OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE May 26, 2016

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Butler County, Iowa.

The County had local tax revenue of $23,037,475 for the year ended June 30, 2015, which included $1,784,606 in tax credits from the state. The County forwarded $16,112,941 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained $6,924,534 of the local tax revenue to finance County operations, an 8.0% increase over the prior year. Other revenues included charges for service of $1,402,268, operating grants, contributions and restricted interest of $28,283,865, capital grants, contributions and restricted interest of $1,898,652, local option sales tax of $517,570, unrestricted investment earnings of $133,816 and other general revenues of $425,633.

Expenses for County operations for the year ended June 30, 2015 totaled $39,813,942, a 13.0% increase over the prior year. Expenses included $26,344,829 for mental health, $6,906,989 for roads and transportation and $2,025,980 for public safety and legal services.

The report included a finding and recommendation on improper supervisor compensation and mileage reimbursements.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at http://auditor.iowa.gov/reports/1510-0012-B00F.

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BUTLER COUNTY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

Table of Contents

Butler County

Officials

(Before January 2015)

Name	Title	Term Expires
Tom Heidenwirth	Board of Supervisors	Jan 2015
Mark Reiher	Board of Supervisors	Jan 2015
Rex Ackerman	Board of Supervisors	Jan 2017
Lizbeth (Liz) Williams	County Auditor	Jan 2017
Vicki Schoneman	County Treasurer	Nov 2014
Janice Jacobs	County Recorder	Jan 2015
Jason Johnson	County Sheriff	Jan 2017
Gregory M. Lievens	County Attorney	Jan 2015
Deborah McWhirter	County Assessor	Jan 2016

(After January 2015)

Rex Ackerman	Board of Supervisors	Jan 2017
Rusty Eddy	Board of Supervisors	Jan 2019
Tom Heidenwirth	Board of Supervisors	Jan 2019
Lizbeth (Liz) Williams	County Auditor	Jan 2017
Vicki Schoneman	County Treasurer	Jan 2019
Janice Jacobs	County Recorder	Jan 2019
Jason Johnson	County Sheriff	Jan 2017
Gregory M. Lievens	County Attorney	Jan 2019
Deborah McWhirter	County Assessor	Jan 2016

Butler County

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Independent Auditor's Report

To the Officials of Butler County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Butler County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements 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 U.S. generally accepted accounting principles. This includes 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 U.S. generally accepted auditing standards 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Butler County as of June 30, 2015, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 17, Butler County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 52 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Butler County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 10, 2016 on our consideration of Butler County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Butler County's internal control over financial reporting and compliance.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 10, 2016

Butler County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Butler County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated by $2,898,146 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information needed to restate those amounts was not available.

- Governmental activities revenues increased $1,210,359, or 3.2%, from fiscal year 2014 to fiscal year 2015. Operating grants, contributions and restricted interest increased $1,628,965, or 6.1%, and capital grants, contributions and restricted interest decreased $911,186, or 32.4%.

- Governmental activities expenses increased $4,592,348, or 13.0%, from fiscal year 2014 to fiscal year 2015. County environment and education expenses decreased $1,344,014 and mental health expenses increased $5,343,128.

- The County's net position at June 30, 2015 decreased less than 1%, or $227,604, from the restated June 30, 2014 balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Butler County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Butler County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Butler County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for E911, emergency management services, empowerment and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

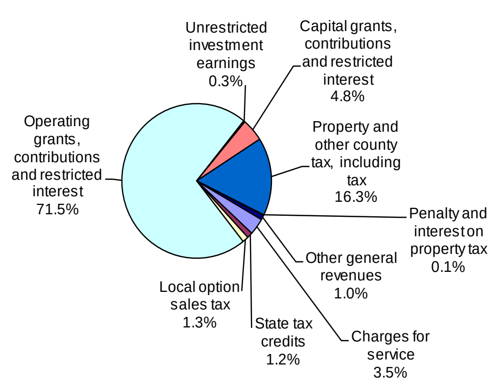
As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the net position of governmental activities.

Net Position of Governmental Activities		
	June 30,	
	2015	2014 (Not Restated)
Current and other assets	$ 21,230,137	19,176,673
Capital assets	30,528,196	29,562,291
Total assets	51,758,333	48,738,964
Deferred outflows	572,144	-
Long-term liabilities	6,116,095	5,247,219
Other liabilities	7,280,860	2,761,875
Total liabilities	13,396,955	8,009,094
Deferred inflows of resources	7,672,402	6,343,000
Net position:		
Net investment in capital assets	26,585,025	26,651,848
Restricted	4,980,017	6,864,327
Unrestricted	(303,922)	870,695
Total net position	$ 31,261,120	34,386,870

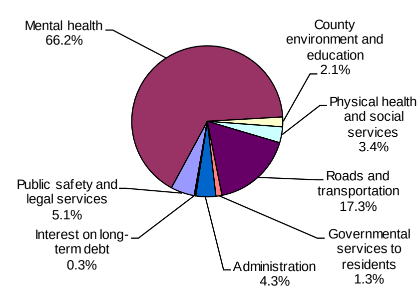
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net position decreased $1,884,310, or 27.5%, from June 30, 2014 to June 30, 2015. Net position restricted for mental health purposes decreased $2,011,273 due to the County moving the County Social Services balance to an Agency Fund. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements is ($303,902) at June 30, 2015. Unrestricted net position decreased $1,174,617, or 134.9%, from June 30, 2014 to June 30, 2015. The decrease is due primarily to reporting the net pension liability as of July 1, 2014.

Changes in Net Position of Governmental Activities		
	Year ended June 30,	
	2015	2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	$ 1,402,268	1,425,683
Operating grants, contributions and restricted interest	28,283,865	26,654,900
Capital grants, contributions and restricted interest	1,898,652	2,809,838
General revenues:		
Property and other county tax, including tax increment financing	6,452,678	6,043,821
Penalty and interest on property tax	44,469	49,954
State tax credits	471,856	367,505
Local option sales tax	517,570	435,912
Unrestricted investment earnings	133,816	168,718
Other general revenues	381,164	419,648
Total revenues	39,586,338	38,375,979
Program expenses:		
Public safety and legal services	2,025,980	2,026,539
Physical health and social services	1,366,762	1,276,986
Mental health	26,344,829	21,001,701
County environment and education	844,210	2,188,224
Roads and transportation	6,906,989	6,517,716
Governmental services to residents	505,147	523,254
Administration	1,701,584	1,572,176
Interest on long-term debt	118,441	114,998
Total expenses	39,813,942	35,221,594
Change in net position	(227,604)	3,154,385
Net position beginning of year, as restated	31,488,724	31,232,485
Net position end of year	$ 31,261,120	34,386,870

Revenues by Source



Expenses by Program



Revenues for governmental activities increased $1,210,359 over the prior year. Operating grants, contributions and restricted interest increased $1,628,965, primarily due to an increase in mental health contributions. Capital grants, contributions and restricted interest decreased $911,186 due to reduced farm to market projects contributed by the Iowa Department of Transportation compared to the prior year.

INDIVIDUAL MAJOR FUND ANALYSIS

The following are the changes in fund balances of the major funds from the prior year:

- The General Fund ended fiscal year 2015 with a fund balance of $3,359,724, a $23,549 decrease from the ending balance for fiscal year 2014. Revenues increased $82,902, or 1.4%, and expenditures increased $391,030, or 7.1%.

- The Special Revenue, Mental Health Fund balance ended fiscal year 2015 with a fund balance of $258,154 compared to fiscal year 2014 which ended with a balance of $2,270,699. The decrease in fund balance is primarily due to the County moving the County Social Services mental health region balance to an Agency Fund at the end of fiscal year 2015. Butler County is the fiscal agent for the County Social Services mental health region.

- The Special Revenue, Rural Services Fund ended fiscal year 2015 with a fund balance of $887,543, an increase of $185,646 over the ending balance for fiscal year 2014. Revenues increased $198,107 over the prior year.

- The Special Revenue, Secondary Roads Fund ended fiscal year 2015 with a fund balance of $2,629,269. This is a decrease of $267,332 from the ending balance for fiscal year 2014. Revenues increased $208,501, or 5.4%, and expenditures increased $915,390, or 17.9%. The increase in expenditures was primarily due to a $791,144 increase in capital projects expenditures.

BUDGETARY HIGHLIGHTS

Over the course of the year, Butler County amended its budget two times. The first amendment was made in May 2015 and resulted in an increase in budgeted disbursements of $764,500, primarily for the capital projects function for a secondary roads bridge project.

The second amendment occurred in June 2015. This amendment resulted in increased budgeted disbursements of $200,000, primarily to cover increased costs of road rock for the roads and transportation function.

The County's receipts were $3,684,795 more than budgeted, a variance of 10.5%, primarily due to uncertainty in estimating receipts for County Social Services, the mental health region of which Butler County is a member and acts as the region's fiscal agent.

Total disbursements were $2,003,840 less than the amended budget. Capital projects disbursements were $873,660 less than budgeted due to slower than anticipated progress on road paving and resurfacing projects. The remaining decrease of $1,130,180 was accomplished by reduced spending in other functional areas.

Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Butler County had approximately $30.6 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately $1.0 million over last year.

Capital Assets of Governmental Activities at Year End			
	June 30,		
	2015		2014
Land	$	985,469	985,469
Construction in progress		1,718,279	309,598
Buildings		1,596,854	1,635,916
Improvements other than buildings		63,402	66,435
Equipment and vehicles		2,745,283	2,915,063
Infrastructure		23,418,909	23,649,810
Total	$	30,528,196	29,562,291
This year's major additions included:			
Capital assets contributed by the Iowa Department of Transportation		$	1,795,628
Purchase of vehicles for the Sheriff's Office			65,507
Purchase of equipment for the Secondary Roads Department			305,977
Purchase of voting equipment			150,199
Total		$	2,317,311

The County had depreciation expense of $2,083,041 in fiscal year 2015 and total accumulated depreciation of approximately $17.8 million at June 30, 2015. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2015, Butler County had approximately $4.085 million of outstanding general obligation debt, compared to approximately $4.510 million of long-term debt at June 30, 2014.

Outstanding Debt of Governmental Activities at Year End (Expressed in Thousands)			
	June 30,		
	2015		2014
General obligation capital loan notes	$	55	90
General obligation urban renewal bonds		3,250	3,390
General obligation bonds		780	1,030
Total	$	4,085	4,510

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Butler County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately $77 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Butler County's officials considered many factors when setting the fiscal year 2016 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County at June 30, 2015 was 3.8%, an increase from the June 30, 2014 rate of 3.5%.

Butler County's unemployment rate was higher than the State's unemployment rate of 3.7%, and lower than the national rate of 5.3% for the same period.

Fiscal year 2016 budgeted receipts decreased $25,202,479 while budgeted disbursements decreased $18,115,772 compared to fiscal year 2015 actuals. Prior to fiscal year 2016, the County Social Services consortium was administered through Butler County's Mental Health Fund. Decreases are due to the County Social Services consortium now being accounted for in an Agency Fund. If the budget estimates are realized, the County's fund balances are expected to decrease approximately $2.2 million by the close of fiscal year 2016.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Butler County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Butler County Auditor's Office, 428 6th Street, City of Allison, Iowa, 50602.

Butler County

Basic Financial Statements

Butler County

Statement of Net Position

June 30, 2015

	Governmental Activities
Assets	
Cash and pooled investments	$ 12,721,578
Receivables:	
Property tax:	
Delinquent	29,981
Succeeding year	6,251,000
Succeeding year tax increment financing	237,000
Interest and penalty on property tax	24,041
Accounts	1,668
Economic development loans	39,808
E911 lease	55,375
Due from other governments	888,262
Inventories	963,075
Prepaid items	18,349
Capital assets, net of accumulated depreciation	30,528,196
Total assets	51,758,333
Deferred Outflows of Resources	
Pension related deferred outflows	572,144
Liabilities	
Accounts payable	809,372
Salaries and benefits payable	145,535
Accrued interest payable	9,912
Due to other governments	5,537,293
Long-term liabilities:	
Portion due or payable within one year:	
General obligation capital loan notes	55,375
General obligation bonds	450,000
Compensated absences	273,373
Portion due or payable after one year:	
General obligation bonds	3,580,000
Compensated absences	62,382
Net pension liability	2,029,413
Net OPEB liability	444,300
Total liabilities	13,396,955
Deferred Inflows of Resources	
Unavailable revenues:	
Succeeding year property tax	6,251,000
Succeeding year tax increment financing	237,000
Pension related deferred inflows	1,184,402
Total deferred inflows of resources	7,672,402
Net Position	
Net investment in capital assets	26,585,025
Restricted for:	
Supplemental levy purposes	143,598
Mental health purposes	259,933
Rural services purposes	858,246
Secondary roads purposes	2,511,202
Conservation purposes	806,821
Other purposes	400,217
Unrestricted	(303,922)
Total net position	$ 31,261,120

See notes to financial statements.

Butler County

Statement of Activities

Year ended June 30, 2015

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
Functions/Programs:					
Governmental activities:					
Public safety and legal services	$ 2,025,980	303,568	3,736	7,200	(1,711,476)
Physical health and social services	1,366,762	644,641	389,273	-	(332,848)
Mental health	26,344,829	3,690	23,907,277	-	(2,433,862)
County environment and education	844,210	43,179	151,917	63,190	(585,924)
Roads and transportation	6,906,989	71,760	3,818,690	1,828,262	(1,188,277)
Governmental services to residents	505,147	259,680	11,049	-	(234,418)
Administration	1,701,584	75,750	946	-	(1,624,888)
Interest on long-term debt	118,441	-	977	-	(117,464)
Total	$ 39,813,942	1,402,268	28,283,865	1,898,652	(8,229,157)
General Revenues:					
Property and other county tax levied for:					
General purposes					5,964,525
Debt service					422,323
Tax increment financing					65,830
Penalty and interest on property tax					44,469
State tax credits					471,856
Local option sales tax					517,570
Unrestricted investment earnings					133,816
Rent					197,360
Miscellaneous					183,804
Total general revenues					8,001,553
Change in net position					(227,604)
Net position beginning of year, as restated					31,488,724
Net position end of year					$ 31,261,120

See notes to financial statements.

Butler County

Balance Sheet
Governmental Funds

June 30, 2015

			Special Revenue	
			Mental	Rural
		General	Health	Services
Assets				
Cash and pooled investments	$	3,205,472	5,780,729	811,629
Receivables:				
Property tax:				
Delinquent		17,880	1,779	8,330
Succeeding year		3,666,000	354,000	1,898,000
Succeeding year tax increment financing		-	-	-
Interest and penalty on property tax		24,041	-	-
Accounts		1,467	-	60
Economic development loans		-	-	-
E911 lease		55,375	-	-
Due from other funds		44,715	-	-
Due from other governments		212,746	-	90,606
Inventories		-	-	-
Prepaid items		6,008	4,405	-
Total assets	$	7,233,704	6,140,913	2,808,625
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$	72,159	-	5,112
Salaries and benefits payable		83,669	173	9,640
Due to other funds		-	-	-
Due to other governments		10,231	5,526,807	-
Total liabilities		166,059	5,526,980	14,752
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax		3,666,000	354,000	1,898,000
Succeeding year tax increment financing		-	-	-
Other		41,921	1,779	8,330
Total deferred inflows of resources		3,707,921	355,779	1,906,330
Fund balances:				
Nonspendable:				
Inventories		-	-	-
Prepaid items		6,008	4,405	-
Restricted for:				
Supplemental levy purposes		347,153	-	-
Mental health purposes		-	253,749	-
Rural services purposes		-	-	887,543
Secondary roads purposes		-	-	-
Resource enhancement and protection		-	-	-
Conservation land acquisition		347,112	-	-
Conservation trust		-	-	-
Jail and courthouse security		78,377	-	-
Capital projects		-	-	-
Other purposes		80,105	-	-
Unassigned		2,500,969	-	-
Total fund balances		3,359,724	258,154	887,543
Total liabilities, deferred inflows of resources and fund balances	$	7,233,704	6,140,913	2,808,625

See notes to financial statements.

Secondary Roads	Nonmajor	Total
2,072,229	851,519	12,721,578
-	1,992	29,981
-	333,000	6,251,000
-	237,000	237,000
-	-	24,041
141	-	1,668
-	39,808	39,808
-	-	55,375
-	-	44,715
584,910	-	888,262
963,075	-	963,075
7,936	-	18,349
3,628,291	1,463,319	21,274,852
727,858	4,243	809,372
50,783	1,270	145,535
-	44,715	44,715
255	-	5,537,293
778,896	50,228	6,536,915
-	333,000	6,251,000
-	237,000	237,000
220,126	41,800	313,956
220,126	611,800	6,801,956
963,075	-	963,075
7,936	-	18,349
-	-	347,153
-	-	253,749
-	-	887,543
1,658,258	-	1,658,258
-	117,348	117,348
-	-	347,112
-	342,361	342,361
-	-	78,377
-	142,204	142,204
-	232,195	312,300
-	(32,817)	2,468,152
2,629,269	801,291	7,935,981
3,628,291	1,463,319	21,274,852

Butler County

Butler County

Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position

June 30, 2015

Total governmental fund balances (page 21)		$	7,935,981
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $48,317,915 and the accumulated depreciation is $17,789,719.			30,528,196
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.			313,956
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
Deferred outflows of resources	$ 572,144		
Deferred inflows of resources	(1,184,402)		(612,258)
Long-term liabilities, including general obligation bonds and capital loan notes payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.			(6,904,755)
Net position of governmental activities (page 18)		$	31,261,120

See notes to financial statements.

Butler County

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

		Special Revenue	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	$ 3,637,846	361,951	1,935,764
Local option sales tax	-	-	258,785
Interest and penalty on property tax	44,469	-	-
Intergovernmental	1,381,070	23,912,088	372,394
Licenses and permits	23,785	-	7,587
Charges for service	420,441	3,690	150
Use of money and property	331,120	23,663	-
Miscellaneous	143,034	30,974	2,024
Total revenues	5,981,765	24,332,366	2,576,704
Expenditures:			
Operating:			
Public safety and legal services	1,637,458	-	461,265
Physical health and social services	1,391,917	-	-
Mental health	-	26,344,911	-
County environment and education	406,080	-	296,888
Roads and transportation	-	-	75,000
Governmental services to residents	640,896	-	7,905
Administration	1,677,803	-	-
Debt service	38,941	-	-
Capital projects	88,253	-	-
Total expenditures	5,881,348	26,344,911	841,058
Excess (deficiency) of revenues over (under) expenditures	100,417	(2,012,545)	1,735,646
Other financing sources (uses):			
Sale of capital assets	1,034	-	-
Transfers in	-	-	-
Transfers out	(125,000)	-	(1,550,000)
Total other financing sources (uses)	(123,966)	-	(1,550,000)
Change in fund balances	(23,549)	(2,012,545)	185,646
Fund balances beginning of year	3,383,273	2,270,699	701,897
Fund balances end of year	$ 3,359,724	258,154	887,543

See notes to financial statements.

Secondary Roads	Nonmajor	Total
-	486,444	6,422,005
258,785	-	517,570
-	-	44,469
3,675,145	49,600	29,390,297
6,300	-	37,672
35,061	3,035	462,377
55	31,593	386,431
107,033	104,844	387,909
4,082,379	675,516	37,648,730
-	200	2,098,923
-	-	1,391,917
-	-	26,344,911
-	23,644	726,612
4,886,583	-	4,961,583
-	2,043	650,844
-	-	1,677,803
-	505,400	544,341
1,138,128	-	1,226,381
6,024,711	531,287	39,623,315
(1,942,332)	144,229	(1,974,585)
-	-	1,034
1,675,000	58,949	1,733,949
-	(58,949)	(1,733,949)
1,675,000	-	1,034
(267,332)	144,229	(1,973,551)
2,896,601	657,062	9,909,532
2,629,269	801,291	7,935,981

Butler County

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 25)		$ (1,973,551)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	$ 1,253,318	
Capital assets contributed by the Iowa Department of Transportation	1,795,628	
Depreciation expense	(2,083,041)	965,905
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property tax	30,673	
Other	110,273	140,946
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment decreases long-term liabilities in the Statement of Net Position.		425,068
The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position.		422,465
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Compensated absences	49,821	
Other postemployment benefits	(93,100)	
Pension expense	(165,990)	
Interest on long-term debt	832	(208,437)
Change in net position of governmental activities (page 19)		$ (227,604)

See notes to financial statements.

Butler County

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

Assets		
Cash and pooled investments:		
County Treasurer	$	3,875,488
Other County officials		114,613
Receivables:		
Property tax:		
Delinquent		72,829
Succeeding year		14,756,000
Accounts		22,615
Special assessments		69,001
Due from other governments		6,404,102
Total assets		25,314,648
Liabilities		
Accounts payable		1,740,307
Salaries and benefits payable		9,000
Due to other governments		23,456,301
Trusts payable		100,483
Compensated absences		8,557
Total liabilities		25,314,648
Net position	$	-

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Butler County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Butler County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board 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 benefits to or impose specific financial burdens on the County. The County had no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Butler County Assessor's Conference Board, Butler County Emergency Management Commission and Butler County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Iowa Northland Regional Council of Governments, Job Training Partnership Act, Butler County Solid Waste Commission, North Iowa Juvenile Detention Services Commission, Multi-County Child Support Enforcement Office, Northeast Iowa Response Group, Allison Area Department of Human Services Cluster, North Central Iowa Network Sharing Agreement and County Social Services.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, intellectual disabilities and developmental disabilities services. The fund also accounted for the revenues and expenditures for County Social Services through June 30, 2015. As of June 30, 2015, the County established the Agency, County Social Services Fund by moving the pertinent balances from the Special Revenue, Mental Health Fund to the Agency, County Social Services Fund. Future County Social Services transactions and balances will be reported in the Agency Fund.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary roads construction and maintenance.

Additionally, the County reports the following funds:

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not more than 15 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class		Amount
Intangibles - Other	$	100,000
Intangibles - Right-of-way		50,000
Infrastructure		50,000
Land, buildings and improvements		25,000
Equipment and vehicles		5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	25-50
Building improvements	25-50
Infrastructure	10-75
Intangibles	5-20
Equipment	3-20
Vehicles	5-15

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and comp time hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on IPERS' investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa/Public Agency Investment Trust which are valued at an amortized cost of $245,341 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated.

Interest rate risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and uses of the County.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	$ 125,000
	Special Revenue:	
	Rural Services	1,550,000
		1,675,000
Debt Service	Special Revenue:	
	Logistics Tax Increment Financing	58,949
Total		$ 1,733,949

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 985,469	-	-	985,469
Construction in progress, road network	309,598	2,527,264	1,118,583	1,718,279
Total capital assets not being depreciated	1,295,067	2,527,264	1,118,583	2,703,748
Capital assets being depreciated:				
Buildings	3,528,021	-	-	3,528,021
Improvements other than buildings	75,820	-	-	75,820
Equipment and vehicles	10,309,925	521,682	71,475	10,760,132
Infrastructure, road network	28,507,572	1,118,583	-	29,626,155
Infrastructure, other	1,624,039	-	-	1,624,039
Total capital assets being depreciated	44,045,377	1,640,265	71,475	45,614,167
Less accumulated depreciation for:				
Buildings	1,892,105	39,062	-	1,931,167
Improvements other than buildings	9,385	3,033	-	12,418
Equipment and vehicles	7,394,862	691,462	71,475	8,014,849
Infrastructure, road network	6,234,239	1,315,818	-	7,550,057
Infrastructure, other	247,562	33,666	-	281,228
Total accumulated depreciation	15,778,153	2,083,041	71,475	17,789,719
Total capital assets being depreciated, net	28,267,224	(442,776)	-	27,824,448
Governmental activities capital assets, net	$ 29,562,291	2,084,488	1,118,583	30,528,196

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	$ 50,869
County environment and education	60,036
Roads and transportation	1,893,075
Governmental services to residents	21,391
Administration	57,670
Total depreciation expense - governmental activities	$ 2,083,041

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2015 is as follows:

Fund	Description	Amount
General	Services	$ 10,231
Special Revenue:		
Mental Health	Services	5,526,807
Secondary Roads	Services	255
		5,527,062
Total for governmental funds		$ 5,537,293
Agency:		
County Agricultural Extension	Collections	$ 136,802
County Assessor		656,859
Schools		10,105,938
Community Colleges		682,697
Corporations		3,454,853
Townships		245,905
City Special Assessments		74,527
Auto License and Use Tax		358,279
County Social Services		7,186,055
Empowerment Board		114,413
All other		189,973
Total for agency funds		$ 23,206,301

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	General Obligation Capital Loan Notes	General Obligation Urban Renewal Bonds	General Obligation Bonds	Compen-sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	$ 90,443	3,390,000	1,030,000	385,576	3,312,805	351,200	8,560,024
Increases	-	-	-	349,313	-	94,000	443,313
Decreases	35,068	140,000	250,000	399,134	1,283,392	900	2,108,494
Balance end of year	$ 55,375	3,250,000	780,000	335,755	2,029,413	444,300	6,894,843
Due within one year	$ 55,375	195,000	255,000	273,373	-	-	778,748

General Obligation Capital Loan Notes

General obligation capital loan notes totaling $390,000 were issued on December 3, 2001 for the purpose of paying the costs of acquiring replacement equipment for use by the Butler County E911 Service Board. The notes are to be paid from the General Fund in quarterly payments of $9,735, including interest at 5% per annum, and a final payment of $18,600 on May 1, 2016. The principal balance of the notes at June 30, 2015 totaled $55,375.

General Obligation Urban Renewal Bonds

On August 31, 2010, the County issued $2,200,000 of general obligation urban renewal bonds for the purpose of aiding in the planning, undertaking and carrying out urban renewal projects under the authority of Chapter 403 of the Code of Iowa for the Butler County Logistics Park Urban Renewal Area, including roadway reclamations, paving and right-of-way improvements. These bonds are payable from a continuing annual levy of property tax against all taxable property of the County.

On September 4, 2013, the County issued $1,600,000 of general obligation urban renewal bonds for the purpose of aiding in the planning, undertaking and carrying out urban renewal projects under the authority of Chapter 403 of the Code of Iowa for the Butler County Logistics Park Urban Renewal Area by extending a gas line. These bonds are payable from a continuing annual levy of property tax against all taxable property of the County.

Annual debt service requirements to maturity for the general obligation urban renewal bonds are as follows:

Year Ending June 30,	Issued Aug 31, 2010 Interest Rates	Principal	Interest	Issued Sept 4, 2013 Interest Rates	Principal	Interest
2016	1.80%	$ 145,000	47,210	1.50%	50,000	52,510
2017	2.10	145,000	44,600	3.00	80,000	51,760
2018	2.40	150,000	41,555	3.00	80,000	50,560
2019	2.60	155,000	37,955	3.00	85,000	48,160
2020	2.80	160,000	33,925	3.00	150,000	45,610
2021-2025	3.00-3.50	895,000	92,935	3.00-3.80	925,000	150,065
2026		-	-	4.00	230,000	9,200
Total		$ 1,650,000	298,180		$ 1,600,000	407,865

Year Ending June 30,	Total Principal	Interest	Total
2016	195,000	99,720	294,720
2017	225,000	96,360	321,360
2018	230,000	92,115	322,115
2019	240,000	86,115	326,115
2020	310,000	79,535	389,535
2021-2025	1,820,000	243,000	2,063,000
2026	230,000	9,200	239,200
Total	$ 3,250,000	706,045	3,956,045

During the year ended June 30, 2015, $140,000 of general obligation urban renewal bonds were retired and interest of $101,960 was paid.

General Obligation Bonds

On September 27, 2011, the County issued $1,530,000 of general obligation bonds for the purpose of constructing an equipment and maintenance facility. These bonds are payable from a continuing annual levy of property tax against all taxable property of the County. Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	1.20%	$ 255,000	10,940	265,940
2017	1.40	260,000	7,880	267,880
2018	1.60	265,000	4,240	269,240
Total		$ 780,000	23,060	803,060

During the year ended June 30, 2015, $250,000 of general obligation bonds were retired and $13,440 of interest was paid.

(7) E911 Lease Receivable

The County entered into a lease agreement with the E911 Service Board. Under the agreement, the E911 Service Board is to make quarterly payments of $9,735 and a final payment of $18,600 on May 1, 2016 to the County, amounts equal to the payments required on the general obligation capital loan notes, as detailed in Note 6 of the Notes to Financial Statements. The principal and interest payments from the E911 Service Board are credited to the General Fund. The following is a schedule of the future minimum lease payments to be received by the County, including interest at 5% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2015.

Year Ending June 30,	Amount
2016	$ 57,540
Less amount representing interest	(2,165)
Present value of net minimum lease payments	$ 55,375

(8) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	$ 44,715

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(9) Economic Development Revolving Loan Fund

The County has twelve economic development loans receivable totaling $39,808 at June 30, 2015 due from businesses located in Butler County. The loans were made to the businesses to promote economic development.

The loans are to be repaid to the County in monthly and quarterly installments over five years, with interest at 5% per annum. The loan repayments from the businesses remain in the Special Revenue, Economic Development Revolving Loan Fund for future loans to other businesses.

(10) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1%. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were $422,465.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of $2,029,413 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was .051172%, which was a decrease of .006526% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of $165,990. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,194	32,968
Changes of assumptions	94,186	31,384
Net difference between projected and actual earnings on IPERS' investments	-	1,120,050
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	32,299	-
County contributions subsequent to the measurement date	422,465	-
Total	$ 572,144	1,184,402

$422,465 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	$ (260,076)
2017	(260,076)
2018	(260,077)
2019	(260,076)
2020	5,582
Total	$ (1,034,723)

There were no non-employer contributing entities to IPERS.

<u>Actuarial Assumptions</u> - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	**Asset Allocation**	**Long-Term Expected Real Rate of Return**
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability (asset)	$ 4,584,952	2,029,413	(125,378)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(11) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 91 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	$ 103,800
Interest on net OPEB obligation	8,800
Adjustment to annual required contribution	(18,600)
Annual OPEB cost	94,000
Contributions made	(900)
Increase in net OPEB obligation	93,100
Net OPEB obligation beginning of year	351,200
Net OPEB obligation end of year	$ 444,300

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed $900 to the medical plan. Plan members eligible for benefits contributed $12,387, or 93% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 91,865	3.4%	$ 267,500
2014	87,500	4.3	351,200
2015	94,000	1.0	444,300

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was $677,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $677,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately $4,693,000 and the ratio of the UAAL to covered payroll was 14.4%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual health trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement and termination probabilities were developed from the aging curve based upon the 2006 Society of Actuaries Study.

Projected claim costs of the health plan are $572 to $1,935 per month for retirees less than age 65. Benefits are not related to salary levels. The UAAL is being amortized as a level dollar cost over 30 years.

(12) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/ machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of the basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2015 were $169,550.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a casualty claim, property loss or series of casualty claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of $1,000,000. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(13) Self-Funded Insurance Plan

A Self Insurance account within the General Fund has been established by the County to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by County contributions and is administered by Advantage Administrators. The County assumes liability for claims between $250 and $750 for single coverage and $500 and $1,500 for family coverage.

Payments to the Self Insurance account were recorded as expenditures by the operating funds. Payments to the administrator for service fees and medical claims for the year ended June 30, 2015 were $5,947.

(14) County Social Services

The County is a member of County Social Services (CSS), a consortium established in accordance with the provisions of Chapters 28E and 331.440(3) of the Code of Iowa for the purpose of administering mental health and disability services for its member counties. The member counties are Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmett, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright. Pursuant to the consortium agreement, Butler County is the fiscal agent for CSS. Each member county is represented on the CSS board, which is responsible for administering the consortium.

In the County's role of fiscal agent for CSS, all revenues and expenditures for mental health and disability services for the member counties are combined and accounted for on the modified accrual basis of accounting by the County in its Special Revenue, Mental Health Fund. As of June 30, 2015, the County moved the pertinent CSS balances from the County's Special Revenue, Mental Health Fund to an Agency Fund. The County's combined Special Revenue, Mental Health Fund and Agency County Social Services Fund financial activity as of June 30, 2015 and for the year ended June 30, 2015 is included in the County Social Services financial statements, as follows:

	Special Revenue			
	Mental Health	Agency	Reclassifications/ Eliminations*	Total
Assets				
Cash and pooled investments	$ 5,780,729	2,748,890	-	8,529,619
Receivables:				
Property tax:				
Delinquent	1,779		-	1,779
Succeeding year	354,000		-	354,000
Accounts	-	11,046	-	11,046
Due from other governments	-	6,357,052	(5,526,807)	830,245
Prepaid items	4,405	-	-	4,405
Total assets	$ 6,140,913	9,116,988	(5,526,807)	9,731,094
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ -	1,680,933	-	1,680,933
Salaries and benefits payable	173	-	-	173
Due to other governments	5,526,807	7,436,055	(11,742,066)	1,220,796
Total liabilities	5,526,980	9,116,988	(11,742,066)	2,901,902
Deferred inflows of resources:				
Unavailable revenues:				
Suceeding year property tax	354,000	-	-	354,000
Other	1,779	-	-	1,779
Total deferred inflows of resources	355,779	-	-	355,779
Fund balances:				
Nonspendable for prepaid items	4,405	-	-	4,405
Restricted for mental health purposes	253,749	-	6,215,259	6,469,008
	258,154	-	6,215,259	6,473,413
Total liabilities, deferred inflows of resources and fund balances	$ 6,140,913	9,116,988	(5,526,807)	9,731,094

	Special Revenue Mental Health	Agency	Reclassifications/ Eliminations*	Total
Revenues:				
Property and other county tax	$ 361,951	-	-	361,951
Intergovernmental revenues:				
State tax credits	28,474	-	-	28,474
Mental health equalization	1,671,643	-	-	1,671,643
Payments from member counties	20,977,250	300,000	-	21,277,250
Social services block grant	1,234,721	384,612	-	1,619,333
Total intergovernmental revenues	23,912,088	684,612	-	24,596,700
Charges for service	3,690	233	-	3,923
Use of money and property	23,663	-	-	23,663
Miscellaneous	30,974	8,432,143	(8,275,697)	187,420
Total revenues	24,332,366	9,116,988	(8,275,697)	25,173,657
Expenditures:				
Services to persons with:				
Mental illness	10,920,932	-	1,620,670	12,541,602
Intellectual disabilities	2,430,133	-	341,524	2,771,657
Other developmental disabiities	1,242,374	-	165,128	1,407,502
Brain injury	317,457	-	57,277	374,734
Total services to persons	14,910,896	-	2,184,599	17,095,495
General administration:				
Direct administration	9,345,323	-	(8,271,861)	1,073,462
Purchased administration	122,703	-	10,372	133,075
Fiscal agent reimbursement to member counties	1,965,989	-	702,922	2,668,911
Total general administration	11,434,015	-	(7,558,567)	3,875,448
Total mental health, intellectual disabilities and developmental disabilities expenditures	26,344,911	-	(5,373,968)	20,970,943
Net change in balances	(2,012,545)	9,116,988	(2,901,729)	4,202,714
Balances beginning of year	2,270,699	-	-	2,270,699
Balances end of year	$ 258,154	9,116,988	(2,901,729)	6,473,413

* - reclassifications include reclassifying a portion of Agency Fund liabilities to fund balance and recording expenditures for Agency Fund accruals. Eliminations remove activity between the Special Revenue, Mental Health Fund and the Agency Fund.

(15) Deficit Fund Balance

The Debt Service Fund had a deficit balance of $32,817 at June 30, 2015. The deficit balance was the result of initial debt payments prior to levying property tax. The deficit will be eliminated through future tax collections.

(16) Early Childhood Iowa Area Board

The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as an Agency Fund because of the County's fiduciary relationship with the Area Board. The Area Board's financial data for the year ended June 30, 2015 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early childhood	$ 58,624	-	58,624
Family support and parent education	-	263,285	263,285
Preschool support for low-income families	-	115,601	115,601
Quality improvement	-	59,850	59,850
Allocation for administration	3,085	14,425	17,510
Other grant programs	-	28,208	28,208
Total state grants	61,709	481,369	543,078
Interest on investments	126	1,019	1,145
Total revenues	61,835	482,388	544,223
Expenditures:			
Program services:			
Early childhood	58,434	-	58,434
Family support and parent education	-	252,523	252,523
Preschool support for low income families	-	135,469	135,469
Quality improvement	-	59,261	59,261
Other program services	-	25,917	25,917
Total program services	58,434	473,170	531,604
Administration	2,969	13,541	16,510
Total expenditures	61,403	486,711	548,114
Change in fund balance	432	(4,323)	(3,891)
Fund balance beginning of year	5,211	94,214	99,425
Fund balance end of year	$ 5,643	89,891	95,534

(17) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities
Net position June 30, 2014, as previously reported	$ 34,386,870
Net pension liability at June 30, 2014	(3,312,805)
Deferred outflows of resources related to prior year contibutions made after the June 30, 2013 measurement date	414,659
Net position July 1, 2014, as restated	$31,488,724

Butler County

Required Supplementary Information

Butler County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances –
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2015

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Receipts:				
Property and other county tax	$ 6,930,830	7,044,034	7,044,034	(113,204)
Interest and penalty on property tax	44,469	46,500	46,500	(2,031)
Intergovernmental	30,462,826	26,582,341	26,903,341	3,559,485
Licenses and permits	36,696	27,600	27,600	9,096
Charges for service	496,563	511,056	511,056	(14,493)
Use of money and property	422,733	414,707	414,707	8,026
Miscellaneous	418,591	180,675	180,675	237,916
Total receipts	38,812,708	34,806,913	35,127,913	3,684,795
Disbursements:				
Public safety and legal services	2,091,786	2,261,624	2,261,624	169,838
Physical health and social services	1,368,720	1,421,227	1,545,727	177,007
Mental health	23,233,722	23,233,722	23,233,722	-
County environment and education	726,055	1,024,925	1,024,925	298,870
Roads and transportation	5,103,856	4,985,000	5,185,000	81,144
Governmental services to residents	647,862	790,946	790,946	143,084
Administration	1,582,436	1,798,384	1,838,384	255,948
Non-program	-	2,500	2,500	2,500
Debt service	544,341	546,130	546,130	1,789
Capital projects	787,275	1,060,935	1,660,935	873,660
Total disbursements	36,086,053	37,125,393	38,089,893	2,003,840
Excess (deficiency) of receipts over (under) disbursements	2,726,655	(2,318,480)	(2,961,980)	5,688,635
Other financing sources, net	1,034	-	-	1,034
Balance beginning of year	9,993,889	11,551,535	11,551,535	(1,557,646)
Balance end of year	$ 12,721,578	9,233,055	8,589,555	4,132,023

See accompanying independent auditor's report.

Butler County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	$ 38,812,708	(1,163,978)	37,648,730
Expenditures	36,086,053	3,537,262	39,623,315
Net	2,726,655	(4,701,240)	(1,974,585)
Other financing sources, net	1,034	-	1,034
Beginning fund balances	9,993,889	(84,357)	9,909,532
Ending fund balances	$ 12,721,578	(4,785,597)	7,935,981

See accompanying independent auditor's report.

Butler County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by $964,500. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted.

Butler County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	2015
County's collective proportion of the net pension liability (asset)	0.0051172%
County's collective proportionate share of the net pension liability (asset)	$ 2,029
County's covered-employee payroll	$ 4,527
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	44.82%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Butler County

Schedule of County Contributions

Iowa Public Employees' Retirement System
Last Ten Fiscal Years
(In Thousands)

Required Supplementary Information

	2015	2014	2013	2012
Statutorily required contribution	$ 422	415	390	363
Contributions in relation to the statutorily required contribution	(422)	(415)	(390)	(363)
Contribution deficiency (excess)	$ -	-	-	-
County's covered-employee payroll	$ 4,619	4,527	4,339	4,275
Contributions as a percentage of covered-employee payroll	9.14%	9.17%	8.99%	8.49%

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
319	297	275	248	233	231
(319)	(297)	(275)	(248)	(233)	(231)
-	-	-	-	-	-
4,250	4,231	4,096	3,932	3,788	3,778
7.51%	7.02%	6.71%	6.31%	6.15%	6.11%

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

Butler County

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	$ 576	576	0.0%	$ 4,345	13.3%
2011	Jul 1, 2009	-	569	569	0.0	4,468	12.7
2012	Jul 1, 2009	-	534	534	0.0	4,356	12.3
2013	Jul 1, 2012	-	700	700	0.0	4,504	15.5
2014	Jul 1, 2012	-	688	688	0.0	4,644	14.8
2015	Jul 1, 2012	-	677	677	0.0	4,693	14.4

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Butler County

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	Economic Development Revolving Loan	Seized and Forfeited Property	Sesquicentennial Memorial	Special County Recorder's Records Management
Assets				
Cash and pooled investments	$ 188,931	9,137	748	23,114
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Economic development loans	39,808	-	-	-
Total assets	$ 228,739	9,137	748	23,114
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ -	-	-	2,043
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	2,043
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Succeeding year tax increment financing	-	-	-	-
Other	39,808	-	-	-
Total deferred inflows of resources	39,808	-	-	-
Fund balances:				
Restricted for:				
Resource enhancement and protection	-	-	-	-
Conservation trust	-	-	-	-
Capital projects	-	-	-	-
Other purposes	188,931	9,137	748	21,071
Unassigned	-	-	-	-
Total fund balances	188,931	9,137	748	21,071
Total liabilities defered inflows of resources and fund balances	$ 228,739	9,137	748	23,114

See accompanying independent auditor's report.

Revenue							
DARE Program	Canine	Conservation Trust	Resource Enhancement and Protection	Logistics Tax Increment Financing	Debt Service	Capital Projects	Total
1,205	1,461	344,561	118,618	9,642	11,898	142,204	851,519
-	-	-	-	-	1,992	-	1,992
-	-	-	-	-	333,000	-	333,000
-	-	-	-	237,000	-	-	237,000
-	-	-	-	-	-	-	39,808
1,205	1,461	344,561	118,618	246,642	346,890	142,204	1,463,319
-	-	2,200	-	-	-	-	4,243
-	-	-	1,270	-	-	-	1,270
-	-	-	-	-	44,715	-	44,715
-	-	2,200	1,270	-	44,715	-	50,228
-	-	-	-	-	333,000	-	333,000
-	-	-	-	237,000	-	-	237,000
-	-	-	-	-	1,992	-	41,800
-	-	-	-	237,000	334,992	-	611,800
-	-	-	117,348	-	-	-	117,348
-	-	342,361	-	-	-	-	342,361
-	-	-	-	-	-	142,204	142,204
1,205	1,461	-	-	9,642	-	-	232,195
-	-	-	-	-	(32,817)	-	(32,817)
1,205	1,461	342,361	117,348	9,642	(32,817)	142,204	801,291
1,205	1,461	344,561	118,618	246,642	346,890	142,204	1,463,319

Butler County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

					Special
		Economic Development Revolving Loan	Seized and Forfeited Property	Sesquicentennial Memorial	County Recorder's Records Management
Revenues:					
Property and other county tax	$	-	-	-	-
Intergovernmental		-	-	-	-
Charges for service		-	-	-	3,035
Use of money and property		27,539	-	4	108
Miscellaneous		-	-	-	-
Total revenues		27,539	-	4	3,143
Expenditures:					
Operating:					
Public safety and legal services		-	200	-	-
County environment and education		-	-	-	-
Governmental services to residents		-	-	-	2,043
Debt service		-	-	-	-
Total expenditures		-	200	-	2,043
Excess (deficiency) of revenues over (under) expenditures		27,539	(200)	4	1,100
Other financing sources (uses):					
Transfers in		-	-	-	-
Transfers out		-	-	-	-
Total other financing sources (uses)		-	-	-	-
Change in fund balances		27,539	(200)	4	1,100
Fund balances beginning of year		161,392	9,337	744	19,971
Fund balances end of year	$	188,931	9,137	748	21,071

See accompanying independent auditor's report.

Revenue							
DARE Program	Canine	Conservation Trust	Resource Enhancement and Protection	Logistics Tax Increment Financing	Debt Service	Capital Projects	Total
-	-	-	-	65,830	420,614	-	486,444
-	-	-	14,277	2,560	32,763	-	49,600
-	-	-	-	-	-	-	3,035
-	-	1,516	623	88	978	737	31,593
-	-	104,844	-	-	-	-	104,844
-	-	106,360	14,900	68,478	454,355	737	675,516
-	-	-	-	-	-	-	200
-	-	12,966	10,678	-	-	-	23,644
-	-	-	-	-	-	-	2,043
-	-	-	-	-	505,400	-	505,400
-	-	12,966	10,678	-	505,400	-	531,287
-	-	93,394	4,222	68,478	(51,045)	737	144,229
-	-	-	-	-	58,949	-	58,949
-	-	-	-	(58,949)	-	-	(58,949)
-	-	-	-	(58,949)	58,949	-	-
-	-	93,394	4,222	9,529	7,904	737	144,229
1,205	1,461	248,967	113,126	113	(40,721)	141,467	657,062
1,205	1,461	342,361	117,348	9,642	(32,817)	142,204	801,291

Butler County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	$ -	2,181	239,330	171,363	10,719
Other County officials	114,613	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	621	1,688	49,575	2,978
Succeeding year	-	134,000	431,000	9,885,000	669,000
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	$ 114,613	136,802	672,018	10,105,938	682,697
Liabilities					
Accounts payable	$ -	-	4	-	-
Salaries and benefits payable	-	-	8,174	-	-
Due to other governments	14,130	136,802	656,859	10,105,938	682,697
Trusts payable	100,483	-	-	-	-
Compensated absences	-	-	6,981	-	-
Total liabilities	$ 114,613	136,802	672,018	10,105,938	682,697

See accompanying independent auditor's report.

Corpor-ations	Townships	City Special Assess-ments	Auto License and Use Tax	County Social Services	Empowerment Board	Other	Total
43,749	4,054	5,526	358,279	2,748,890	170,201	121,196	3,875,488
-	-	-	-	-	-	-	114,613
17,104	851	-	-	-	-	12	72,829
3,394,000	241,000	-	-	-	-	2,000	14,756,000
-	-	-	-	11,046	-	11,569	22,615
-	-	69,001	-	-	-	-	69,001
-	-	-	-	6,357,052	-	47,050	6,404,102
3,454,853	245,905	74,527	358,279	9,116,988	170,201	181,827	25,314,648
-	-	-	-	1,680,933	55,788	3,582	1,740,307
-	-	-	-	-	-	826	9,000
3,454,853	245,905	74,527	358,279	7,436,055	114,413	175,843	23,456,301
-	-	-	-	-	-	-	100,483
-	-	-	-	-	-	1,576	8,557
3,454,853	245,905	74,527	358,279	9,116,988	170,201	181,827	25,314,648

Butler County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	$ 112,018	126,829	635,927	10,029,665	658,333
Additions:					
Property and other county tax	-	135,721	434,647	10,010,821	677,550
E911 surcharge	-	-	-	-	-
State tax credits	-	9,932	27,021	780,536	50,427
Office fees and collections	275,778	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	121,289	-	-	-	-
Miscellaneous	-	-	340	-	-
Total additions	397,067	145,653	462,008	10,791,357	727,977
Deductions:					
Agency remittances:					
To other funds	126,610	-	-	-	-
To other governments	148,343	135,680	425,917	10,715,084	703,613
Trusts paid out	119,519	-	-	-	-
Total deductions	394,472	135,680	425,917	10,715,084	703,613
Balances end of year	$ 114,613	136,802	672,018	10,105,938	682,697

See accompanying independent auditor's report.

	Corpora-tions	Townships	City Special Assess-ments	Auto License and Use Tax	County Social Services	Empowerment Board	Other	Total
	4,324,750	219,268	94,905	388,617	-	243,396	161,261	16,994,969
	3,291,841	247,223	-	-	-	-	2,388	14,800,191
	-	-	-	-	-	-	145,164	145,164
	430,838	13,809	-	-	-	-	187	1,312,750
	-	-	-	-	-	-	2,948	278,726
	-	-	-	4,702,947	-	-	167	4,703,114
	-	-	15,361	-	-	-	-	15,361
	-	-	-	-	-	-	340,332	461,621
	-	-	-	-	9,116,988	544,223	193,494	9,855,045
	3,722,679	261,032	15,361	4,702,947	9,116,988	544,223	684,680	31,571,972
	-	-	-	158,424	-	-	-	285,034
	4,592,576	234,395	35,739	4,574,861	-	617,418	323,782	22,507,408
	-	-	-	-	-	-	340,332	459,851
	4,592,576	234,395	35,739	4,733,285	-	617,418	664,114	23,252,293
	3,454,853	245,905	74,527	358,279	9,116,988	170,201	181,827	25,314,648

Butler County

Schedule of Revenues By Source and Expenditures By Function –
All Governmental Funds

For the Last Ten Years

	2015*	2014*	2013*	2012*
Revenues:				
Property and other county tax	$ 6,422,005	6,040,620	5,824,270	5,697,329
Local option sales tax	517,570	435,912	475,028	410,548
Interest and penalty on property tax	44,469	49,954	45,381	41,774
Intergovernmental	29,390,297	28,126,789	24,263,804	37,301,942
Licenses and permits	37,672	38,434	22,980	19,470
Charges for service	462,377	520,783	527,185	649,824
Use of money and property	386,431	410,827	411,239	410,976
Miscellaneous	387,909	708,110	467,648	280,161
Total	$ 37,648,730	36,331,429	32,037,535	44,812,024
Expenditures:				
Operating:				
Public safety and legal services	$ 2,098,923	2,025,585	1,974,728	1,985,563
Physical health and social services	1,391,917	1,264,472	1,232,634	1,321,121
Mental health	26,344,911	21,001,701	20,908,988	31,106,457
County environment and education	726,612	726,629	692,881	739,409
Roads and transportation	4,961,583	4,812,337	4,582,866	6,036,761
Governmental services to residents	650,844	505,399	472,805	471,289
Administration	1,677,803	1,550,620	1,528,108	1,476,114
Non-program	-	-	36,118	1,184
Debt service	544,341	534,736	493,776	238,647
Capital projects	1,226,381	1,929,672	522,641	1,975,248
Total	$ 39,623,315	34,351,151	32,445,545	45,351,793

* Fiscal years 2015, 2014, 2013, 2012 and 2011 include the mental health activity of County Social Services.

See accompanying independent auditor's report.

Modified Accrual Basis					
2011*	2010	2009	2008	2007	2006
5,114,544	4,916,248	4,799,419	4,251,927	3,743,826	3,561,583
462,876	442,994	480,410	484,244	400,484	361,660
48,872	47,053	36,458	32,746	31,670	31,023
27,394,705	5,797,705	7,530,529	6,125,937	5,382,914	5,374,120
15,030	15,565	15,653	14,649	9,635	12,145
478,693	481,389	453,012	464,111	454,952	472,080
494,374	413,591	383,842	446,133	401,199	320,098
291,830	241,445	301,275	339,052	233,974	224,330
34,300,924	12,355,990	14,000,598	12,158,799	10,658,654	10,357,039
1,811,092	1,762,804	1,666,888	1,578,721	1,510,726	1,425,712
1,440,316	1,423,468	1,329,711	1,354,701	1,384,986	1,383,611
24,384,286	1,305,470	1,294,403	1,411,156	1,446,563	1,285,834
648,780	671,898	686,139	664,791	616,714	624,155
5,042,205	4,451,830	5,245,618	4,028,374	3,970,296	3,975,554
428,521	446,943	414,465	389,465	386,920	447,203
1,501,098	1,351,304	1,210,085	1,232,630	1,142,270	1,103,411
17,785	39,702	200,000	7,017	7,018	-
77,372	38,942	38,941	38,941	38,941	69,658
2,277,336	643,210	2,019,732	977,440	725,176	936,339
37,628,791	12,135,571	14,105,982	11,683,236	11,229,610	11,251,477

Butler County

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561		$ 13,479
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C012(87)--8J-12	205,487
Iowa Department of Public Safety:			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 15-402-M00P, Task 21-70-00	4,200
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5885BT08	87,546
Immunization Cooperative Agreements	93.268	5884I410	5,074
Immunization Cooperative Agreements	93.268	5885I410	20
			5,094
Center for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	5884NB03	105
Center for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	5885NB03	7,640
			7,745
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance_State Administered Programs	93.566		29
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,497
Foster Care - Title IV-E	93.658		5,171
Adoption Assistance	93.659		1,632
Social Services Block Grant	93.667		4,141
Children's Health Insurance Program	93.767		83
Medical Assistance Program	93.778		25,418

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Homeland Security:			
Iowa Homeland Security and Emergency Management Department:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4135 DR IA	43,643
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4184 DR IA	43,059
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4187 DR IA	49,716
			136,418
Emergency Management Performance Grants	97.042	EMPG-15-PT-12	22,973
Total			$ 522,913

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Butler County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

Butler County

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Officials of Butler County:

We have audited in accordance with U.S. generally accepted auditing standards 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, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 10, 2016.

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 to determine the audit procedures 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 Butler 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 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15, we consider to be a material weakness.

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, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Butler County's Responses to the Findings

Butler County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Butler County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of 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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Butler County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 10, 2016

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133

Butler County

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Officials of Butler County:

Report on Compliance for Each Major Federal Program

We have audited Butler County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Butler County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Butler County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Butler County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Butler County's compliance.

Opinion on Each Major Federal Program

In our opinion, Butler County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Butler County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Butler County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Butler County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 10, 2016

Butler County

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

(a) Unmodified opinions were issued on the financial statements.

(b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No material weaknesses in internal control over the major programs were noted.

(e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.

(f) The audit disclosed no audit findings required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) The major programs were as follows:

- CFDA Number 20.205 – Highway Planning and Construction.
- CFDA Number 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters).

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Butler County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

II-A-15 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the County Sheriff's Office may have responsibilities for collection, deposit preparation and reconciliation functions which are not segregated from those for recording and accounting for cash. Additionally, incoming mail is opened by an employee who is not authorized to make entries to the accounting records. However, this employee does not prepare a listing of cash and checks received. Also, there is no accounting procedures manual for the Sheriff's Office.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Sheriff should review the control procedures of the Office to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports and ensure personnel are cross-trained on duties of the Office. Additionally, the employee who opens incoming mail should prepare a listing of cash and checks received at least on a test basis. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records. Also, we encourage the development of an accounting procedures manual.

Response – I believe we may try to implement a log of incoming mail, checks and cash which should work as an internal control and duty segregation or at least mirror the deposit and reconciliation. A procedures manual has been described as a very specific statement of duties for the "bookkeeper" or "civil deputy" as it were. We will attempt to build that manual and add it to our standard operating procedures.

Conclusion – Response acknowledged. The Sheriff should continue to work to segregate duties within the Office.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.

IV-B-15 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-15 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-15 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-E-15 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

IV-F-15 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-G-15 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-15 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-15 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.

IV-J-15 Early Childhood Iowa Area Board – The County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization.

No instances of non-compliance were noted as a result of the audit procedures performed.

IV-K-15 Financial Condition - The Debt Service Fund had a deficit fund balance on a modified accrual basis of $32,817 at June 30, 2015.

Recommendation – The County should investigate alternatives to eliminate the deficit fund balance to return the fund to a sound financial position.

Response – The County Auditor has been instructed about TIF and debt service and has levied for the deficit in fiscal year 2016.

Conclusion – Response accepted.

IV-L-15 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1.

IV-M-15 E911 Services Board Budget - Disbursements for the E911 Services Board Fund exceeded the amount budgeted.

Recommendation - The budget should have been amended by the E911 Services Board in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Any budget issues this year should be handled at the E911 Board regular budget meeting. If unforeseen issues pop up again, we will work through an amendment starting earlier than June.

Conclusion – Response accepted.

IV-N-15 Improper Supervisor Compensation and Mileage Reimbursements – Former Supervisor Mark Reiher submitted claims for compensation to Rural Iowa Waste Management Association (RIWMA) and Butler County Solid Waste (BCSW) for attending meetings in 2013 as the representative of the County Board of Supervisors. Mr. Reiher was paid $550 by RIWMA on Februrary 19, 2014 for attending 11 meetings and $599 by BCSW on January 17, 2014 for attending 11 meetings. Similar claims were submitted for 2014 but were later withdrawn after the allowability of the claims was questioned by RIWMA and BCSW.

In accordance with Chapter 331.215 of the Code of Iowa, Supervisors shall receive an annual salary or per diem compensation which shall be full payment for all services rendered to the County except for reimbursement for mileage or other actual expenses incurred while engaged in the performance of official duties. The compensation paid to Mr. Reiher by RIWMA and BCSW do not appear allowable.

We also noted improper mileage reimbursements paid to Mr. Reiher during the fiscal years ended June 30, 2013, June 30, 2014 and June 30, 2015. On 2 occasions, Mr. Reiher claimed and received mileage reimbursements from both North Iowa Juvenile Detention and the County for meetings attended on January 17, 2014 and July 25, 2014. The County paid Mr. Reiher $45.76 for mileage to these meetings.

In addition, we identified 13 instances where the County reimbursed Mr. Reiher $698.64 for mileage to meetings which, according to the minutes of the meetings, he did not attend.

The County Sheriff's Department investigated the improper payments made to Mr. Reiher and the County Attorney subsequently filed charges against Mr. Reiher.

<u>Recommendation</u> – The County should consult legal counsel to resolve this issue, including consideration of requiring Mr. Reiher to repay the County $1,893.40 for the overpayment of compensation and mileage reimbursements.

<u>Response</u> – Mr. Reiher has pled guilty and has agreed to pay restitution to the County at the time of his sentencing.

<u>Conclusion</u> – Response accepted.

Butler County

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Darryl J. Brumm, CPA, Senior Auditor II
April L. Harbst, Senior Auditor
Emma L. McGrane, Staff Auditor
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