

**ATTESTATION REPORT
OF
BOYD COUNTY COURT**

JULY 1, 2014, THROUGH DECEMBER 31, 2016

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Issued on April 24, 2017

BOYD COUNTY COURT

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BOYD COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Boyd County Court, we noted certain deficiencies and other operational matters that are presented here. The following comment is required to be reported in accordance with Government Auditing Standards: Comment #1, which is considered to be a material weakness.

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. ***Non-Monetary Receipts:*** The County Court did not have documentation on file to support 3 of 10 non-monetary receipts tested. In addition, one of those non-monetary receipts waived a fee that should not have been waived.

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.

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 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 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 have contacted the financial specialist that is assigned to Boyd county and it has been determined that she will now periodically verify my daily deposits, Recon, Statement, Receipts vs. Deposits, Claims, Short/Long, Checks, Voids, & Non-Mon Receipts in Justice and keep records of what days she checked and if there were any issues. When Boyd County is audited we can request that info from the specialist and provide it to the auditors. This is supposed to eliminate the segregation of duties deficiency because the specialist would never have any contact with the physical money in my court. With Boyd County being a one person court and due to financial restrictions on the Court Administrator office this is the most economical way of handling this deficiency.

APA Response: The potential for control errors to continue to occur, despite the financial specialist's review, is the result of the court being staffed by a single employee. In addition, the APA questions the adequacy of the review performed by the financial specialist due to the control findings identified in Comment No. 2, Non-Monetary Receipts, in which the APA identified errors on 3 of 10 non-monetary receipts tested. As such, our office will continue to recommend the County Court review this situation.

2. Non-Monetary Receipts

Good internal control requires procedures to be in place to ensure that adequate supporting documentation is on file for non-monetary receipts, and payments are received for non-waivable court costs.

The County Court did not have documentation on file to support 3 of 10 non-monetary receipts tested. In addition, one of those non-monetary receipts waived a fee that should not have been waived. The details of these errors are outlined in the table below.

BOYD COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Non-Monetary Receipts (Concluded)

Case	Amount	Explanation
Case 1	\$150	This amount was believed to have been paid through the County Attorney; however, there was no documentation on file to support the non-monetary receipt.
Case 2	\$32	There was no documentation on file to support that jail time had been served to offset the waivable court costs. Additionally, this non-monetary receipt waived the \$6 judges' retirement fee, which is not a fee that can be waived.
Case 3	\$31	This amount was believed to have been waived (or paid) via an agreement with the attorney; however, there was no documentation on file to support this non-monetary receipt.
Total	\$213	

Without proper internal controls, there is an increased risk that the County Court will not be collecting all amounts that are owed to it or other parties.

We recommend the County Court establish procedures to ensure that adequate supporting documentation is on file for non-monetary receipts, and payments are received for non-waivable court costs.

Clerk Magistrate's Response: In case #1 the amount paid through the County Attorney which was the procedure at that time, however with a change of county attorney the policy will now be that they pay through the court so documentation is complete.

Case #2; There was a journal entry indicating the Judge had awarded the time served but in the future the court will issue a mittimus and have the jail complete it for the time served, even though the court never ordered the jail prior to awarding the time served.

Case #3; This was a civil case that was satisfied but the receipt issued prior to the satisfaction filed, in the future will make sure the satisfaction is filed and the image scanned and readable prior to issuing the receipt.



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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 the Boyd County Court as of and for the period July 1, 2015, to December 31, 2016, and the fiscal year ending June 30, 2015. 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 Boyd County Court, as of December 31, 2016, and June 30, 2015, and the related activity for the periods 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.



Zachary Wells, CPA, CISA
Audit Manager

April 19, 2017

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

For the Period Ending December 31, 2016

	Balance July 1, 2015	Additions	Deductions	Balance December 31, 2016
ASSETS				
Cash and Deposits	\$ 5,801	\$ 35,292	\$ 39,398	\$ 1,695
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 352	\$ 7,051	\$ 7,127	\$ 276
Law Enforcement Fees	50	632	658	24
State Judges Retirement Fund	154	2,756	2,786	124
Court Administrative Fees	225	3,178	3,294	109
Legal Services Fees	170	2,389	2,464	95
Due to County Treasurer:				
Regular Fines	1,170	11,485	12,170	485
Overload Fines	150	5,000	5,000	150
Regular Fees	-	502	485	17
Petty Cash Fund	100	-	50	50
Due to Municipalities:				
Regular Fines	-	30	30	-
Regular Fees	-	-	-	-
Trust Fund Payable	3,430	2,269	5,334	365
Total Liabilities	\$ 5,801	\$ 35,292	\$ 39,398	\$ 1,695

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, 2015

	<u>Balance</u>		<u>Deductions</u>	<u>Balance</u>
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
ASSETS				
Cash and Deposits	\$ 63,911	\$ 32,817	\$ 90,927	\$ 5,801
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 416	\$ 6,498	\$ 6,562	\$ 352
Law Enforcement Fees	48	558	556	50
State Judges Retirement Fund	150	1,943	1,939	154
Court Administrative Fees	223	2,621	2,619	225
Legal Services Fees	173	1,981	1,984	170
Due to County Treasurer:				
Regular Fines	860	10,912	10,602	1,170
Overload Fines	-	575	425	150
Regular Fees	-	137	137	-
Petty Cash Fund	-	100	-	100
Due to Municipalities:				
Regular Fines	-	10	10	-
Regular Fees	-	-	-	-
Trust Fund Payable	<u>62,041</u>	<u>7,482</u>	<u>66,093</u>	<u>3,430</u>
Total Liabilities	<u>\$ 63,911</u>	<u>\$ 32,817</u>	<u>\$ 90,927</u>	<u>\$ 5,801</u>

The accompanying notes are an integral part of the schedule.

BOYD COUNTY COURT
NOTES TO FINANCIAL SCHEDULES

For the Period Ended December 31, 2016, and Fiscal Year Ended June 30, 2015

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 2016). 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.