

**ATTESTATION REPORT  
OF  
BOX BUTTE COUNTY COURT  
JULY 1, 2010 THROUGH JUNE 30, 2012**

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**Issued on September 14, 2012**

# BOX BUTTE COUNTY COURT

## TABLE OF CONTENTS

	<u>Page</u>
<b><u>Comments Section</u></b>	
Comment and Recommendation	1
<b><u>Financial Section</u></b>	
Independent Accountant's Report	2 - 3
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2012	4
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2011	5
Notes to Financial Schedules	6

# BOX BUTTE COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of Box Butte County Court, we noted a certain deficiency in internal control that we consider to be a material weakness that is 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.

The following comment and recommendation is intended to improve the internal control over financial reporting in the following area:

### **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.

It should be noted this report is critical in nature as it contains only our comment and recommendation on the area 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 comment and recommendation included in this report. The County Court declined to respond.



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### BOX BUTTE COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of Box Butte 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 Box Butte 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

August 29, 2012

Deann Haeffner, CPA  
Assistant Deputy Auditor

**BOX BUTTE COUNTY COURT**  
**ALLIANCE, 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	\$ 66,960	\$ 552,697	\$ 552,149	\$ 67,508
 <b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 5,150	\$ 60,860	\$ 60,501	\$ 5,509
Law Enforcement Fees	453	4,990	5,035	408
State Judges Retirement Fund	1,617	18,140	18,177	1,580
Court Administrative Fees	2,460	29,034	29,229	2,265
Legal Services Fees	1,703	18,153	18,297	1,559
 Due to County Treasurer:				
Regular Fines	10,470	121,473	119,224	12,719
Overload Fines	75	6,950	6,775	250
Regular Fees	526	7,301	7,411	416
 Due to Municipalities:				
Regular Fines	403	1,333	1,629	107
Regular Fees	-	74	-	74
Trust Fund Payable	44,103	284,389	285,871	42,621
Total Liabilities	\$ 66,960	\$ 552,697	\$ 552,149	\$ 67,508

The accompanying notes are an integral part of the schedule.

**BOX BUTTE COUNTY COURT**  
**ALLIANCE, 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	\$ 70,258	\$ 573,703	\$ 577,001	\$ 66,960
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 5,080	\$ 58,005	\$ 57,935	\$ 5,150
Law Enforcement Fees	362	4,667	4,576	453
State Judges Retirement Fund	1,449	17,499	17,331	1,617
Court Administrative Fees	1,896	29,118	28,554	2,460
Legal Services Fees	1,476	17,765	17,538	1,703
Due to County Treasurer:				
Regular Fines	9,435	117,295	116,260	10,470
Overload Fines	175	6,888	6,988	75
Regular Fees	535	8,596	8,605	526
Due to Municipalities:				
Regular Fines	52	1,208	857	403
Regular Fees	18	6	24	-
Trust Fund Payable	49,780	312,656	318,333	44,103
<b>Total Liabilities</b>	<b>\$ 70,258</b>	<b>\$ 573,703</b>	<b>\$ 577,001</b>	<b>\$ 66,960</b>

The accompanying notes are an integral part of the schedule.

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

**1. Criteria**

**A. Reporting Entity**

The Box Butte 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 Box Butte 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.