

**ATTESTATION REPORT  
OF  
KEYA PAHA COUNTY COURT  
JULY 1, 2013 THROUGH JUNE 30, 2015**

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**Issued on June 6, 2016**

# KEYA PAHA COUNTY COURT

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# KEYA PAHA COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of the Keya Paha County Court, we noted certain deficiencies and other operational matters that are presented here.

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

1. ***Segregation of Duties:*** One individual was capable of handling all phases of a transaction from beginning to end.
2. ***Manual Receipts:*** The County Court did not timely deposit and enter receipts recorded in the manual receipt book into the JUSTICE system.

More detailed information on the above items is provided hereinafter. 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 management with an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. 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 they will be verified in the next examination.

# KEYA PAHA 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 a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

We noted the office of the County Court lacked a segregation of duties. Specifically, 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 included 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.

*Clerk Magistrate's Response: I am a one person court and do not have anyone to oversee my transactions. With the addition of the Financial Specialist under the direction of the Administrative Office of the Courts, the court trusts that we will be able to further improve the financial control as recommended due to the checks and balances that are now being performed.*

### 2. Manual Receipts

Neb. Rev. Stat. § 84-710 (Reissue 2014) states, in relevant part, the following:

*It shall be unlawful for any executive department, state institution, board or officer acting under or by virtue of any statute or authority of the State . . . to receive any fees, proceeds from the sale of any public property, or any money belonging to the state or due for any service rendered by virtue of state authority without paying the same into the state treasury within three business days of the receipt thereof when the aggregate amount is five hundred dollars or more and within seven days of the receipt thereof when the aggregate amount is less than five hundred dollars.*

Good internal control and sound business practices require procedures to be in place to ensure monies received that are recorded in the manual receipt book are deposited and entered into the JUSTICE system timely.

For 3 of 10 manual receipts tested, the receipt was not deposited and entered into the JUSTICE system timely.

# KEYA PAHA COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Concluded)

### 2. Manual Receipts (Concluded)

Manual Receipt Date	JUSTICE Receipt Date	Deposit Date	Days Deposit Late	Amount of Receipt
June 2, 2014	June 17, 2014	June 18, 2014	15 days	\$49
October 6, 2014	October 28, 2014	October 31, 2014	22 days	\$98
December 16, 2014	January 16, 2015	January 20, 2015	31 days	\$173

When receipts are not deposited timely, the County Court is not in compliance with State statute. When receipts are not entered into the JUSTICE system timely, there is an increased risk the balance will show as overdue, and a warrant and/or suspension could be improperly issued.

We recommend the County Court implement procedures to ensure all monies received that are recorded in the manual receipt book are deposited and entered into the JUSTICE system timely.

*Clerk Magistrate's Response: Until the end of July 2014, the Supreme Court paid for our deputy Treasurer in Keya Paha County to get my mail on a daily basis, file stamp it, and mail it to Brown County for processing. She also took walk in payments and offered attorneys access to files, etc. When she left, the Supreme Court asked the County Clerk to do the same but without pay. The Clerk's office has done so but mail was not sent as timely as the deputy Treasurer did. There was a situation where a payment was lost in the mail. There were also a couple of times that she held on to payments thinking that I would be coming for court and we weren't having court. Since then there has been a discussion in which the mail and walk in payments are sent in a more timely manner. Once the payments are received in my office in Brown County, they are processed that day. I am very grateful that the Clerk's office is willing to offer these services to the public free of charge and feel that we now have a system set up that will be more efficient.*



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### KEYA PAHA COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Keya Paha County Court as of and for the fiscal years ended June 30, 2015, and June 30, 2014. 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 the Keya Paha County Court, as of June 30, 2015, and June 30, 2014, 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 are also required to obtain the views of management on those matters. 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 it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Kris Kucera, CPA, CFE  
Audit Manager

May 4, 2016

**KEYA PAHA COUNTY COURT**  
**SPRINGVIEW, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 2,642	\$ 28,360	\$ 27,514	\$ 3,488
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 107	\$ 5,524	\$ 5,034	\$ 597
Law Enforcement Fees	13	331	286	58
State Judges Retirement Fund	38	1,064	904	198
Court Administrative Fees	51	2,424	2,187	288
Legal Services Fees	48	1,097	976	169
Due to County Treasurer:				
Regular Fines	100	7,275	6,225	1,150
Overload Fines	-	375	375	-
Regular Fees	-	266	266	-
Due to Municipalities:				
Regular Fines	-	100	75	25
Trust Fund Payable	<u>2,285</u>	<u>9,904</u>	<u>11,186</u>	<u>1,003</u>
Total Liabilities	<u>\$ 2,642</u>	<u>\$ 28,360</u>	<u>\$ 27,514</u>	<u>\$ 3,488</u>

The accompanying notes are an integral part of the schedule.

**KEYA PAHA COUNTY COURT**  
**SPRINGVIEW, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2014

	<u>Balance</u>		<u>Deductions</u>	<u>Balance</u>
	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 2,518	\$ 19,635	\$ 19,511	\$ 2,642
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 195	\$ 4,264	\$ 4,352	\$ 107
Law Enforcement Fees	31	398	416	13
State Judges Retirement Fund	80	1,322	1,364	38
Court Administrative Fees	98	1,478	1,525	51
Legal Services Fees	91	1,330	1,373	48
Due to County Treasurer:				
Regular Fines	992	6,592	7,484	100
Overload Fines	-	1,175	1,175	-
Regular Fees	-	16	16	-
Due to Municipalities:				
Regular Fines	-	20	20	-
Trust Fund Payable	<u>1,031</u>	<u>3,040</u>	<u>1,786</u>	<u>2,285</u>
Total Liabilities	<u>\$ 2,518</u>	<u>\$ 19,635</u>	<u>\$ 19,511</u>	<u>\$ 2,642</u>

The accompanying notes are an integral part of the schedule.

KEYA PAHA COUNTY COURT  
NOTES TO FINANCIAL SCHEDULES  
For the Fiscal Years Ended June 30, 2015, and June 30, 2014

1. **Criteria**

A. **Reporting Entity**

The Keya Paha 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 Keya Paha 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.