

**AUDIT REPORT
OF
BUTLER COUNTY**

JULY 1, 2015, THROUGH JUNE 30, 2016

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Issued on March 9, 2017

BUTLER COUNTY

TABLE OF CONTENTS

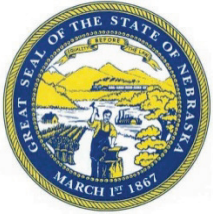
	<u>Page</u>
List of County Officials	1
Financial Section	
Independent Auditor's Report	2 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	5
Statement of Activities - Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	7
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds	8
Statement of Fiduciary Assets and Liabilities - Cash Basis - Fiduciary Funds	9
Notes to Financial Statements	10 - 18
Combining Statements and Schedules:	
Budgetary Comparison Schedule - Budget and Actual - General Fund	19 - 20
Budgetary Comparison Schedule - Budget and Actual - Major Funds	21 - 22
Budgetary Comparison Schedule - Budget and Actual - Nonmajor Funds	23 - 27
Combining Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Nonmajor Governmental Funds	28 - 31
Schedule of Office Activities	32
Schedule of Taxes Certified and Collected for All Political Subdivisions in the County	33
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>	34 - 35

BUTLER COUNTY

LIST OF COUNTY OFFICIALS

At June 30, 2016

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors	David Mach	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
Assessor	Vickie Donoghue	Jan. 2019
Attorney	Julie Reiter	Jan. 2019
Clerk Election Commissioner Register of Deeds	Vicki Truksa	Jan. 2019
Clerk of the District Court	Nancy Prochaska	Jan. 2019
Sheriff	Marcus Siebken	Jan. 2019
Surveyor	Brian Foral	Jan. 2019
Treasurer	Karey Adamy	Jan. 2019
Veterans' Service Officer	Dean Kriz	Appointed
Weed Superintendent	Max Birkel	Appointed
Highway Superintendent	Jim Rerucha	Appointed
Senior Services	Diana McDonald	Appointed
Flood Plain Administrator	Robin Sullivan	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, 2016, 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, 2016, 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, 2016, 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 19-33, 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 February 27, 2017, 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

February 27, 2017

BUTLER COUNTY
STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2016

	Governmental Activities
ASSETS	
Cash and Cash Equivalents (Note 1.D)	\$ 1,149,029
Investments (Note 1.D)	5,225,418
TOTAL ASSETS	\$ 6,374,447
NET POSITION	
Restricted for:	
Visitor Promotion	\$ 29,037
911 Emergency Services	184,672
Drug Education	462
Law Enforcement	966
Preservation of Records	9,603
Aid and Assistance	11,813
Road/Bridge Projects	74,039
Child Support Enforcement	25,166
Unrestricted	6,038,689
TOTAL NET POSITION	\$ 6,374,447

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, 2016

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	\$ (2,121,714)	\$ 419,970	\$ 51,006	\$ (1,650,738)
Public Safety	(2,178,203)	36,952	42,341	(2,098,910)
Public Works	(3,877,035)	1,238	1,591,936	(2,283,861)
Public Assistance	(368,587)	48,104	28,354	(292,129)
Culture and Recreation	(2,032)	-	5,608	3,576
Total Governmental Activities	<u>\$ (8,547,571)</u>	<u>\$ 506,264</u>	<u>\$ 1,719,245</u>	<u>(6,322,062)</u>
General Receipts:				
Property Taxes				4,420,139
Grants and Contributions Not Restricted to Specific Programs				1,544,081
Investment Income				12,903
Licenses and Permits				29,926
Miscellaneous				95,240
Total General Receipts				<u>6,102,289</u>
Increase in Net Position				(219,773)
Net Position - Beginning of year				6,594,220
Net Position - End of year				<u>\$ 6,374,447</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, 2016

	<u>General Fund</u>	<u>Road Fund</u>	<u>Inheritance Fund</u>	<u>Special Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents (Note 1.D)	\$ -	\$ 493,476	\$ -	\$ -	\$ 655,553	\$ 1,149,029
Investments (Note 1.D)	1,025,988	326,207	2,930,838	877,191	65,194	5,225,418
TOTAL ASSETS	<u>\$ 1,025,988</u>	<u>\$ 819,683</u>	<u>\$ 2,930,838</u>	<u>\$ 877,191</u>	<u>\$ 720,747</u>	<u>\$ 6,374,447</u>
FUND BALANCES						
Restricted for:						
Visitor Promotion	-	-	-	-	29,037	29,037
911 Emergency Services	-	-	-	-	184,672	184,672
Drug Education	-	-	-	-	462	462
Law Enforcement	-	-	-	-	966	966
Preservation of Records	-	-	-	-	9,603	9,603
Aid and Assistance	-	-	-	-	11,813	11,813
Road/Bridge Projects	-	-	-	-	74,039	74,039
Child Support Enforcement	-	-	-	-	25,166	25,166
Committed to:						
Law Enforcement	-	-	-	-	10,178	10,178
Road Maintenance	-	819,683	-	877,191	-	1,696,874
Aid and Assistance	-	-	-	-	349,811	349,811
Equipment	-	-	-	-	25,000	25,000
Assigned to:						
Other Purposes	-	-	2,930,838	-	-	2,930,838
Unassigned	1,025,988	-	-	-	-	1,025,988
TOTAL CASH BASIS FUND BALANCES	<u>\$ 1,025,988</u>	<u>\$ 819,683</u>	<u>\$ 2,930,838</u>	<u>\$ 877,191</u>	<u>\$ 720,747</u>	<u>\$ 6,374,447</u>

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

BUTLER COUNTY
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BASIS FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Road Fund	Inheritance Fund	Special Road Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 3,611,058	\$ -	\$ 687,389	\$ -	\$ 121,692	\$ 4,420,139
Licenses and Permits	29,851	75	-	-	-	29,926
Investment Income	12,322	-	-	-	581	12,903
Intergovernmental	916,485	2,075,526	-	648	270,667	3,263,326
Charges for Services	445,819	-	-	-	60,445	506,264
Miscellaneous	12,432	60,285	-	-	22,523	95,240
TOTAL RECEIPTS	<u>5,027,967</u>	<u>2,135,886</u>	<u>687,389</u>	<u>648</u>	<u>475,908</u>	<u>8,327,798</u>
DISBURSEMENTS						
General Government	1,901,640	-	214,587	-	5,487	2,121,714
Public Safety	1,829,043	-	-	-	349,160	2,178,203
Public Works	21,221	2,615,439	-	820,244	420,131	3,877,035
Public Assistance	135,613	-	-	-	232,974	368,587
Culture and Recreation	-	-	-	-	2,032	2,032
TOTAL DISBURSEMENTS	<u>3,887,517</u>	<u>2,615,439</u>	<u>214,587</u>	<u>820,244</u>	<u>1,009,784</u>	<u>8,547,571</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>1,140,450</u>	<u>(479,553)</u>	<u>472,802</u>	<u>(819,596)</u>	<u>(533,876)</u>	<u>(219,773)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	16,017	671,392	-	440,000	428,914	1,556,323
Transfers out	(1,058,431)	(440,000)	-	-	(57,892)	(1,556,323)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,042,414)</u>	<u>231,392</u>	<u>-</u>	<u>440,000</u>	<u>371,022</u>	<u>-</u>
Net Change in Fund Balances	98,036	(248,161)	472,802	(379,596)	(162,854)	(219,773)
CASH BASIS FUND BALANCES - BEGINNING	<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>
CASH BASIS FUND BALANCES - ENDING	<u>\$ 1,025,988</u>	<u>\$ 819,683</u>	<u>\$ 2,930,838</u>	<u>\$ 877,191</u>	<u>\$ 720,747</u>	<u>\$ 6,374,447</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, 2016

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 651,577
 LIABILITIES	
Due to other governments	
State	203,362
Schools	169,449
Educational Service Units	1,427
Technical College	11,631
Natural Resource Districts	4,233
Fire Districts	4,337
Municipalities	28,931
Agricultural Society	1,188
Townships	49,756
Sanitary and Improvement Districts	35,714
Others	141,549
TOTAL LIABILITIES	651,577
 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, 2016

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 \$32,093 toward the operation of the Region during fiscal year 2016. 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. 2016).

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 2016. 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. 2016). 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 for 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.

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.

BUTLER COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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 \$335,758 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.

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 \$1,149,029 for County funds and \$651,577 for Fiduciary funds. The bank balances for all funds totaled \$1,756,691. For purposes of classifying categories of custodial risk, the bank balances of the County's deposits, as of June 30, 2016, 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 \$10,396 in Cole Real Estate Investments, \$54,798 in Butler County Area Foundation Fund, and of \$5,160,224 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 2015, for the 2015 taxes, which will be materially collected in May and September 2016, was set at \$.161907/\$100 of assessed valuation. The levy set in October 2014, for the 2014 taxes, which were materially collected in May and September 2015, was set at \$.166540/\$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. 2016) 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, 2016, 107 employees contributed \$137,464, and the County contributed \$203,913. Contributions included \$4,575 in cash contributions towards the supplemental law enforcement plan for 13 law enforcement employees. Lastly, the County paid \$1,175 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 2017. 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, 2016, consisted of the following:

Transfers to	Transfers from			Total
	General Fund	Road Fund	Nonmajor Funds	
Road Fund	\$ 671,392	\$ -	\$ -	\$ 671,392
Special Road Fund		440,000	-	440,000
General Fund		-	16,017	16,017
Nonmajor Funds	387,039	-	41,875	428,914
Total	<u>\$ 1,058,431</u>	<u>\$ 440,000</u>	<u>\$ 57,892</u>	<u>\$ 1,556,323</u>

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, 2016, the County made a one-time transfer of \$13,302 and \$2,715 from the Emergency Manager Fund and Noxious Weed Fund, respectively, to the General Fund when the County Board closed the funds.

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 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. The bond payable balance, as of June 30, 2016, was \$8,015,000. 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

In August 2016, the County issued General Obligation Bonds in the original amount of \$1,950,000 for the purpose of acquiring, constructing, furnishing, and equipping a multi-purpose facility on the Butler County Fairgrounds. 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.

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 3,772,946	\$ 3,772,946	\$ 3,611,058	\$ (161,888)
Licenses and Permits	23,300	23,300	29,851	6,551
Interest	5,000	5,000	12,322	7,322
Intergovernmental	625,260	625,260	916,485	291,225
Charges for Services	352,400	352,400	445,819	93,419
Miscellaneous	-	-	12,432	12,432
TOTAL RECEIPTS	<u>4,778,906</u>	<u>4,778,906</u>	<u>5,027,967</u>	<u>249,061</u>
DISBURSEMENTS				
General Government:				
County Board	250,466	250,466	245,518	4,948
County Clerk	170,603	170,603	169,212	1,391
County Treasurer	159,501	159,501	157,899	1,602
County Assessor	210,430	210,430	204,287	6,143
Election Commissioner	61,200	61,200	46,254	14,946
Data Processing Department	56,000	56,000	45,824	10,176
Clerk of the District Court	187,587	187,587	178,713	8,874
County Court System	10,500	11,241	11,241	-
Public Defender	128,140	128,140	123,607	4,533
Building and Grounds	237,687	237,687	206,066	31,621
Reappraisal	75,146	75,146	70,261	4,885
Agricultural Extension Agent	94,146	94,146	93,685	461
Miscellaneous	486,488	485,747	349,073	136,674
Public Safety				
County Sheriff	984,408	984,408	868,827	115,581
County Attorney	245,148	245,148	236,970	8,178
Diversion Program	14,500	14,500	14,500	-
Law Enforcement Grant	9,400	12,417	11,422	995
County Jail	697,512	697,512	682,610	14,902
Floodplain Administrator	10,000	10,000	4,771	5,229
Miscellaneous	32,500	29,483	9,943	19,540
Public Works				
County Surveyor	21,982	21,982	21,221	761
Public Assistance				
Veterans' Service Officer	41,591	41,591	41,091	500
Victims Assistance Program	27,822	27,822	27,682	140
Miscellaneous	78,966	78,966	66,840	12,126
TOTAL DISBURSEMENTS	<u>4,291,723</u>	<u>4,291,723</u>	<u>3,887,517</u>	<u>404,206</u>

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	487,183	487,183	1,140,450	653,267
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	16,017	16,017
Transfers out	(1,065,135)	(1,065,135)	(1,058,431)	6,704
TOTAL OTHER FINANCING SOURCES (USES)	(1,065,135)	(1,065,135)	(1,042,414)	22,721
Net Change in Fund Balance	(577,952)	(577,952)	98,036	675,988
FUND BALANCE - BEGINNING	927,952	927,952	927,952	-
FUND BALANCE - ENDING	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 1,025,988</u>	<u>\$ 675,988</u>

(Concluded)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ROAD FUND				
RECEIPTS				
Licenses and Permits	\$ -	\$ -	\$ 75	\$ 75
Intergovernmental	1,886,179	1,886,179	2,075,526	189,347
Miscellaneous	25,000	25,000	60,285	35,285
TOTAL RECEIPTS	<u>1,911,179</u>	<u>1,911,179</u>	<u>2,135,886</u>	<u>224,707</u>
DISBURSEMENTS	<u>3,200,415</u>	<u>3,200,415</u>	<u>2,615,439</u>	<u>584,976</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,289,236)</u>	<u>(1,289,236)</u>	<u>(479,553)</u>	<u>809,683</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	671,392	671,392	671,392	-
Transfers out	(200,000)	(200,000)	(440,000)	(240,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>471,392</u>	<u>471,392</u>	<u>231,392</u>	<u>(240,000)</u>
Net Change in Fund Balance	(817,844)	(817,844)	(248,161)	569,683
FUND BALANCE - BEGINNING	1,067,844	1,067,844	1,067,844	-
FUND BALANCE - ENDING	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 819,683</u>	<u>\$ 569,683</u>
INHERITANCE FUND				
RECEIPTS				
Taxes	\$ 901,000	\$ 901,000	\$ 687,389	\$ (213,611)
TOTAL RECEIPTS	<u>901,000</u>	<u>901,000</u>	<u>687,389</u>	<u>(213,611)</u>
DISBURSEMENTS	<u>2,987,403</u>	<u>2,987,403</u>	<u>214,587</u>	<u>2,772,816</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(2,086,403)</u>	<u>(2,086,403)</u>	<u>472,802</u>	<u>2,559,205</u>
Net Change in Fund Balance	(2,086,403)	(2,086,403)	472,802	2,559,205
FUND BALANCE - BEGINNING	2,086,403	2,086,403	2,458,036	371,633
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,930,838</u>	<u>\$ 2,930,838</u>

(Continued)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
MAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SPECIAL ROAD FUND				
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ 648	\$ 648
TOTAL RECEIPTS	-	-	648	648
DISBURSEMENTS				
	1,456,787	1,456,787	820,244	636,543
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS				
	(1,456,787)	(1,456,787)	(819,596)	637,191
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	440,000	240,000
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	200,000	200,000	440,000	240,000
Net Change in Fund Balance	(1,256,787)	(1,256,787)	(379,596)	877,191
FUND BALANCE - BEGINNING	1,256,787	1,256,787	1,256,787	-
FUND BALANCE - ENDING	\$ -	\$ -	\$ 877,191	\$ 877,191

(Concluded)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
HIGHWAY BRIDGE BUYBACK FUND				
Receipts	\$ 139,000	\$ 139,000	\$ 155,833	\$ 16,833
Disbursements	(415,895)	(415,895)	(358,689)	57,206
Net Change in Fund Balance	(276,895)	(276,895)	(202,856)	74,039
Fund Balance - Beginning	276,895	276,895	276,895	-
Fund Balance - Ending	\$ -	\$ -	\$ 74,039	\$ 74,039
EMERGENCY MANGEMENT FUND				
Receipts	\$ 10,000	\$ 10,000	\$ 14,268	\$ 4,268
Disbursements	(49,060)	(49,060)	(40,026)	9,034
Transfers in	28,723	28,723	28,723	-
Transfers out	-	-	(13,302)	(13,302)
Net Change in Fund Balance	(10,337)	(10,337)	(10,337)	-
Fund Balance - Beginning	10,337	10,337	10,337	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -
EQUIPMENT SINKING FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(20,000)	(20,000)	-	20,000
Transfers in	4,000	4,000	9,000	5,000
Transfers out	-	-	-	-
Net Change in Fund Balance	(16,000)	(16,000)	9,000	25,000
Fund Balance - Beginning	16,000	16,000	16,000	-
Fund Balance - Ending	\$ -	\$ -	\$ 25,000	\$ 25,000
CHILD SUPPORT INCENTIVE FUND				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(32,729)	(32,729)	(7,563)	25,166
Net Change in Fund Balance	(32,729)	(32,729)	(7,563)	25,166
Fund Balance - Beginning	32,729	32,729	32,729	-
Fund Balance - Ending	\$ -	\$ -	\$ 25,166	\$ 25,166
VISITOR'S PROMOTION FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 3,359	\$ 1,359
Disbursements	(15,682)	(15,682)	(2,032)	13,650
Net Change in Fund Balance	(13,682)	(13,682)	1,327	15,009
Fund Balance - Beginning	13,682	13,682	13,682	-
Fund Balance - Ending	\$ -	\$ -	\$ 15,009	\$ 15,009

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VISITOR'S IMPROVEMENT FUND				
Receipts	\$ 2,000	\$ 2,000	\$ 3,360	\$ 1,360
Disbursements	(12,668)	(12,668)	-	12,668
Net Change in Fund Balance	(10,668)	(10,668)	3,360	14,028
Fund Balance - Beginning	10,668	10,668	10,668	-
Fund Balance - Ending	\$ -	\$ -	\$ 14,028	\$ 14,028
REGISTER OF DEEDS PRESERVATION FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 6,353	\$ 1,353
Disbursements	(13,737)	(13,737)	(5,487)	8,250
Net Change in Fund Balance	(8,737)	(8,737)	866	9,603
Fund Balance - Beginning	8,737	8,737	8,737	-
Fund Balance - Ending	\$ -	\$ -	\$ 9,603	\$ 9,603
RELIEF MEDICAL FUND				
Receipts	\$ 17,238	\$ 17,238	\$ 18,466	\$ 1,228
Disbursements	(45,000)	(45,000)	(7,244)	37,756
Net Change in Fund Balance	(27,762)	(27,762)	11,222	38,984
Fund Balance - Beginning	27,762	27,762	27,762	-
Fund Balance - Ending	\$ -	\$ -	\$ 38,984	\$ 38,984
INSTITUTION FUND				
Receipts	\$ 12,363	\$ 12,363	\$ 13,412	\$ 1,049
Disbursements	(50,000)	(50,000)	(16,489)	33,511
Net Change in Fund Balance	(37,637)	(37,637)	(3,077)	34,560
Fund Balance - Beginning	37,637	37,637	37,637	-
Fund Balance - Ending	\$ -	\$ -	\$ 34,560	\$ 34,560
VETERAN'S AID FUND				
Receipts	\$ -	\$ -	\$ 3,595	\$ 3,595
Disbursements	(32,404)	(32,404)	(3,000)	29,404
Net Change in Fund Balance	(32,404)	(32,404)	595	32,999
Fund Balance - Beginning	32,404	32,404	32,404	-
Fund Balance - Ending	\$ -	\$ -	\$ 32,999	\$ 32,999

(Continued)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RURAL TRANSIT SERVICE FUND				
Receipts	\$ 50,880	\$ 50,880	\$ 36,859	\$ (14,021)
Disbursements	(74,881)	(74,881)	(42,343)	32,538
Transfers in	10,500	10,500	3,796	(6,704)
Transfers out	-	-	-	-
Net Change in Fund Balance	(13,501)	(13,501)	(1,688)	11,813
Fund Balance - Beginning	13,501	13,501	13,501	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,813</u>	<u>\$ 11,813</u>
SENIOR SERVICES PROGRAM FUND				
Receipts	\$ 126,062	\$ 126,062	\$ 126,495	\$ 433
Disbursements	(187,360)	(187,360)	(144,498)	42,862
Transfers in	16,500	16,500	16,500	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(44,798)	(44,798)	(1,503)	43,295
Fund Balance - Beginning	74,798	74,798	74,798	-
Fund Balance - Ending	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 73,295</u>	<u>\$ 43,295</u>
SENIOR SERVICES SAVINGS FUND				
Receipts	\$ -	\$ -	\$ 581	\$ 581
Disbursements	(188,792)	(188,792)	(19,400)	169,392
Net Change in Fund Balance	(188,792)	(188,792)	(18,819)	169,973
Fund Balance - Beginning	188,792	188,792	188,792	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,973</u>	<u>\$ 169,973</u>
STOP PROGRAM FUND				
Receipts	\$ -	\$ -	\$ 4,750	\$ 4,750
Disbursements	(15,584)	(15,584)	(13,544)	2,040
Net Change in Fund Balance	(15,584)	(15,584)	(8,794)	6,790
Fund Balance - Beginning	15,584	15,584	15,584	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,790</u>	<u>\$ 6,790</u>

(Continued)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462</u>	<u>\$ 462</u>
FEDERAL DRUG LAW ENFORCEMENT FUND				
Receipts	\$ 24,034	\$ 24,034	\$ -	\$ (24,034)
Disbursements	(25,000)	(25,000)	-	25,000
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 (K-9) FUND				
Receipts	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Disbursements	(12,010)	(12,010)	(8,622)	3,388
Net Change in Fund Balance	(7,010)	(7,010)	(3,622)	3,388
Fund Balance - Beginning	7,010	7,010	7,010	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,388</u>	<u>\$ 3,388</u>
911 WIRELESS SERVICE FUND				
Receipts	\$ 50,000	\$ 50,000	\$ 49,166	\$ (834)
Disbursements	(63,735)	(63,735)	(17,025)	46,710
Transfers in	-	-	-	-
Transfers out	-	-	(36,875)	(36,875)
Net Change in Fund Balance	(13,735)	(13,735)	(4,734)	9,001
Fund Balance - Beginning	13,735	13,735	13,735	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,001</u>	<u>\$ 9,001</u>

(Continued)

BUTLER COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
NONMAJOR FUNDS

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>911 WIRELESS SERVICE HOLDING FUND</u>				
Receipts	\$ -	\$ -	\$ -	\$ -
Disbursements	(72,502)	(72,502)	-	72,502
Transfers in	-	-	36,875	36,875
Transfers out	-	-	-	-
Net Change in Fund Balance	(72,502)	(72,502)	36,875	109,377
Fund Balance - Beginning	72,502	72,502	72,502	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,377</u>	<u>\$ 109,377</u>
<u>NOXIOUS WEED CONTROL FUND</u>				
Receipts	\$ -	\$ -	\$ 1,238	\$ 1,238
Disbursements	(67,919)	(67,919)	(61,442)	6,477
Transfers in	51,632	51,632	51,632	-
Transfers out	-	-	(7,715)	(7,715)
Net Change in Fund Balance	(16,287)	(16,287)	(16,287)	-
Fund Balance - Beginning	16,287	16,287	16,287	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>E911 EMERGENCY ASSISTANCE FUND</u>				
Receipts	\$ 20,000	\$ 20,000	\$ 33,173	\$ 13,173
Disbursements	(315,501)	(315,501)	(262,380)	53,121
Transfers in	282,388	282,388	282,388	-
Transfers out	-	-	-	-
Net Change in Fund Balance	(13,113)	(13,113)	53,181	66,294
Fund Balance - Beginning	13,113	13,113	13,113	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,294</u>	<u>\$ 66,294</u>
<u>FEDERAL GRANT FUND</u>				
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2016

	Highway Bridge Buyback Fund	Emergency Mangement Fund	Equipment Sinking Fund	Child Support Incentive Fund	Visitor's Promotion Fund
RECEIPTS					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,359
Investment Income	-	-	-	-	-
Intergovernmental	155,833	14,268	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL RECEIPTS	<u>155,833</u>	<u>14,268</u>	<u>-</u>	<u>-</u>	<u>3,359</u>
DISBURSEMENTS					
General Government	-	-	-	-	-
Public Safety	-	40,026	-	7,563	-
Public Works	358,689	-	-	-	-
Public Assistance	-	-	-	-	-
Culture and Recreation	-	-	-	-	2,032
TOTAL DISBURSEMENTS	<u>358,689</u>	<u>40,026</u>	<u>-</u>	<u>7,563</u>	<u>2,032</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(202,856)</u>	<u>(25,758)</u>	<u>-</u>	<u>(7,563)</u>	<u>1,327</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	28,723	9,000	-	-
Transfers out	-	(13,302)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>15,421</u>	<u>9,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(202,856)	(10,337)	9,000	(7,563)	1,327
FUND BALANCES - BEGINNING	<u>276,895</u>	<u>10,337</u>	<u>16,000</u>	<u>32,729</u>	<u>13,682</u>
FUND BALANCES - ENDING	<u>\$ 74,039</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,166</u>	<u>\$ 15,009</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	-	-	-	-	15,009
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Road/Bridge Projects	74,039	-	-	-	-
Child Support Enforcement	-	-	-	25,166	-
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	-	-	-	-	-
Equipment	-	-	25,000	-	-
TOTAL FUND BALANCES	<u>\$ 74,039</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,166</u>	<u>\$ 15,009</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, 2016

	Visitor's Improvement Fund	Register of Deeds Preservation Fund	Relief Medical Fund	Institution Fund	Veteran's Aid Fund
RECEIPTS					
Property Taxes	\$ 3,360	\$ -	\$ 16,695	\$ 12,385	\$ 3,554
Investment Income	-	-	-	-	-
Intergovernmental	-	-	1,429	1,027	41
Charges for Services	-	6,353	-	-	-
Miscellaneous	-	-	342	-	-
TOTAL RECEIPTS	<u>3,360</u>	<u>6,353</u>	<u>18,466</u>	<u>13,412</u>	<u>3,595</u>
DISBURSEMENTS					
General Government	-	5,487	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Assistance	-	-	7,244	16,489	3,000
Culture and Recreation	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>5,487</u>	<u>7,244</u>	<u>16,489</u>	<u>3,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>3,360</u>	<u>866</u>	<u>11,222</u>	<u>(3,077)</u>	<u>595</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	3,360	866	11,222	(3,077)	595
FUND BALANCES - BEGINNING	<u>10,668</u>	<u>8,737</u>	<u>27,762</u>	<u>37,637</u>	<u>32,404</u>
FUND BALANCES - ENDING	<u>\$ 14,028</u>	<u>\$ 9,603</u>	<u>\$ 38,984</u>	<u>\$ 34,560</u>	<u>\$ 32,999</u>
FUND BALANCES:					
Restricted for:					
Visitor Promotion	14,028	-	-	-	-
911 Emergency Services	-	-	-	-	-
Drug Education	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Preservation of Records	-	9,603	-	-	-
Aid and Assistance	-	-	-	-	-
Road/Bridge Projects	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-
Committed to:					
Law Enforcement	-	-	-	-	-
Aid and Assistance	-	-	38,984	34,560	32,999
Equipment	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 14,028</u>	<u>\$ 9,603</u>	<u>\$ 38,984</u>	<u>\$ 34,560</u>	<u>\$ 32,999</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, 2016

	Rural Transit Service Fund	Senior Services Program Fund	Senior Services Savings Fund	STOP Program Fund	Drug Law Enforcement and Education Fund	Federal Drug Law Enforcement Fund
RECEIPTS						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	581	-	-	-
Intergovernmental	27,501	70,568	-	-	-	-
Charges for Services	9,358	38,746	-	4,750	-	-
Miscellaneous	-	17,181	-	-	-	-
TOTAL RECEIPTS	<u>36,859</u>	<u>126,495</u>	<u>581</u>	<u>4,750</u>	<u>-</u>	<u>-</u>
DISBURSEMENTS						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	13,544	-	-
Public Works	-	-	-	-	-	-
Public Assistance	42,343	144,498	19,400	-	-	-
Culture and Recreation	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>42,343</u>	<u>144,498</u>	<u>19,400</u>	<u>13,544</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(5,484)</u>	<u>(18,003)</u>	<u>(18,819)</u>	<u>(8,794)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,796	16,500	-	-	-	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,796</u>	<u>16,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,688)	(1,503)	(18,819)	(8,794)	-	-
FUND BALANCES - BEGINNING	<u>13,501</u>	<u>74,798</u>	<u>188,792</u>	<u>15,584</u>	<u>462</u>	<u>966</u>
FUND BALANCES - ENDING	<u>\$ 11,813</u>	<u>\$ 73,295</u>	<u>\$ 169,973</u>	<u>\$ 6,790</u>	<u>\$ 462</u>	<u>\$ 966</u>
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	-
911 Emergency Services	-	-	-	-	-	-
Drug Education	-	-	-	-	462	-
Law Enforcement	-	-	-	-	-	966
Preservation of Records	-	-	-	-	-	-
Aid and Assistance	11,813	-	-	-	-	-
Road/Bridge Projects	-	-	-	-	-	-
Child Support Enforcement	-	-	-	-	-	-
Committed to:						
Law Enforcement	-	-	-	6,790	-	-
Aid and Assistance	-	73,295	169,973	-	-	-
Equipment	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 11,813</u>	<u>\$ 73,295</u>	<u>\$ 169,973</u>	<u>\$ 6,790</u>	<u>\$ 462</u>	<u>\$ 966</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, 2016

	Canine (K-9) Fund	911 Wireless Service Fund	911 Wireless Service Holding Fund	Noxious Weed Control Fund	E911 Emergency Assistance Fund	Total Nonmajor Governmental Funds
RECEIPTS						
Property Taxes	\$ -	\$ 49,166	\$ -	\$ -	\$ 33,173	\$ 121,692
Investment Income	-	-	-	-	-	581
Intergovernmental	-	-	-	-	-	270,667
Charges for Services	-	-	-	1,238	-	60,445
Miscellaneous	5,000	-	-	-	-	22,523
TOTAL RECEIPTS	5,000	49,166	-	1,238	33,173	475,908
DISBURSEMENTS						
General Government	-	-	-	-	-	5,487
Public Safety	8,622	17,025	-	-	262,380	349,160
Public Works	-	-	-	61,442	-	420,131
Public Assistance	-	-	-	-	-	232,974
Culture and Recreation	-	-	-	-	-	2,032
TOTAL DISBURSEMENTS	8,622	17,025	-	61,442	262,380	1,009,784
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,622)	32,141	-	(60,204)	(229,207)	(533,876)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	36,875	51,632	282,388	428,914
Transfers out	-	(36,875)	-	(7,715)	-	(57,892)
TOTAL OTHER FINANCING SOURCES (USES)	-	(36,875)	36,875	43,917	282,388	371,022
Net Change in Fund Balances	(3,622)	(4,734)	36,875	(16,287)	53,181	(162,854)
FUND BALANCES - BEGINNING	7,010	13,735	72,502	16,287	13,113	883,601
FUND BALANCES - ENDING	\$3,388	\$ 9,001	\$ 109,377	\$ -	\$ 66,294	\$ 720,747
FUND BALANCES:						
Restricted for:						
Visitor Promotion	-	-	-	-	-	29,037
911 Emergency Services	-	9,001	109,377	-	66,294	184,672
Drug Education	-	-	-	-	-	462
Law Enforcement	-	-	-	-	-	966
Preservation of Records	-	-	-	-	-	9,603
Aid and Assistance	-	-	-	-	-	11,813
Road/Bridge Projects	-	-	-	-	-	74,039
Child Support Enforcement	-	-	-	-	-	25,166
Committed to:						
Law Enforcement	3,388	-	-	-	-	10,178
Aid and Assistance	-	-	-	-	-	349,811
Equipment	-	-	-	-	-	25,000
TOTAL FUND BALANCES	\$3,388	\$ 9,001	\$ 109,377	\$ -	\$ 66,294	\$ 720,747

(Concluded)

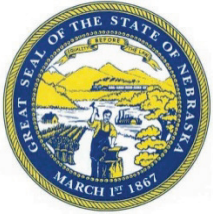
BUTLER COUNTY
SCHEDULE OF OFFICE ACTIVITIES
For the Year Ended June 30, 2016

	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, 2015	\$ 46,927	\$ 37,615	\$ 13,403	\$ 500	\$ 12,831	\$ 54,694	\$ 4,046	\$ 1,368	\$ 171,384
RECEIPTS									
Property Taxes	-	-	1,000	-	-	-	-	-	1,000
Licenses and Permits	880	-	1,465	-	-	75	-	-	2,420
Intergovernmental	-	-	302,047	52	-	647,810	3,000	-	952,909
Charges for Services	68,999	14,861	19,564	-	218,387	62,474	-	64,931	449,216
Miscellaneous	-	-	-	-	161	-	-	2,505	2,666
State Fees	76,256	20,709	-	-	-	-	-	-	96,965
Other Liabilities	-	428,905	8,401	1,287	208,326	-	-	-	646,919
TOTAL RECEIPTS	<u>146,135</u>	<u>464,475</u>	<u>332,477</u>	<u>1,339</u>	<u>426,874</u>	<u>710,359</u>	<u>3,000</u>	<u>67,436</u>	<u>2,152,095</u>
DISBURSEMENTS									
Payments to County Treasurer	78,154	15,215	323,554	-	220,568	709,308	-	65,040	1,411,839
Payments to State Treasurer	106,517	20,551	-	-	126	-	-	-	127,194
Other Liabilities	-	426,155	9,548	1,339	194,577	-	848	2,615	635,082
TOTAL DISBURSEMENTS	<u>184,671</u>	<u>461,921</u>	<u>333,102</u>	<u>1,339</u>	<u>415,271</u>	<u>709,308</u>	<u>848</u>	<u>67,655</u>	<u>2,174,115</u>
BALANCES JUNE 30, 2016	<u>\$ 8,391</u>	<u>\$ 40,169</u>	<u>\$ 12,778</u>	<u>\$ 500</u>	<u>\$ 24,434</u>	<u>\$ 55,745</u>	<u>\$ 6,198</u>	<u>\$ 1,149</u>	<u>\$ 149,364</u>
BALANCES CONSIST OF:									
Due to County Treasurer	\$ 5,572	\$ 253	\$ 5,829	\$ -	\$ 2,970	\$ 55,745	\$ 6,198	\$ 649	\$ 77,216
Petty Cash	-	-	3,535	500	3,500	-	-	500	8,035
Due to State Treasurer	2,819	1,288	-	-	75	-	-	-	4,182
Due to Others	-	38,628	3,414	-	17,889	-	-	-	59,931
BALANCES JUNE 30, 2016	<u>\$ 8,391</u>	<u>\$ 40,169</u>	<u>\$ 12,778</u>	<u>\$ 500</u>	<u>\$ 24,434</u>	<u>\$ 55,745</u>	<u>\$ 6,198</u>	<u>\$ 1,149</u>	<u>\$ 149,364</u>

BUTLER COUNTY
SCHEDULE OF TAXES CERTIFIED AND COLLECTED
FOR ALL POLITICAL SUBDIVISIONS IN THE COUNTY
June 30, 2016

Item	2011	2012	2013	2014	2015
Tax Certified by Assessor					
Real Estate	\$ 19,719,390	\$ 20,676,238	\$ 22,415,146	\$ 22,563,682	\$ 23,992,690
Personal and Specials	1,813,626	2,780,915	2,753,915	2,524,445	2,645,920
Total	21,533,016	23,457,153	25,169,061	25,088,127	26,638,610
Corrections					
Additions	8,777	2,759	2,363	831	2,083
Deductions	(8,090)	(13,963)	(8,515)	(4,005)	(2,104)
Net Additions/ (Deductions)	687	(11,204)	(6,152)	(3,174)	(21)
Corrected Certified Tax	21,533,703	23,445,949	25,162,909	25,084,953	26,638,589
Net Tax Collected by County Treasurer during Fiscal Year Ending:					
June 30, 2012	13,429,098	-	-	-	-
June 30, 2013	8,085,187	14,805,410	-	-	-
June 30, 2014	7,793	8,618,828	16,288,243	-	-
June 30, 2015	7,420	13,104	8,862,794	16,421,742	-
June 30, 2016	3,379	1,822	7,522	8,648,374	17,501,780
Total Net Collections	21,532,877	23,439,164	25,158,559	25,070,116	17,501,780
Total Uncollected Tax	\$ 826	\$ 6,785	\$ 4,350	\$ 14,837	\$ 9,136,809
Percentage Uncollected Tax	0.00%	0.03%	0.02%	0.06%	34.30%

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, 2016, and the related notes to the financial statements, which collectively comprise Butler County's basic financial statements, and have issued our report thereon dated February 27, 2017. 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 February 27, 2017.

Butler County's Response to Findings

Butler County declined to respond to the finding described above.

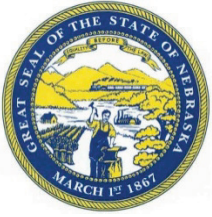
Purpose of this Report

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

February 27, 2017



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 27, 2017

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, 2016, and have issued our report thereon dated February 27, 2017. 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 ATTORNEY

Petty Cash Procedures

During the fiscal year, we noted the County Attorney did not request timely reimbursements for petty cash expenses totaling \$58. Expenses incurred between May 2015 and April 2016 were not presented to the County Board as of audit fieldwork, February 8, 2016.

Neb. Rev. Stat. § 23-135(1) (Reissue 2012) states, 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, which form the basis of the claims, have been furnished or performed”

We recommend the County Attorney implement procedures to ensure each claim for reimbursement of expenses is submitted within 90 days of when the expense was incurred.

County Attorney’s Response: To address the noted concerns relating to the Butler County Attorney petty cash account, I have submitted a claim, along with cancelled checks identifying where the petty cash funds were used, to restore the petty cash account to \$500. I have also implemented procedures to help ensure all future expenditures from the petty cash account are claimed for reimbursement in a timely manner. I have discussed these procedures with my staff so they are also aware of them.

COUNTY BOARD

Claims Process

During our audit, we noted the County did not have adequate procedures in place to prevent duplicate payments and adequate support for all claims paid. We noted the following:

- A credit card charge to Embassy Suites for \$428 and a charge to a restaurant for \$9 did not have detailed supporting documentation attached to verify the charges were appropriate.
- Two instances of duplicate payments to vendors.

Claim Number	Date	Amount	Invoice
16020078	February 2016	\$ 421	15659
16030078	March 2016	\$ 421	15659
15100072	October 2015	\$ 360	2687058
15110073	November 2015	\$ 360	2687058

A good internal control plan and sound business practices require that policies and procedures be in place to ensure adequate supporting documentation is obtained prior to payment of any claim, and invoices are paid only once. Without such policies and procedures, there is an increased risk for loss or misuse of County funds.

We recommend the County Board implement adequate policies and procedures to ensure claims have adequate supporting documentation and are paid only once.

COUNTY SHERIFF

Office Accountability

During our audit, we noted several issues with the County Sheriff's financial recordkeeping and balancing procedures. As of June 30, 2016, we noted office records indicated that office assets exceeded office liabilities by \$444. We also noted the following issues, which are likely contributing to the long amount noted.

- For the months of July 2015 through February 2016, the Sheriff's office remitted only fees collected instead of all fees earned. Beginning in March 2016, the Sheriff's office began remitting fees earned.
- For the months of February 2015 and April 2016, the Sheriff's office remitted to the County Treasurer only a portion of the fees collected.
- The accounts payable and accounts receivable balances recorded in the accounting system were not complete and accurate.
- Checks totaling \$156 were noted as still outstanding in the accounting system; however, they had previously cleared the bank account.
- One check for \$26 was remitted twice to the State Treasurer as unclaimed property.
- Three checks issued by the Detention Center, totaling \$145, were remitted to the State Treasurer as unclaimed property; however, these checks also cleared the bank account.

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 that procedures be in place to ensure assets (cash on hand, reconciled bank balance, and accounts receivable) are in agreement with office liabilities (fees, commissions, mileage, and refunds), and any variances identified are resolved in a timely manner.

Without such procedures, there is an increased risk of loss, theft, or misuse of funds allowing errors to go undetected more easily.

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 procedures are implemented to ensure activity and balances recorded in the accounting system are complete and accurate, and prior errors are corrected. Additionally, we recommend improper payments to the State Treasurer be resolved.

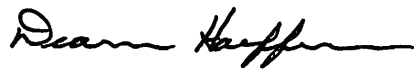
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It should be noted this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the County.

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,

A handwritten signature in black ink, appearing to read "Deann Haeffner", with a long, sweeping horizontal line extending to the right.

Deann Haeffner
Assistant Deputy Auditor