)
Disbursements	(25,000)	(25,000)	-	25,000
Net Change in Fund Balance	-	-	966	966
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 966	\$ 966
CANINE (K-9) FUND				
Receipts	\$ -	\$ -	\$ 6,615	\$ 6,615
Disbursements	(395)	(395)	-	395
Net Change in Fund Balance	(395)	(395)	6,615	7,010
Fund Balance - Beginning	395	395	395	-
Fund Balance - Ending	\$ -	\$ -	\$ 7,010	\$ 7,010
FEDERAL GRANT FUND				
Receipts	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Disbursements	(100,000)	(100,000)	-	100,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
911 WIRELESS SERVICE FUND				
Receipts	\$ 50,000	\$ 50,000	\$ 49,220	\$ (780)
Disbursements	(65,940)	(65,940)	(11,155)	54,785
Transfers in	-	-	-	-
Transfers out	-	-	(40,270)	(40,270)
Net Change in Fund Balance	(15,940)	(15,940)	(2,205)	13,735
Fund Balance - Beginning	15,940	15,940	15,940	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,735</u>	<u>\$ 13,735</u>
911 WIRELESS SERVICE HOLDING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(32,232)	(32,232)	-	32,232
Transfers in	-	-	40,270	40,270
Transfers out	-	-	-	-
Net Change in Fund Balance	(32,232)	(32,232)	40,270	72,502
Fund Balance - Beginning	32,232	32,232	32,232	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,502</u>	<u>\$ 72,502</u>
COURTHOUSE BOND FUND				
Receipts	\$ 15,404	\$ 15,404	\$ 82,241	\$ 66,837
Disbursements	(1,529,267)	(1,529,267)	(379,803)	1,149,464
Transfers in	1,150,000	1,150,000	-	(1,150,000)
Transfers out	-	-	(66,301)	(66,301)
Net Change in Fund Balance	(363,863)	(363,863)	(363,863)	-
Fund Balance - Beginning	363,863	363,863	363,863	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NOXIOUS WEED CONTROL FUND				
Receipts	\$ -	\$ -	\$ 1,240	\$ 1,240
Disbursements	(66,226)	(66,226)	(51,179)	15,047
Transfers in	45,756	45,756	45,756	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(20,470)	(20,470)	(4,183)	16,287
Fund Balance - Beginning	20,470	20,470	20,470	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,287</u>	<u>\$ 16,287</u>

(Continued)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>E911 EMERGENCY ASSISTANCE FUND</u>				
Receipts	\$ 20,000	\$ 20,000	\$ 28,988	\$ 8,988
Disbursements	(275,805)	(275,805)	(271,680)	4,125
Transfers in	247,257	247,257	247,257	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(8,548)	(8,548)	4,565	13,113
Fund Balance - Beginning	8,548	8,548	8,548	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,113</u>	<u>\$ 13,113</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, 2015

	Highway Bridge Buyback Fund	Emergency Management Fund	Equipment Sinking Fund	Child Support Incentive Fund	Visitor's Promotion Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,706
Licenses and Permits	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	139,993	32,186	-	7,225	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>139,993</u>	<u>32,186</u>	<u>-</u>	<u>7,225</u>	<u>2,706</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	53,055	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	676
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>53,055</u>	<u>-</u>	<u>-</u>	<u>676</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>139,993</u>	<u>(20,869)</u>	<u>-</u>	<u>7,225</u>	<u>2,030</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	34,226	4,000	-	-
Transfers out	-	(4,500)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>29,726</u>	<u>4,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	139,993	8,857	4,000	7,225	2,030
FUND BALANCES - BEGINNING	<u>136,902</u>	<u>1,480</u>	<u>12,000</u>	<u>25,504</u>	<u>11,652</u>
FUND BALANCES - ENDING	<u>\$ 276,895</u>	<u>\$ 10,337</u>	<u>\$ 16,000</u>	<u>\$ 32,729</u>	<u>\$ 13,682</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	13,682
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Road/Bridge Projects	276,895	-	-	-	-
Child Support Enforcement	-	-	-	32,729	-
Committed to:					
Law Enforcement	-	10,337	-	-	-
Aid and Assistance	-	-	-	-	-
Equipment	-	-	16,000	-	-
Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 276,895</u>	<u>\$ 10,337</u>	<u>\$ 16,000</u>	<u>\$ 32,729</u>	<u>\$ 13,682</u>

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

For the Year Ended June 30, 2015

	Visitor's Improvement Fund	Register of Deeds Preservation Fund	Relief Medical Fund	Institution Fund	Veterans' Aid Fund
RECEIPTS					
Property Taxes	\$ 2,706	\$ -	\$ 15,390	\$ 13,578	\$ 9,387
Licenses and Permits	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	-	-	1,140	911	694
Charges for Services	-	6,321	-	-	-
Miscellaneous	-	-	-	-	30
TOTAL RECEIPTS	<u>2,706</u>	<u>6,321</u>	<u>16,530</u>	<u>14,489</u>	<u>10,111</u>
DISBURSEMENTS					
General Government	-	6,493	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	11,255	8,021	2,000
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>6,493</u>	<u>11,255</u>	<u>8,021</u>	<u>2,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,706</u>	<u>(172)</u>	<u>5,275</u>	<u>6,468</u>	<u>8,111</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,706	(172)	5,275	6,468	8,111
FUND BALANCES - BEGINNING	<u>7,962</u>	<u>8,909</u>	<u>22,487</u>	<u>31,169</u>	<u>24,293</u>
FUND BALANCES - ENDING	<u>\$ 10,668</u>	<u>\$ 8,737</u>	<u>\$ 27,762</u>	<u>\$ 37,637</u>	<u>\$ 32,404</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	10,668	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	8,737	-	-	-
Aid and Assistance	-	-	-	-	-
Road/Bridge Projects	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	-	-	27,762	37,637	32,404
Equipment	-	-	-	-	-
Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 10,668</u>	<u>\$ 8,737</u>	<u>\$ 27,762</u>	<u>\$ 37,637</u>	<u>\$ 32,404</u>

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

For the Year Ended June 30, 2015

	Rural Transit Service Fund	Senior Services Program Fund	Senior Services Savings Fund	STOP Program Fund	Drug Law Enforcement And Education Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Interest	-	-	5,357	-	-
Intergovernmental	42,172	68,354	-	3,244	-
Charges for Services	11,864	39,638	-	5,800	-
Miscellaneous	-	13,364	-	3,243	-
TOTAL RECEIPTS	<u>54,036</u>	<u>121,356</u>	<u>5,357</u>	<u>12,287</u>	<u>-</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	-	-	5,320	-
Public Works	-	-	-	-	-
Public Assistance	54,986	135,019	15,180	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal Payments	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>54,986</u>	<u>135,019</u>	<u>15,180</u>	<u>5,320</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(950)</u>	<u>(13,663)</u>	<u>(9,823)</u>	<u>6,967</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	4,779	16,500	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,779</u>	<u>16,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,829	2,837	(9,823)	6,967	-
FUND BALANCES - BEGINNING	<u>9,672</u>	<u>71,961</u>	<u>198,615</u>	<u>8,617</u>	<u>462</u>
FUND BALANCES - ENDING	<u>\$ 13,501</u>	<u>\$ 74,798</u>	<u>\$ 188,792</u>	<u>\$ 15,584</u>	<u>\$ 462</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	462
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Aid and Assistance	13,501	-	-	-	-
Road/Bridge Projects	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	15,584	-
Aid and Assistance	-	74,798	188,792	-	-
Equipment	-	-	-	-	-
Weed Control	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 13,501</u>	<u>\$ 74,798</u>	<u>\$ 188,792</u>	<u>\$ 15,584</u>	<u>\$ 462</u>

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

For the Year Ended June 30, 2015

	Federal Drug Law Enforcement Fund	Canine (K-9) Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ 49,220	\$ -
Licenses and Permits	-	-	-	-
Interest	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Miscellaneous	966	6,615	-	-
TOTAL RECEIPTS	<u>966</u>	<u>6,615</u>	<u>49,220</u>	<u>-</u>
DISBURSEMENTS				
General Government	-	-	-	-
Public Safety	-	-	11,155	-
Public Works	-	-	-	-
Public Assistance	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service:				
Principal Payments	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>	<u>11,155</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>966</u>	<u>6,615</u>	<u>38,065</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	40,270
Transfers out	-	-	(40,270)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(40,270)</u>	<u>40,270</u>
Net Change in Fund Balances	966	6,615	(2,205)	40,270
FUND BALANCES - BEGINNING	<u>-</u>	<u>395</u>	<u>15,940</u>	<u>32,232</u>
FUND BALANCES - ENDING	<u>\$ 966</u>	<u>\$ 7,010</u>	<u>\$ 13,735</u>	<u>\$ 72,502</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	-
911 Emergency Services	-	-	13,735	72,502
Drug Education	-	-	-	-
Law Enforcement	966	-	-	-
Preservation of Records	-	-	-	-
Aid and Assistance	-	-	-	-
Road/Bridge Projects	-	-	-	-
Child Support Enforcement	-	-	-	-
Committed to:				
Law Enforcement	-	7,010	-	-
Aid and Assistance	-	-	-	-
Equipment	-	-	-	-
Weed Control	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 966</u>	<u>\$ 7,010</u>	<u>\$ 13,735</u>	<u>\$ 72,502</u>

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

For the Year Ended June 30, 2015

	Courthouse Bond Fund	Noxious Weed Control Fund	E911 Emergency Assistance Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Property Taxes	\$ 81,432	\$ -	\$ 28,988	\$ 203,407
Licenses and Permits	-	-	-	-
Interest	-	-	-	5,357
Intergovernmental	809	-	-	296,728
Charges for Services	-	680	-	64,303
Miscellaneous	-	560	-	24,778
TOTAL RECEIPTS	<u>82,241</u>	<u>1,240</u>	<u>28,988</u>	<u>594,573</u>
DISBURSEMENTS				
General Government	536	-	-	7,029
Public Safety	-	-	271,680	341,210
Public Works	-	51,179	-	51,179
Public Assistance	-	-	-	226,461
Culture and Recreation	-	-	-	676
Debt Service:				
Principal Payments	331,541	-	-	331,541
Interest and Fiscal Charges	47,726	-	-	47,726
TOTAL DISBURSEMENTS	<u>379,803</u>	<u>51,179</u>	<u>271,680</u>	<u>1,005,822</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(297,562)</u>	<u>(49,939)</u>	<u>(242,692)</u>	<u>(411,249)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	45,756	247,257	392,788
Transfers out	(66,301)	-	-	(111,071)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(66,301)</u>	<u>45,756</u>	<u>247,257</u>	<u>281,717</u>
Net Change in Fund Balances	(363,863)	(4,183)	4,565	(129,532)
FUND BALANCES - BEGINNING	<u>363,863</u>	<u>20,470</u>	<u>8,548</u>	<u>1,013,133</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 16,287</u>	<u>\$ 13,113</u>	<u>\$ 883,601</u>
FUND BALANCES:				
Restricted for:				
Visitor Promotion	-	-	-	24,350
911 Emergency Services	-	-	13,113	99,350
Drug Education	-	-	-	462
Law Enforcement	-	-	-	966
Preservation of Records	-	-	-	8,737
Aid and Assistance	-	-	-	13,501
Road/Bridge Projects	-	-	-	276,895
Child Support Enforcement	-	-	-	32,729
Committed to:				
Law Enforcement	-	-	-	32,931
Aid and Assistance	-	-	-	361,393
Equipment	-	-	-	16,000
Weed Control	-	16,287	-	16,287
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ 16,287</u>	<u>\$ 13,113</u>	<u>\$ 883,601</u>

BUTLER COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2015

	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, 2014	\$ 7,465	\$ 31,880	\$ 11,901	\$ 500	\$ 8,464	\$ 57,207	\$ 4,085	\$ 1,269	\$ 122,771
RECEIPTS									
Property Taxes	-	-	15,844	-	-	-	-	-	15,844
Licenses and Permits	460	-	-	-	-	75	-	-	535
Intergovernmental	-	-	25,000	-	-	586,451	2,000	68,604	682,055
Charges for Services	95,311	10,922	24,151	-	51,153	44,610	-	64,362	290,509
Miscellaneous	-	-	200	81	-	-	-	3,814	4,095
State Fees	109,408	11,520	-	-	40	-	-	-	120,968
Other Liabilities	261	362,896	16,510	324	153,391	-	-	-	533,382
TOTAL RECEIPTS	205,440	385,338	81,705	405	204,584	631,136	2,000	136,780	1,647,388
DISBURSEMENTS									
Payments to County Treasurer	86,448	10,759	65,778	-	46,260	633,649	-	133,195	976,089
Payments to State Treasurer	79,269	11,198	-	-	46	-	-	-	90,513
Other Liabilities	261	357,646	14,425	405	153,911	-	2,039	3,486	532,173
TOTAL DISBURSEMENTS	165,978	379,603	80,203	405	200,217	633,649	2,039	136,681	1,598,775
BALANCES JUNE 30, 2015	<u>\$ 46,927</u>	<u>\$ 37,615</u>	<u>\$ 13,403</u>	<u>\$ 500</u>	<u>\$ 12,831</u>	<u>\$ 54,694</u>	<u>\$ 4,046</u>	<u>\$ 1,368</u>	<u>\$ 171,384</u>
BALANCES CONSIST OF:									
Due to County Treasurer	\$ 13,827	\$ 606	\$ 5,307	\$ -	\$ 5,152	\$ 54,694	\$ 4,046	\$ 757	\$ 84,389
Petty Cash	-	-	3,540	500	3,500	-	-	500	8,040
Due to State Treasurer	33,100	1,131	-	-	40	-	-	-	34,271
Due to Others	-	35,878	4,556	-	4,139	-	-	111	44,684
BALANCES JUNE 30, 2015	<u>\$ 46,927</u>	<u>\$ 37,615</u>	<u>\$ 13,403</u>	<u>\$ 500</u>	<u>\$ 12,831</u>	<u>\$ 54,694</u>	<u>\$ 4,046</u>	<u>\$ 1,368</u>	<u>\$ 171,384</u>

BUTLER COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2015

Item	2010	2011	2012	2013	2014
Tax Certified by Assessor					
Real Estate	\$ 18,088,063	\$ 19,719,390	\$ 20,676,238	\$ 22,415,146	\$ 22,563,682
Personal and Specials	1,374,706	1,813,626	2,780,915	2,753,915	2,524,445
Total	19,462,769	21,533,016	23,457,153	25,169,061	25,088,127
Corrections					
Additions	7,232	8,776	2,759	2,363	72
Deductions	(17,321)	(8,089)	(13,963)	(8,515)	(3,502)
Net Additions/ (Deductions)	(10,089)	687	(11,204)	(6,152)	(3,430)
Corrected Certified Tax	19,452,680	21,533,703	23,445,949	25,162,909	25,084,697
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2011	12,044,987	-	-	-	-
June 30, 2012	7,398,151	13,429,098	-	-	-
June 30, 2013	6,190	8,085,187	14,805,410	-	-
June 30, 2014	1,663	7,793	8,618,828	16,288,243	-
June 30, 2015	526	7,420	13,104	8,862,794	16,421,742
Total Net Collections	19,451,517	21,529,498	23,437,342	25,151,037	16,421,742
Total Uncollected Tax	\$ 1,163	\$ 4,205	\$ 8,607	\$ 11,872	\$ 8,662,955
Percentage Uncollected Tax	0.01%	0.02%	0.04%	0.05%	34.53%

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



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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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Butler County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Butler County's basic financial statements, and have issued our report thereon dated April 4, 2016. 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 Hospital, a component unit of Butler County.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Butler County's internal control over financial reporting (internal control) to determine the 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 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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not 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, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

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

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*.

Additional Items

We also noted certain matters that we reported to the management of Butler County in a separate letter dated April 4, 2016.

Butler County's Response to Findings

Butler County declined to respond to the finding described above.

Purpose of this Report

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



Deann Haeffner, CPA
Assistant Deputy Auditor
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April 4, 2016



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 4, 2016

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, 2015, and have issued our report thereon dated April 4, 2016. In planning and performing our audit of the basic financial statements of the County, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants.

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

COUNTY OVERALL

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 lacked a segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties may not be possible without additional cost. 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.

COUNTY BOARD

Duplicate Payments

During our audit, we noted two instances in which the County paid for the same expense twice:

- Claim numbers 15050057 and 15060066 both paid \$286 to a vendor for invoice 428112. The vendor noticed it was a duplicate payment and credited the County's account for the overpayment.
- Claim numbers 15010150 and 15020143 both paid \$155 to a vendor for invoice 12126.

Good internal controls require a process to be in place to review all claims prior to approval to ensure the claims are supported with adequate documentation and are not duplicate payments. When procedures are not in place to catch duplicate claim submissions, there is an increased risk of loss or misuse of funds.

We recommend the County Board implement procedures to ensure that claims are not paid twice for the same invoice, and all claims are paid from original invoices.

COUNTY SHERIFF

Office Accountability

During our audit, we noted the County Sheriff did not have good monetary balancing procedures in place. We specifically noted the following:

- The County Sheriff did not remit all fees and mileage earned to the County Treasurer but remitted instead only those monies collected.
- A detailed listing of accounts payable was not available, resulting in a long amount of \$3,408.
- Bank charges applied in July 2013 in the amount of \$50 had not been claimed to the County.
- In fiscal year 2014, one month of law enforcement services provided to a village in the amount of \$1,000 was invoiced and collected twice; this had not been corrected during fiscal year 2015.
- In fiscal year 2014, we noted money remitted to the State Treasurer as unclaimed property for the civil bank account, totaling \$132, and the detention center bank account, totaling \$284, consisted of checks that had previously cleared the bank or had previously been paid to the State Treasurer; however, no action has been taken to resolve the error during fiscal year 2015.

Neb. Rev. Stat. § 33-117(3) (Cum. Supp. 2014) states, in part, “The sheriff shall . . . pay all fees earned to the county treasurer . . .” Neb. Rev. Stat. § 23-1601(1) (Reissue 2012) states, in part, “It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her.”

Good internal control requires procedures to 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 implement balancing procedures to ensure assets agree to liabilities at all times and remit excess amounts to the County Treasurer. We further recommend adequate records be maintained to prevent over billing and improper payments. Additionally, we recommend that improper payments to the State Treasurer be resolved.

County’s Response: Corrections are being made.

COUNTY SENIOR SERVICES

Accounting Procedures

During our audit, we noted that the Senior Services office did not maintain an accurate and complete record of monies received and expensed. Specifically, we noted the following:

- Petty cash claim reimbursements did not agree to disbursements.
- Petty cash records were not reconciled to the County Board authorized amount of \$500.
- Bank reconciliations were not being performed, and a checkbook balance for June 30, 2015, could not be provided.
- Interest earned on the bank account was not remitted to the County Treasurer.

Neb. Rev. Stat. § 23-135(1) (Reissue 2012) provides, in relevant part, “All claims against a county shall be filed with the county clerk within ninety days from the time when any materials or labor . . . have been furnished or performed . . .”

Additionally, good internal controls require complete and accurate accounting records to ensure all monies received are correct and properly remitted to the County Treasurer, and all monies expensed are properly claimed through the County Board claim and warrant process. When accurate and complete records of monies received and expensed are not maintained, there is an increased risk of loss or misuse of County funds.

We recommend the County Senior Services office implement procedures to ensure all disbursements and monies collected are properly recorded in the office accounting records, and the petty cash account is reconciled to the County Board authorized amount. Additionally, we recommend timely bank reconciliations are performed, and interest is remitted to the County Treasurer in a timely manner.

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

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

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 it 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,



Deann Haeffner
Assistant Deputy Auditor