

**AUDIT REPORT
OF
BUTLER COUNTY**

JULY 1, 2019, THROUGH JUNE 30, 2020

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the Auditor of Public Accounts.**

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Issued on April 19, 2021

BUTLER COUNTY

TABLE OF CONTENTS

	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Cash Basis Net Position - Fiduciary Funds	9
Notes to Financial Statements	10 - 17
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	18 - 19
Budgetary Comparison Schedule - Budget and Actual - Major Funds	20
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	21 - 25
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	26 - 29
Schedule of Office Activities	30
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	31
Government Auditing Standards Section	
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 <i>Government Auditing Standards</i>	32 - 33

BUTLER COUNTY
451 N. 5th Street
David City, NE 68632

LIST OF COUNTY OFFICIALS
At June 30, 2020

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	David Mach	Jan. 2023
	Gregory Janak	Jan. 2021
	Scott Steager	Jan. 2023
	Scot Bauer	Jan. 2023
	Max Birkel	Jan. 2021
	Anthony Whitmore	Jan. 2023
	Tony Krafka	Jan. 2021
Assessor	Vickie Donoghue	Jan. 2023
Attorney	Julie Reiter	Jan. 2023
Clerk Election Commissioner Register of Deeds	Stephanie Laska	Jan. 2023
Clerk of the District Court	Sandy Hoeft	Jan. 2023
Sheriff	Tom Dion	Jan. 2023
Treasurer	Karey Adamy	Jan. 2023
Surveyor	Brian Foral	Jan. 2023
Veterans' Service Officer	Joey Ossian	Appointed
Weed Superintendent	Max Birkel	Appointed
Highway Superintendent	Jim McDonald	Appointed
Emergency Manager	Mark Doehling	Appointed
Floodplain Administrator	Breanne Whitmore	Appointed
Senior Services	Diana McDonald	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, 2020, 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 audit 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, 2020, 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, 2020, 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 18-31, 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 6, 2021, 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.

April 6, 2021



Deann Haeffner, CPA
Assistant Deputy Auditor
Lincoln, Nebraska

BUTLER COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 628,511
Investments (Note 1.D)	7,875,169
TOTAL ASSETS	\$ 8,503,680
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 24,423
911 Emergency Services	210,025
Drug Education	7,092
Law Enforcement	966
Preservation of Records	5,989
Debt Service	118,183
Road/Bridge Projects	151,003
Child Support Enforcement	8,470
Aid and Assistance	97,074
Unrestricted	7,880,455
TOTAL NET POSITION	\$ 8,503,680

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, 2020

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	\$ (2,509,162)	\$ 421,560	\$ 68,527	\$ (2,019,075)
Public Safety	(2,663,587)	700,170	3,019	(1,960,398)
Public Works	(5,099,882)	4,301	2,214,379	(2,881,202)
Public Assistance	(346,374)	46,204	55,279	(244,891)
Culture and Recreation	(4,773)	-	-	(4,773)
Debt Payments	(153,024)	-	-	(153,024)
Total Governmental Activities	<u><u>\$ (10,776,802)</u></u>	<u><u>\$ 1,172,235</u></u>	<u><u>\$ 2,341,204</u></u>	<u><u>(7,263,363)</u></u>
General Receipts:				
Property Taxes				5,629,589
Grants and Contributions Not Restricted to Specific Programs				1,229,366
Investment Income				123,472
Licenses and Permits				39,239
Miscellaneous				151,474
Total General Receipts				<u><u>7,173,140</u></u>
Increase in Net Position				(90,223)
Net Position - Beginning of year				8,593,903
Net Position - End of year				<u><u>\$ 8,503,680</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, 2020

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note 1.D)	\$ 628,511	\$ -	\$ -	\$ -	\$ 628,511
Investments (Note 1.D)	787,841	843,192	4,439,582	1,804,554	7,875,169
TOTAL ASSETS	\$ 1,416,352	\$ 843,192	\$ 4,439,582	\$ 1,804,554	\$ 8,503,680
 FUND BALANCES					
Restricted for:					
Visitor Promotion	-	-	-	24,423	24,423
911 Emergency Services	-	-	-	210,025	210,025
Drug Education	-	-	-	7,092	7,092
Law Enforcement	-	-	-	966	966
Preservation of Records	-	-	-	5,989	5,989
Debt Service	-	-	-	118,183	118,183
Road/Bridge Projects	-	-	-	151,003	151,003
Child Support Enforcement	-	-	-	8,470	8,470
Aid and Assistance	-	-	-	97,074	97,074
Committed to:					
Law Enforcement	-	-	-	29,873	29,873
Road Maintenance	-	843,192	-	818,132	1,661,324
Aid and Assistance	-	-	-	190,157	190,157
Equipment	-	-	-	143,167	143,167
Assigned to:					
Other Purposes	-	-	4,439,582	-	4,439,582
Unassigned	1,416,352	-	-	-	1,416,352
TOTAL CASH BASIS FUND BALANCES	\$ 1,416,352	\$ 843,192	\$ 4,439,582	\$ 1,804,554	\$ 8,503,680

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, 2020

	General Fund	Road Fund	Inheritance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$3,861,050	\$ -	\$ 1,548,418	\$ 220,121	\$ 5,629,589
Licenses and Permits	38,639	600	-	-	39,239
Investment Income	129,014	-	-	(5,542)	123,472
Intergovernmental	517,762	2,412,883	325,217	314,708	3,570,570
Charges for Services	1,107,185	4,301	-	60,749	1,172,235
Miscellaneous	31,873	54,872	-	64,729	151,474
TOTAL RECEIPTS	<u>5,685,523</u>	<u>2,472,656</u>	<u>1,873,635</u>	<u>654,765</u>	<u>10,686,579</u>
DISBURSEMENTS					
General Government	2,097,941	-	403,474	7,747	2,509,162
Public Safety	2,111,379	-	-	552,208	2,663,587
Public Works	92,483	3,266,304	-	1,741,095	5,099,882
Public Assistance	58,824	-	-	287,550	346,374
Culture and Recreation	-	-	-	4,773	4,773
Debt Service:					
Principal Payments	-	-	-	120,000	120,000
Interest and Fiscal Charges	-	-	-	33,024	33,024
TOTAL DISBURSEMENTS	<u>4,360,627</u>	<u>3,266,304</u>	<u>403,474</u>	<u>2,746,397</u>	<u>10,776,802</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,324,896</u>	<u>(793,648)</u>	<u>1,470,161</u>	<u>(2,091,632)</u>	<u>(90,223)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	250,000	1,128,131	-	834,194	2,212,325
Transfers out	<u>(1,611,064)</u>	<u>(300,000)</u>	<u>(250,000)</u>	<u>(51,261)</u>	<u>(2,212,325)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,361,064)</u>	<u>828,131</u>	<u>(250,000)</u>	<u>782,933</u>	<u>-</u>
Net Change in Fund Balances	(36,168)	34,483	1,220,161	(1,308,699)	(90,223)
CASH BASIS FUND BALANCES - BEGINNING					
	<u>1,452,520</u>	<u>808,709</u>	<u>3,219,421</u>	<u>3,113,253</u>	<u>8,593,903</u>
CASH BASIS FUND BALANCES - ENDING					
	<u>\$1,416,352</u>	<u>\$ 843,192</u>	<u>\$ 4,439,582</u>	<u>\$ 1,804,554</u>	<u>\$ 8,503,680</u>

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

BUTLER COUNTY
STATEMENT OF CASH BASIS NET POSITION
FIDUCIARY FUNDS
June 30, 2020

		Agency Funds
ASSETS		
Cash and Cash Equivalents	\$	61,859
Investments (Note 1.D)		787,840
TOTAL ASSETS	\$	849,699
LIABILITIES		
Due to other governments		
State		342,220
Schools		262,791
Educational Service Units		3,138
Technical College		19,460
Natural Resource Districts		6,874
Fire Districts		6,913
Municipalities		47,554
Agricultural Society		2,074
Townships		13,287
Sanitary Improvement Districts		44,081
Others		101,307
TOTAL LIABILITIES		849,699
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, 2020

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

Component Unit. These financial statements present the County (the primary government). The 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 County contributed \$36,707 toward the operation of the Region during fiscal year 2020. 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 the 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 2018).

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 2020. In the event of the termination of the agreement, assets would be disposed of in accordance with the terms of the agreement. The Department is audited in accordance with Neb. Rev. Stat. § 84-304(4) (Cum. Supp. 2020). Financial information for the Department is available in that report.

B. Basis of Presentation

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

Restricted. This category results when constraints are externally imposed on net asset use by creditors, grantors, or contributors, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then the unrestricted resources as they are needed.

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

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

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.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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.

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 Agricultural Society Building 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.

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.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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 2018) 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 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 \$623,225 of restricted net position, which is fully restricted by enabling legislation.

Budgetary Process. The County adopts an annual budget in accordance with the statutory requirements of the Nebraska Budget Act. 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.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

On or before August 1, the County budget-making authority prepares and transmits a budget for each County fund to the County Board. The budget includes the requirements, the outstanding warrants, the operating reserves to be maintained, the cash on hand at the close of the preceding fiscal year, the receipts from sources other than taxation, and the amount to be raised by taxation. The County Board must hold at least one public hearing on the proposed budget. On or before September 20, the County Board adopts the budget and appropriates the amounts specified in the budget for the departments, offices, activities, and funds of the County.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, if revisions are made that alter the total disbursements of any fund, an additional public hearing must be held. The legal level of budgetary control for the General Fund is at the function level, and the special revenue fund types are at the fund level. The County Board is also authorized to budget for the transfer of money between County funds.

2. **Deposits and Investments**

The County has generally pooled the cash resources of the various funds for investment purposes. Interest earned on pooled funds is credited to the County General Fund in accordance with Neb. Rev. Stat. § 77-2315 (Reissue 2018).

At year end, the County's carrying amount of deposits was \$628,511 for County funds and \$61,859 for Fiduciary funds. The bank balances for all funds totaled \$661,277. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2020, 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 \$9,875 in TD Ameritrade Investments, \$54,904 in the Butler County Area Foundation Fund, \$1,001,969 deposited in Nebraska Federal Investment Trust (NFIT), and \$7,596,261 deposited in the Nebraska Public Agency Investment Trust (NPAIT). NPAIT is a public entity investment pool operated under the direction of a nine-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 TD Ameritrade Investments and the Butler County Area Foundation Fund were held by the County or its agent in the name of the County. NFIT is a public entity investment pool. 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 NFIT are not held in the County'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 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.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. **Property Taxes** (Concluded)

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.

The levy set in October 2019, for the 2019 taxes, which will be materially collected in May and September 2020, was set at \$.172634/\$100 of assessed valuation. The levy set in October 2018, for the 2018 taxes, which were materially collected in May and September 2019, was set at \$.149716/\$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 (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. 2020) and may be amended through legislative action.

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

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

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

For the year ended June 30, 2020, 111 employees contributed \$163,048, and the County contributed \$241,627. Contributions included \$5,890 in cash contributions towards the supplemental law enforcement plan for 13 law enforcement employees. Lastly, the County paid \$1,428 directly to 21 retired employees for prior service benefits.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. **Risk Management**

The County is exposed to various risks of loss related to the following: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is a member of the Nebraska Intergovernmental Risk Management Association (NIRMA), a public entity risk pool currently operating as a common risk management and insurance program for 98 counties and local governments throughout Nebraska.

The County pays an annual deposit premium, as calculated by the administrator of the pool. The premium is based on the losses and exposures of each County and the entire pool. If the pool becomes insolvent or otherwise unable to discharge its legal liabilities and obligations, the County may be assessed for an additional contribution. Each county remains liable for such assessments, regardless of 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 or paid out any amounts that exceeded coverage provided by the pool in the last three fiscal years. There were no significant reductions in insurance coverage from the prior year coverage.

6. **Interfund Transfers**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

<u>Transfers to</u>	<u>Transfers from</u>				Total
	General Fund	Inheritance Fund	Road Fund	Nonmajor Funds	
General Fund	\$ -	\$ 250,000	\$ -	\$ -	\$ 250,000
Road Fund	1,128,131	-	-	-	1,128,131
Nonmajor Funds	482,933	-	300,000	51,261	834,194
Total	<u>\$ 1,611,064</u>	<u>\$ 250,000</u>	<u>\$ 300,000</u>	<u>\$ 51,261</u>	<u>\$ 2,212,325</u>

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

In the year ended June 30, 2020, the County made a one-time transfer of \$300,000 from the Road Fund to the Special Road Fund to pay for County road projects and equipment purchases.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

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**

Hospital Bond. In May 2012, the County issued General Obligation bonds in the original amount of \$8,000,000 for the purpose of paying the 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. In October 2019, the County issued General Obligation Refunding Bonds, Series 2019, in the amount of \$4,925,000 for the purpose of paying and redeeming \$4,815,000 of the County’s General Obligation Bonds, Series 2012, and to pay costs associated with issuance of the Series 2019 Refunding Bonds. The bond payable balance, as of June 30, 2020, was \$5,630,000. 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; however, it is the intent of the Hospital and 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.

Agricultural Project Bond. The County issued bonds on August 17, 2016, in the amount of \$1,950,000 for the purpose of paying the costs of acquiring, constructing, furnishing, and equipping a multi-purpose facility on the Butler County Fairgrounds. The bond payable balance, as of June 30, 2020, was \$1,590,000. 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:

Year	Principal	Interest	Total
2021	\$ 120,000	\$ 30,508	\$ 150,508
2022	120,000	29,037	149,037
2023	125,000	27,351	152,351
2024	125,000	25,445	150,445
2025	130,000	23,340	153,340
2026-2030	675,000	77,486	752,486
2031-2032	295,000	7,924	302,924
Total Payments	\$ 1,590,000	\$ 221,091	\$ 1,811,091

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 4,280,857	\$ 4,280,857	\$3,861,050	\$ (419,807)
Licenses and Permits	23,750	23,750	38,639	14,889
Interest	45,000	45,000	129,014	84,014
Intergovernmental	95,550	95,550	517,762	422,212
Charges for Services	868,075	868,075	1,107,185	239,110
Miscellaneous	-	-	31,873	31,873
TOTAL RECEIPTS	<u>5,313,232</u>	<u>5,313,232</u>	<u>5,685,523</u>	<u>372,291</u>
DISBURSEMENTS				
General Government:				
County Board	283,576	283,576	276,295	7,281
County Clerk	192,380	192,380	191,776	604
County Treasurer	187,949	187,949	184,820	3,129
County Assessor	231,909	231,909	228,939	2,970
Election Commissioner	68,905	68,905	61,217	7,688
Clerk of the District Court	205,136	205,136	173,779	31,357
County Court System	11,510	11,510	11,095	415
Public Defender	115,801	115,801	115,801	-
Building and Grounds	250,256	250,256	201,401	48,855
Reappraisal	56,800	56,800	55,439	1,361
Agricultural Extension Agent	116,487	116,487	113,381	3,106
Data Processing Dept.	118,500	118,500	64,980	53,520
Personnel Department	75,000	75,000	47,024	27,976
Miscellaneous	600,724	600,724	371,994	228,730
Public Safety				
County Sheriff	961,889	961,889	930,766	31,123
County Attorney	276,987	276,987	270,779	6,208
County Jail	955,817	955,817	871,013	84,804
Emergency Management	49,710	49,710	17,147	32,563
Diversion Program	14,500	14,500	14,500	-
Law Enforcement Grant	14,500	14,500	-	14,500
Floodplain Administrator	10,798	10,798	7,174	3,624
Public Works				
County Surveyor	25,355	25,355	24,234	1,121
Noxious Weed Control	79,482	79,482	68,249	11,233
Public Assistance				
Veterans' Service Officer	52,054	52,054	43,738	8,316
Institutions	19,364	19,364	15,086	4,278
Victims Assistance Program	1,500	1,500	-	1,500
TOTAL DISBURSEMENTS	<u>4,976,889</u>	<u>4,976,889</u>	<u>4,360,627</u>	<u>616,262</u>

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	336,343	336,343	1,324,896	988,553
OTHER FINANCING SOURCES (USES)				
Transfers in	250,000	250,000	250,000	-
Transfers out	(1,538,863)	(1,538,863)	(1,611,064)	(72,201)
TOTAL OTHER FINANCING SOURCES (USES)	(1,288,863)	(1,288,863)	(1,361,064)	(72,201)
Net Change in Fund Balance	(952,520)	(952,520)	(36,168)	916,352
FUND BALANCE - BEGINNING	1,452,520	1,452,520	1,452,520	-
FUND BALANCE - ENDING	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$1,416,352</u>	<u>\$ 916,352</u>

(Concluded)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Licenses and Permits	\$ -	\$ -	\$ 600	\$ 600
Intergovernmental	2,290,410	2,290,410	2,412,883	122,473
Charges for Services	-	-	4,301	4,301
Miscellaneous	-	-	54,872	54,872
TOTAL RECEIPTS	2,290,410	2,290,410	2,472,656	182,246
DISBURSEMENTS	3,627,250	3,627,250	3,266,304	360,946
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(1,336,840)	(1,336,840)	(793,648)	543,192
OTHER FINANCING SOURCES (USES)				
Transfers in	1,128,131	1,128,131	1,128,131	-
Transfers out	(300,000)	(300,000)	(300,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	828,131	828,131	828,131	-
Net Change in Fund Balance	(508,709)	(508,709)	34,483	543,192
FUND BALANCE - BEGINNING	808,709	808,709	808,709	-
FUND BALANCE - ENDING	\$ 300,000	\$ 300,000	\$ 843,192	\$ 543,192
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 206,000	\$ 206,000	\$ 1,548,418	\$ 1,342,418
Intergovernmental	-	-	325,217	325,217
TOTAL RECEIPTS	206,000	206,000	1,873,635	1,667,635
DISBURSEMENTS	3,175,421	3,175,421	403,474	2,771,947
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,969,421)	(2,969,421)	1,470,161	4,439,582
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(250,000)	(250,000)	(250,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(250,000)	(250,000)	(250,000)	-
Net Change in Fund Balance	(3,219,421)	(3,219,421)	1,220,161	4,439,582
FUND BALANCE - BEGINNING	3,219,421	3,219,421	3,219,421	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 4,439,582	\$ 4,439,582

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK FUND				
Receipts	\$ 177,346	\$ 177,346	\$ 177,346	\$ -
Disbursements	(684,159)	(684,159)	(533,156)	151,003
Net Change in Fund Balance	(506,813)	(506,813)	(355,810)	151,003
Fund Balance - Beginning	506,813	506,813	506,813	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,003</u>	<u>\$ 151,003</u>
SPECIAL ROAD FUND				
Receipts	\$ -	\$ -	\$ 3,132	\$ 3,132
Disbursements	(1,715,169)	(1,715,169)	(900,169)	815,000
Transfers in	300,000	300,000	300,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(1,415,169)	(1,415,169)	(597,037)	818,132
Fund Balance - Beginning	1,415,169	1,415,169	1,415,169	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 818,132</u>	<u>\$ 818,132</u>
COMMUNICATION EQUIPMENT SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(120,000)	(120,000)	(90,000)	30,000
Transfers in	30,000	30,000	30,000	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(90,000)	(90,000)	(60,000)	30,000
Fund Balance - Beginning	90,000	90,000	90,000	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>
EQUIPMENT SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(68,898)	(68,898)	(35,731)	33,167
Transfers in	5,500	5,500	85,500	80,000
Transfers out	-	-	-	-
Net Change in Fund Balance	(63,398)	(63,398)	49,769	113,167
Fund Balance - Beginning	63,398	63,398	63,398	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,167</u>	<u>\$ 113,167</u>

(Continued)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CHILD SUPPORT INCENTIVE FUND				
Receipts	\$ -	\$ -	\$ 5,742	\$ 5,742
Disbursements	(14,341)	(14,341)	(11,613)	2,728
Net Change in Fund Balance	(14,341)	(14,341)	(5,871)	8,470
Fund Balance - Beginning	14,341	14,341	14,341	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,470</u>	<u>\$ 8,470</u>
VISITOR'S PROMOTION FUND				
Receipts	\$ -	\$ -	\$ 2,565	\$ 2,565
Disbursements	(16,826)	(16,826)	(2,773)	14,053
Net Change in Fund Balance	(16,826)	(16,826)	(208)	16,618
Fund Balance - Beginning	16,826	16,826	16,826	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,618</u>	<u>\$ 16,618</u>
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ -	\$ -	\$ 2,566	\$ 2,566
Disbursements	(7,239)	(7,239)	(2,000)	5,239
Net Change in Fund Balance	(7,239)	(7,239)	566	7,805
Fund Balance - Beginning	7,239	7,239	7,239	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,805</u>	<u>\$ 7,805</u>
REGISTER OF DEEDS PRESERVATION & MODERNIZATION FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 7,245	\$ 2,245
Disbursements	(11,491)	(11,491)	(7,747)	3,744
Net Change in Fund Balance	(6,491)	(6,491)	(502)	5,989
Fund Balance - Beginning	6,491	6,491	6,491	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,989</u>	<u>\$ 5,989</u>
MEDICAL RELIEF FUND				
Receipts	\$ -	\$ -	\$ 4	\$ 4
Disbursements	(24,719)	(24,719)	(5,400)	19,319
Net Change in Fund Balance	(24,719)	(24,719)	(5,396)	19,323
Fund Balance - Beginning	24,719	24,719	24,719	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,323</u>	<u>\$ 19,323</u>

(Continued)

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

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS' AID FUND				
Receipts	\$ -	\$ -	\$ 1	\$ 1
Disbursements	(30,212)	(30,212)	-	30,212
Net Change in Fund Balance	(30,212)	(30,212)	1	30,213
Fund Balance - Beginning	30,212	30,212	30,212	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,213</u>	<u>\$ 30,213</u>
RURAL TRANSIT SERVICE FUND				
Receipts	\$ 49,036	\$ 49,036	\$ 93,381	\$ 44,345
Disbursements	(87,003)	(87,003)	(70,111)	16,892
Transfers in	8,507	8,507	707	(7,800)
Transfers out	-	-	-	-
Net Change in Fund Balance	(29,460)	(29,460)	23,977	53,437
Fund Balance - Beginning	29,460	29,460	29,460	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,437</u>	<u>\$ 53,437</u>
SENIOR SERVICES PROGRAM FUND				
Receipts	\$ 126,732	\$ 126,732	\$ 120,567	\$ (6,165)
Disbursements	(230,106)	(230,106)	(180,304)	49,802
Transfers in	63,442	63,442	63,442	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(39,932)	(39,932)	3,705	43,637
Fund Balance - Beginning	39,932	39,932	39,932	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,637</u>	<u>\$ 43,637</u>
SENIOR SERVICES SAVINGS FUND				
Receipts	\$ -	\$ -	\$ 2,176	\$ 2,176
Disbursements	(142,262)	(142,262)	(31,735)	110,527
Net Change in Fund Balance	(142,262)	(142,262)	(29,559)	112,703
Fund Balance - Beginning	142,262	142,262	142,262	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,703</u>	<u>\$ 112,703</u>
STOP PROGRAM FUND				
Receipts	\$ -	\$ -	\$ 7,300	\$ 7,300
Disbursements	(18,488)	(18,488)	(241)	18,247
Net Change in Fund Balance	(18,488)	(18,488)	7,059	25,547
Fund Balance - Beginning	18,488	18,488	18,488	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,547</u>	<u>\$ 25,547</u>

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG LAW ENFORCEMENT AND EDUCATION FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(7,092)	(7,092)	-	7,092
Net Change in Fund Balance	(7,092)	(7,092)	-	7,092
Fund Balance - Beginning	7,092	7,092	7,092	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,092</u>	<u>\$ 7,092</u>
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(966)	(966)	-	966
Net Change in Fund Balance	(966)	(966)	-	966
Fund Balance - Beginning	966	966	966	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 966</u>	<u>\$ 966</u>
CANINE FUND				
Receipts	\$ -	\$ -	\$ 1,599	\$ 1,599
Disbursements	(4,432)	(4,432)	(1,705)	2,727
Net Change in Fund Balance	(4,432)	(4,432)	(106)	4,326
Fund Balance - Beginning	4,432	4,432	4,432	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,326</u>	<u>\$ 4,326</u>
DISASTER FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(335,688)	(335,688)	(307,770)	27,918
Net Change in Fund Balance	(335,688)	(335,688)	(307,770)	27,918
Fund Balance - Beginning	335,688	335,688	335,688	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,918</u>	<u>\$ 27,918</u>
911 EMERGENCY MANAGEMENT FUND				
Receipts	\$ 25,000	\$ 25,000	\$ 26,599	\$ 1,599
Disbursements	(417,419)	(417,419)	(348,986)	68,433
Transfers in	333,283	333,283	333,284	1
Transfers out	(30,000)	(30,000)	(30,000)	-
Net Change in Fund Balance	(89,136)	(89,136)	(19,103)	70,033
Fund Balance - Beginning	89,136	89,136	89,136	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,033</u>	<u>\$ 70,033</u>

(Continued)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>911 WIRELESS SERVICE FUND</u>				
Receipts	\$ 50,319	\$ 50,319	\$ 50,318	\$ (1)
Disbursements	(50,320)	(50,320)	(37,140)	13,180
Transfers in	-	-	-	-
Transfers out	(10,630)	(10,630)	(21,261)	(10,631)
Net Change in Fund Balance	(10,631)	(10,631)	(8,083)	2,548
Fund Balance - Beginning	10,631	10,631	10,631	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,548</u>	<u>\$ 2,548</u>
<u>911 WIRELESS SERVICE HOLDING FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(153,605)	(153,605)	(26,792)	126,813
Transfers in	10,630	10,630	21,261	10,631
Transfers out	-	-	-	-
Net Change in Fund Balance	(142,975)	(142,975)	(5,531)	137,444
Fund Balance - Beginning	142,975	142,975	142,975	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,444</u>	<u>\$ 137,444</u>
<u>AGRICULTURAL SOCIETY BUILDING FUND</u>				
Receipts	\$ 153,058	\$ 153,058	\$ 154,224	\$ 1,166
Disbursements	(270,041)	(270,041)	(153,024)	117,017
Net Change in Fund Balance	(116,983)	(116,983)	1,200	118,183
Fund Balance - Beginning	116,983	116,983	116,983	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,183</u>	<u>\$ 118,183</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, 2020

	Highway Bridge Buyback Fund	Special Road Fund	Communication Equipment Sinking Fund	Equipment Sinking Fund	Child Support Incentive Fund	Visitor's Promotion Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,565
Investment Income	-	-	-	-	-	-
Intergovernmental	177,346	3,132	-	-	5,742	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
TOTAL RECEIPTS	<u>177,346</u>	<u>3,132</u>	<u>-</u>	<u>-</u>	<u>5,742</u>	<u>2,565</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	-	-	90,000	35,731	11,613	-
Public Works	533,156	900,169	-	-	-	-
Public Assistance	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	2,773
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>533,156</u>	<u>900,169</u>	<u>90,000</u>	<u>35,731</u>	<u>11,613</u>	<u>2,773</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(355,810)</u>	<u>(897,037)</u>	<u>(90,000)</u>	<u>(35,731)</u>	<u>(5,871)</u>	<u>(208)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	300,000	30,000	85,500	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>300,000</u>	<u>30,000</u>	<u>85,500</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(355,810)	(597,037)	(60,000)	49,769	(5,871)	(208)
FUND BALANCES - BEGINNING	<u>506,813</u>	<u>1,415,169</u>	<u>90,000</u>	<u>63,398</u>	<u>14,341</u>	<u>16,826</u>
FUND BALANCES - ENDING	<u>\$ 151,003</u>	<u>\$ 818,132</u>	<u>\$ 30,000</u>	<u>\$ 113,167</u>	<u>\$ 8,470</u>	<u>\$ 16,618</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	16,618
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road/Bridge Projects	151,003	-	-	-	-	-
Child Support Enforcement	-	-	-	-	8,470	-
Aid and Assistance	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	-	-	-
Road Maintenance	-	818,132	-	-	-	-
Aid and Assistance	-	-	-	-	-	-
Equipment	-	-	30,000	113,167	-	-
TOTAL FUND BALANCES	<u>\$ 151,003</u>	<u>\$ 818,132</u>	<u>\$ 30,000</u>	<u>\$ 113,167</u>	<u>\$ 8,470</u>	<u>\$ 16,618</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, 2020

	Visitor's Improvement Fund	Register of Deeds Preservation & Modernization Fund	Medical Relief Fund	Veterans' Aid Fund	Rural Transit Service Fund	Senior Services Program Fund
RECEIPTS						
Property Taxes	\$ 2,566	\$ -	\$ 1	\$ -	\$ -	\$ -
Investment Income	-	-	-	1	-	-
Intergovernmental	-	-	3	-	49,914	62,419
Charges for Services	-	7,245	-	-	9,592	36,612
Miscellaneous	-	-	-	-	33,875	21,536
TOTAL RECEIPTS	<u>2,566</u>	<u>7,245</u>	<u>4</u>	<u>1</u>	<u>93,381</u>	<u>120,567</u>
DISBURSEMENTS						
General Government	-	7,747	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Assistance	-	-	5,400	-	70,111	180,304
Culture and Recreation	2,000	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>2,000</u>	<u>7,747</u>	<u>5,400</u>	<u>-</u>	<u>70,111</u>	<u>180,304</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>566</u>	<u>(502)</u>	<u>(5,396)</u>	<u>1</u>	<u>23,270</u>	<u>(59,737)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	707	63,442
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>707</u>	<u>63,442</u>
Net Change in Fund Balances	566	(502)	(5,396)	1	23,977	3,705
FUND BALANCES - BEGINNING	<u>7,239</u>	<u>6,491</u>	<u>24,719</u>	<u>30,212</u>	<u>29,460</u>	<u>39,932</u>
FUND BALANCES - ENDING	<u>\$ 7,805</u>	<u>\$ 5,989</u>	<u>\$ 19,323</u>	<u>\$ 30,213</u>	<u>\$ 53,437</u>	<u>\$ 43,637</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	7,805	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	-	-
Law Enforcement	-	-	-	-	-	-
Preservation of Records	-	5,989	-	-	-	-
Debt Service	-	-	-	-	-	-
Road/Bridge Projects	-	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	53,437	43,637
Committed to:						
Law Enforcement	-	-	-	-	-	-
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	-	-	19,323	30,213	-	-
Equipment	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 7,805</u>	<u>\$ 5,989</u>	<u>\$ 19,323</u>	<u>\$ 30,213</u>	<u>\$ 53,437</u>	<u>\$ 43,637</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, 2020

	Senior Services Savings Fund	STOP Program Fund	Drug Law Enforcement and Education Fund	Federal Drug Law Enforcement Fund	Canine Fund	Disaster Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	(5,543)	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	7,300	-	-	-	-
Miscellaneous	7,719	-	-	-	1,599	-
TOTAL RECEIPTS	<u>2,176</u>	<u>7,300</u>	<u>-</u>	<u>-</u>	<u>1,599</u>	<u>-</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	-	241	-	-	1,705	-
Public Works	-	-	-	-	-	307,770
Public Assistance	31,735	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal Payments	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>31,735</u>	<u>241</u>	<u>-</u>	<u>-</u>	<u>1,705</u>	<u>307,770</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(29,559)</u>	<u>7,059</u>	<u>-</u>	<u>-</u>	<u>(106)</u>	<u>(307,770)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(29,559)	7,059	-	-	(106)	(307,770)
FUND BALANCES - BEGINNING	<u>142,262</u>	<u>18,488</u>	<u>7,092</u>	<u>966</u>	<u>4,432</u>	<u>335,688</u>
FUND BALANCES - ENDING	<u>\$ 112,703</u>	<u>\$ 25,547</u>	<u>\$ 7,092</u>	<u>\$ 966</u>	<u>\$ 4,326</u>	<u>\$ 27,918</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	7,092	-	-	-
Law Enforcement	-	-	-	966	-	-
Preservation of Records	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Road/Bridge Projects	-	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-	-
Aid and Assistance	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	25,547	-	-	4,326	-
Road Maintenance	-	-	-	-	-	-
Aid and Assistance	112,703	-	-	-	-	27,918
Equipment	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 112,703</u>	<u>\$ 25,547</u>	<u>\$ 7,092</u>	<u>\$ 966</u>	<u>\$ 4,326</u>	<u>\$ 27,918</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, 2020

	911 Emergency Management Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund	Agricultural Society Building Fund	Total Nonmajor Governmental Funds
RECEIPTS					
Property Taxes	\$ 26,599	\$ 50,318	\$ -	\$ 138,072	\$ 220,121
Investment Income	-	-	-	-	(5,542)
Intergovernmental	-	-	-	16,152	314,708
Charges for Services	-	-	-	-	60,749
Miscellaneous	-	-	-	-	64,729
TOTAL RECEIPTS	26,599	50,318	-	154,224	654,765
DISBURSEMENTS					
General Government	-	-	-	-	7,747
Public Safety	348,986	37,140	26,792	-	552,208
Public Works	-	-	-	-	1,741,095
Public Assistance	-	-	-	-	287,550
Culture and Recreation	-	-	-	-	4,773
Debt Service:					
Principal Payments	-	-	-	120,000	120,000
Interest and Fiscal Charges	-	-	-	33,024	33,024
TOTAL DISBURSEMENTS	348,986	37,140	26,792	153,024	2,746,397
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(322,387)	13,178	(26,792)	1,200	(2,091,632)
OTHER FINANCING SOURCES (USES)					
Transfers in	333,284	-	21,261	-	834,194
Transfers out	(30,000)	(21,261)	-	-	(51,261)
TOTAL OTHER FINANCING SOURCES (USES)	303,284	(21,261)	21,261	-	782,933
Net Change in Fund Balances	(19,103)	(8,083)	(5,531)	1,200	(1,308,699)
FUND BALANCES - BEGINNING	89,136	10,631	142,975	116,983	3,113,253
FUND BALANCES - ENDING	\$ 70,033	\$ 2,548	\$ 137,444	\$ 118,183	\$ 1,804,554
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	24,423
911 Emergency Services	70,033	2,548	137,444	-	210,025
Drug Education	-	-	-	-	7,092
Law Enforcement	-	-	-	-	966
Preservation of Records	-	-	-	-	5,989
Debt Service	-	-	-	118,183	118,183
Road/Bridge Projects	-	-	-	-	151,003
Child Support Enforcement	-	-	-	-	8,470
Aid and Assistance	-	-	-	-	97,074
Committed to:					
Law Enforcement	-	-	-	-	29,873
Road Maintenance	-	-	-	-	818,132
Aid and Assistance	-	-	-	-	190,157
Equipment	-	-	-	-	143,167
TOTAL FUND BALANCES	\$ 70,033	\$ 2,548	\$ 137,444	\$ 118,183	\$ 1,804,554

(Concluded)

BUTLER COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2020

	County Clerk	Clerk of the District Court	County Sheriff	County Attorney	Highway Superintendent	Veterans' Service Officer	County Senior Services	County Detention Center	Total
BALANCES JULY 1, 2019	\$ 13,743	\$ 20,019	\$ 14,387	\$ 500	\$ 102,906	\$ 3,822	\$ 771	\$ 39,594	\$ 195,742
RECEIPTS									
Licenses and Permits	863	-	1,085	-	600	-	-	-	2,548
Intergovernmental	-	-	302,589	-	523,105	-	498	-	826,192
Charges for Services	80,353	11,969	15,787	-	50,441	-	46,204	363,264	568,018
Miscellaneous	506	-	2,500	284	4,995	1	24,623	-	32,909
State Fees	89,551	15,474	-	-	-	-	-	-	105,025
Other Liabilities	-	432,527	12,234	-	-	-	-	372,089	816,850
TOTAL RECEIPTS	171,273	459,970	334,195	284	579,141	1	71,325	735,353	2,351,542
DISBURSEMENTS									
Payments to County Treasurer	80,342	10,294	318,842	-	682,047	1	68,493	368,503	1,528,522
Payments to State Treasurer	90,141	15,134	-	-	-	-	-	-	105,275
Other Liabilities	-	393,885	14,768	284	-	2,194	2,949	379,004	793,084
TOTAL DISBURSEMENTS	170,483	419,313	333,610	284	682,047	2,195	71,442	747,507	2,426,881
BALANCES JUNE 30, 2020	\$ 14,533	\$ 60,676	\$ 14,972	\$ 500	\$ -	\$ 1,628	\$ 654	\$ 27,440	\$ 120,403
BALANCES CONSIST OF:									
Due to County Treasurer	\$ 8,360	\$ 1,965	\$ 8,849	\$ -	\$ -	\$ 1,628	\$ 154	\$ 19,276	\$ 40,232
Petty Cash	-	-	4,000	500	-	-	500	3,500	8,500
Due to State Treasurer	6,173	1,063	-	-	-	-	-	-	7,236
Due to Others	-	57,648	2,123	-	-	-	-	4,664	64,435
BALANCES JUNE 30, 2020	\$ 14,533	\$ 60,676	\$ 14,972	\$ 500	\$ -	\$ 1,628	\$ 654	\$ 27,440	\$ 120,403

BUTLER COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2020

Item	2015	2016	2017	2018	2019
Tax Certified by Assessor					
Real Estate	\$ 23,992,690	\$ 24,498,864	\$ 25,335,045	\$ 25,663,012	\$ 25,612,462
Personal and Specials	2,645,920	2,645,919	2,117,117	2,053,068	2,190,522
Total	26,638,610	27,144,783	27,452,162	27,716,080	27,802,984
Corrections					
Additions	6,539	9,982	15,195	5,079	3,451
Deductions	(2,495)	(1,187)	(9,615)	(2,063)	(4,850)
Net Additions/ (Deductions)	4,044	8,795	5,580	3,016	(1,399)
Corrected Certified Tax	26,642,654	27,153,578	27,457,742	27,719,096	27,801,585
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2016	17,501,780	-	-	-	-
June 30, 2017	9,130,454	17,594,421	-	-	-
June 30, 2018	6,641	9,549,854	18,270,821	-	-
June 30, 2019	1,618	5,071	9,178,565	18,415,424	-
June 30, 2020	832	1,929	4,769	9,295,441	18,351,802
Total Net Collections	26,641,325	27,151,275	27,454,155	27,710,865	18,351,802
Total Uncollected Tax	\$ 1,329	\$ 2,303	\$ 3,587	\$ 8,231	\$ 9,449,783
Percentage Uncollected Tax	0.00%	0.01%	0.01%	0.03%	33.99%

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



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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, 2020, 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 6, 2021. 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.

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

Our consideration of internal control was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in the County's internal control to be a significant deficiency:

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

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 6, 2021.

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
Lincoln, Nebraska

April 6, 2021



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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April 6, 2021

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, 2020, and have issued our report thereon dated April 6, 2021. 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 BOARD

Claims Testing

During testing of claims, we noted the following issues:

- The County issued duplicate payments to a vendor, totaling \$127, on claims 20050109 and 20060161 on May 18, 2020, and June 15, 2020, respectively. The County did not have support on file that showed the \$127 was refunded. A stop payment was issued on March 5, 2021, on the vendor check after the auditor notified the County of the duplicate payment. A similar finding was noted in the prior audit.
- We noted that the County paid \$88,501 on January 21, 2020, over the awarded bid amount to Constructors, Inc., for the Dwight North Overlay project. The payment was due to a change order that was not approved by the County Board.
- Late fees, totaling \$157, were paid to Wex Bank on claim 19110020, dated November 18, 2019. Late fees were due to the previous month's payment being six days late. Purchases were for fuel charges by the County Sheriff's office.

A good internal control plan requires procedures to ensure that the County pays only necessary and reasonable claims and invoices are paid only once. Additionally, good internal controls and sound business practices require procedures to ensure that the County pays the agreed-upon contract price based on the awarded bid amount, and any change orders to the contract are properly approved by the County Board.

Without such procedures, there is an increased risk of County funds being expended for improper purposes, such as duplicate payments or unnecessary late fees.

We recommend the County Board implement procedures to ensure invoices are paid only once, and only necessary expenditures are made with County funds. We further recommend the County Board implement procedures to ensure that the amount paid to contractors agrees to the awarded bid amount, and any change orders to the contract are properly approved and documented in the County Board's meeting minutes.

COUNTY SHERIFF

Accounting Procedures

During our audit, we noted several issues with the County Sheriff's financial record-keeping and balancing procedures as of June 30, 2020. We noted the following:

- There is an unknown long of \$517 between the check book balance and reconciled bank balance.
- The County Sheriff did not complete monthly asset-to-liability reconciliations. Records were not maintained to support an accurate listing of accounts payable.
- The County Sheriff did not maintain the June 2020 bank reconciliation and did not have a listing of the outstanding checks as of June 30, 2020.
- Fee collections of \$7,464 received during the current and prior years were not remitted to the County Treasurer. Of the collections, at least \$1,326 for law enforcement contracts and Sheriff sale fees have been held for over a year and were noted in the prior year audit.

Neb. Rev. Stat. § 33-117(3) (Reissue 2016) states, in part, "The sheriff shall . . . pay all fees earned to the county treasurer . . ." Additionally, good internal control requires procedures to ensure assets (cash on hand, reconciled bank balances) are in agreement with office liabilities (fees, mileage, refunds, and accounts payable), and any variances identified are resolved in a timely manner.

Failure to oversee transaction activity, as well as to determine asset-to-liability balancing variances, increases the risk of loss, theft, or misuse of funds, allowing errors to go undetected more easily. Additionally, when fees earned are not remitted to the County Treasurer, there is an increased risk for the loss or misuse of funds and noncompliance with State statute. A similar comment was noted in the prior year report.

We recommend the County Sheriff implement balancing procedures to ensure assets agree to liabilities at all times, and all accounts payable balances recorded in the accounting system are complete and accurate. Further, we recommend that all fees are paid to the County Treasurer in a timely manner, including the remittance of any outstanding balances.

Unclaimed Property

During the audit, it was noted that the County Sheriff issued five checks, totaling \$147, that were outstanding for over three years and had not been remitted to the State Treasurer as unclaimed property.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2018), which is found in the Uniform Disposition of Unclaimed Property Act (Act), presumes intangible personal property held by, among others, a public officer and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2018), requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually. Additionally, a good internal control plan includes procedures to ensure unclaimed property is remitted to the State Treasurer in compliance with the Act.

When outstanding checks are not consistently reviewed in a timely manner, there is an increased risk that balances due for remittance to the State Treasurer as unclaimed property will not be detected, resulting in the County Sheriff failing to comply with State statute.

We recommend the County Sheriff implement procedures to ensure checks outstanding for over three years are remitted promptly to the State Treasurer as unclaimed property, as required by State statute.

Distress Warrant Report

During the audit, we noted that the County Sheriff did not file the Distress Warrant Report with the County Board.

Neb Rev. Stat. § 77-1719.01 (Reissue 2018) states, “On or before August 1 of each year, the sheriff shall report to the county board showing the total amount collected on current distress warrants and the amount remaining uncollected.”

When the Distress Warrant Report is not filed with the County Board as required, the County is not in compliance with State statute.

We recommend the County Sheriff implement procedures to ensure that the Distress Warrant Report is filed with the County Board in accordance with State statute.

COUNTY CLERK OF THE DISTRICT COURT

Overdue Case Balance Report

We noted that the Clerk of the District Court (District Court) was not performing adequate follow-up procedures to resolve the overdue balances on the Overdue Case Account Report (Report). Six of 10 balances tested, totaling \$5,154, did not have subsequent action taken by the District Court to ensure collection and/or resolution of the balances.

As of July 1, 2020, the Report contained 89 overdue criminal case balances, totaling \$38,413. Of these 89 cases, only 3 had a current warrant or suspension issued for nonpayment. A similar finding was noted in the prior audit.

Good internal control and sound business practices require procedures to ensure that the Report is reviewed on an ongoing, timely basis to determine what action, if any, should be taken to collect or otherwise resolve overdue case balances.

Without such procedures, there is an increased risk for the loss of funds.

We recommend the District Court implement procedures to ensure the Report is reviewed on an ongoing basis, and appropriate follow-up action is taken. Potential courses of action for follow-up would include issuance of warrants, a judge’s determination and order to waive certain costs, if allowable, or a declaration of certain balances as uncollectible.

COUNTY SENIOR SERVICES OFFICE

Office Procedures

During the audit, we noted the following issues with the County Senior Services Office financial record-keeping and balancing procedures as of June 30, 2020:

- Monthly asset-to-liability reconciliations were not performed, resulting in an unknown long balance of \$154 in the office’s bank account as of June 30, 2020.
- Petty cash was not properly reconciled to the Board-authorized amount of \$500 each month. As of March 8, 2021, we noted that the office had not yet submitted a claim to the County Board for the reimbursement of \$11 in petty cash expenditures that were incurred during October 2019.

Neb. Rev. Stat. § 23-106(2) (Reissue 2012) provides the following:

The county board shall have the authority to establish a petty cash fund for such county for the purpose of making payments for subsidiary general operational expenditures and purchases. Such county board shall set, by resolution of the board, the amount of money to be carried in such petty cash fund and the dollar limit of an expenditure from such fund and such amount shall be stated in the fiscal policy of the county board budget message.

Additionally, good internal control requires procedures to ensure that assets are in agreement with office liabilities, and any variances identified are resolved in a timely manner, petty cash funds are reconciled to the Board-authorized amount, and reimbursements are claimed in a timely manner.

Without such procedures, there is an increased risk of loss, theft, or misuse of public funds, as well as noncompliance with State statute.

We recommend the County Senior Services Office implement balancing procedures to ensure assets agree to liabilities. We also recommend that petty cash amounts be properly reconciled to the authorized amount and reimbursement is sought in a timely manner.

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

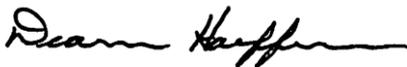
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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. The County declined to respond.

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

Sincerely,



Deann Haeffner, CPA
Assistant Deputy Auditor