

**ATTESTATION REPORT  
OF  
BOYD COUNTY COURT**

**JULY 1, 2010 THROUGH JUNE 30, 2012**

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**Issued on May 22, 2013**

# BOYD COUNTY COURT

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# BOYD COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of Boyd County Court, we noted a certain deficiency in internal control that we consider to be a material weakness and another operational matter that are presented here.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial schedule will not be prevented, or detected and corrected on a timely basis.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

- 1. *Segregation of Duties:*** Considered to be a material weakness, one individual was capable of handling all phases of a transaction from beginning to end.
- 2. *Cash Drawer Balancing and Timely Deposit of Receipts:*** The County Court did not balance its cash drawer daily and did not consistently deposit all monies received in a timely manner as outlined in the Nebraska State Court Administrator's Administrative Procedures Manual.

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature, as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the County Court.

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

# BOYD COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

### 1. Segregation of Duties

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

We noted the office of the County Court had a lack of segregation of duties, as one person was capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of possible errors or irregularities; however, due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. Further, personnel are under the direction of both the Nebraska State Court Administrator and the Presiding Judge. We have noted this comment in previous examinations. We consider this to be a material weakness.

We recommend the County Court and the Nebraska State Court Administrator review this situation. As always, the cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed.

### 2. Cash Drawer Balancing and Timely Deposit of Receipts

During review of the County Court's June 30, 2011, and June 30, 2012, bank reconciliations and Statements of Cash Position, as well as detailed testing of the County Court's deposits, the following was noted:

- The County Court did not consistently balance its cash drawer on a daily basis. The June 30, 2011, and June 30, 2012, Statements of Cash Position included cash on hand of \$1,750 and \$251, respectively due to the County Court not having balanced its cash drawer on a daily basis.
- Monies received directly by the County Court were not deposited in a timely manner:
  - \$1,750 receipted on June 27, 2011, was not deposited until July 21, 2011.
  - \$266 receipted on March 7, 2012, was not deposited until March 19, 2012.
  - \$251 receipted on June 29, 2012, was not deposited until July 13, 2012.

The Administrative Procedures Manual issued by the Nebraska State Court Administrator states, in part, "daily balancing of all cash drawers is the recommended policy" and "regular depositing of money received by the court into the locally approved bank is a fundamental control

# BOYD COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 2. Cash Drawer Balancing and Timely Deposit of Receipts (Concluded)

procedure. The recommended depositing cycle is daily.” In addition, sound accounting practices and a good internal control plan require timely balancing of all cash drawers as well as subsequent timely deposit of all monies received in order to safeguard assets against loss, promote operational efficiency, and ensure reliable accounting records.

When cash drawers are not balanced daily and all monies received directly by the County Court are not deposited in a timely manner, there is an increased risk of loss, theft, or misuse of funds.

We recommend the County Court implement procedures to ensure daily balancing of its cash drawer and timely deposit of all monies received directly by the County Court as these procedures are critical to maintaining control of the County Court’s finances.

*County Court’s Response: I work outside of my home court several days a week and when I return to my home court at the end of the day I will complete the mail and filings for that day. I balance my cash drawer to make sure that all money is accounted for. I did not however always print a cash drawer balance because I knew that I was not going to be able to get to the bank because of the banks hours and I know that the local bank does not have an effective deposit bank drop for after hours. When money is held for longer than the recommended time I always balance nightly and put the money in a locked cash box in the vault room for safe keeping. I understand the Procedure in the Manual and will make every attempt to comply, sometimes it is not feasible when I travel outside my county several days a week.*

**APA Response: Manually verifying that monies on hand agree to issued receipts without actually balancing out the County Court’s financial activity using the JUSTICE system, the official accounting and case management system of the County Court, does not constitute daily balancing of receipts as intended by the Administrative Procedures Manual.**



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### BOYD COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of Boyd County Court as of and for the fiscal years ended June 30, 2012, and June 30, 2011. The County Court's management is responsible for the Schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedules referred to above present, in all material respects, the assets and liabilities arising from cash transactions of the Agency Funds of Boyd County Court as of June 30, 2012, and June 30, 2011, and the related activity for the fiscal years then ended, based on the accounting system and procedures prescribed by the Nebraska Supreme Court as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedules and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We performed our examination to express an opinion on whether the Schedules are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedules or on compliance and other matters; accordingly we express no such opinions. Our examination disclosed a certain finding that is required to be reported under *Government Auditing Standards* and the finding, along with the views of management, is described in the Comments Section of the report.

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

SIGNED ORIGINAL ON FILE

May 1, 2013

Pat Reding, CPA, CFE  
Assistant Deputy Auditor

**BOYD COUNTY COURT**  
**BUTTE, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>ASSETS</b>				
Cash and Deposits	\$ 67,571	\$ 44,203	\$ 43,607	\$ 68,167
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 776	\$ 9,961	\$ 9,826	\$ 911
Law Enforcement Fees	82	654	688	48
State Judges Retirement Fund	242	2,241	2,251	232
Court Administrative Fees	307	3,281	3,356	232
Legal Services Fees	269	2,268	2,366	171
Due to County Treasurer:				
Regular Fines	1,382	13,923	14,596	709
Overload Fines	75	4,750	4,825	-
Regular Fees	51	309	360	-
Trust Fund Payable	64,387	6,816	5,339	65,864
Total Liabilities	\$ 67,571	\$ 44,203	\$ 43,607	\$ 68,167

The accompanying notes are an integral part of the schedule.

**BOYD COUNTY COURT**  
**BUTTE, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>ASSETS</b>				
Cash and Deposits	\$ 66,052	\$ 45,220	\$ 43,701	\$ 67,571
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 598	\$ 9,189	\$ 9,011	\$ 776
Law Enforcement Fees	78	635	631	82
State Judges Retirement Fund	252	2,284	2,294	242
Court Administrative Fees	412	3,036	3,141	307
Legal Services Fees	287	2,237	2,255	269
Due to County Treasurer:				
Regular Fines	825	14,225	13,668	1,382
Overload Fines	1,200	2,500	3,625	75
Regular Fees	-	394	343	51
Due to Municipalities:				
Regular Fines	-	100	100	-
Trust Fund Payable	62,400	10,620	8,633	64,387
Total Liabilities	\$ 66,052	\$ 45,220	\$ 43,701	\$ 67,571

The accompanying notes are an integral part of the schedule.

**BOYD COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**  
For the Fiscal Years Ended June 30, 2012, and June 30, 2011

**1. Criteria**

**A. Reporting Entity**

The Boyd County Court is established by State statute and is administratively operated through the Court Administrator's Office of the Nebraska Supreme Court, which is part of the State of Nebraska reporting entity. The Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the County Court reflect only the Agency Funds activity of the County Court, including the receipts and their subsequent disbursement to the appropriate entities for which they were collected. The Schedules do not reflect the personal services expenses of the County Court, which are paid by the Nebraska Supreme Court, or the operating expenses, which are paid by Boyd County.

**B. Basis of Accounting**

The accounting records of the County Court Agency Funds are maintained, and the Schedules of Changes in Assets and Liabilities Arising from Cash Transactions have been prepared, based on the accounting system and procedures prescribed by the Nebraska Supreme Court. Under this system of accounting, fines, fees, and receipts relating to trust funds are shown as additions to assets and as an increase in the related liability when received. Likewise, disbursements are shown as deductions to assets and as a decrease in the related liability when a check is written.

**2. Deposits and Investments**

Funds held by the County Court are deposited and invested in accordance with rules issued by the Supreme Court, as directed by Neb. Rev. Stat. § 25-2713 (Reissue 2008). Funds are generally consolidated in an interest-bearing checking account; however, the County Court may order certain trust funds to be invested separately. Any deposits in excess of the amount insured by the Federal Deposit Insurance Corporation are required by Neb. Rev. Stat. § 77-2326.04 (Reissue 2009) to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.