

**ATTESTATION REPORT  
OF  
HOLT COUNTY COURT**

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

**This document is an official public record of the State of Nebraska, issued by  
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
document and may be prohibited by law.**

**Issued on May 28, 2013**

# HOLT COUNTY COURT

## TABLE OF CONTENTS

	<u>Page</u>
<b><u>Comments Section</u></b>	
Comment and Recommendation	1 - 2
<b><u>Financial Section</u></b>	
Independent Accountant's Report	3 - 4
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2012	5
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2011	6
Notes to Financial Schedules	7

# HOLT COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of Holt 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.

*County Court's Response: Segregation of duties is practiced as well as can be in Holt County Court as there are only two employees. Generally, one person prepares the daily deposit and the other carries the deposit to the bank. We both issue receipts and checks; however, I generally sign the checks. Many times we are alone in the office and need to perform all receipting and disbursement functions to serve the public. I appreciate your comments and recommendations, and I thank you for allowing me to respond.*

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.

# HOLT COUNTY COURT

## **COMMENT AND RECOMMENDATION**

(Continued)

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 formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but will be verified in the next examination.



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
P.O. Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.state.ne.us

## HOLT COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

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

**HOLT COUNTY COURT**  
**O'NEILL, 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	\$ 32,644	\$ 362,095	\$ 357,483	\$ 37,256
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 4,043	\$ 57,878	\$ 57,314	\$ 4,607
Law Enforcement Fees	393	4,930	4,890	433
State Judges Retirement Fund	1,237	16,171	16,104	1,304
Court Administrative Fees	1,977	26,518	26,271	2,224
Legal Services Fees	1,338	16,804	16,744	1,398
Due to County Treasurer:				
Regular Fines	9,007	108,955	107,114	10,848
Overload Fines	1,575	14,725	14,750	1,550
Regular Fees	577	7,343	7,494	426
Petty Cash Fund	50	-	-	50
Due to Municipalities:				
Regular Fines	-	525	505	20
Regular Fees	-	1,703	1,703	-
Trust Fund Payable	12,447	106,543	104,594	14,396
<b>Total Liabilities</b>	<b>\$ 32,644</b>	<b>\$ 362,095</b>	<b>\$ 357,483</b>	<b>\$ 37,256</b>

The accompanying notes are an integral part of the schedule.

**HOLT COUNTY COURT**  
**O'NEILL, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 61,173	\$ 356,809	\$ 385,338	\$ 32,644
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 8,762	\$ 60,659	\$ 65,378	\$ 4,043
Law Enforcement Fees	514	5,090	5,211	393
State Judges Retirement Fund	1,794	17,407	17,964	1,237
Court Administrative Fees	2,315	26,200	26,538	1,977
Legal Services Fees	1,831	18,089	18,582	1,338
Due to County Treasurer:				
Regular Fines	10,267	109,533	110,793	9,007
Overload Fines	1,125	23,450	23,000	1,575
Regular Fees	182	5,015	4,620	577
Petty Cash Fund	50	-	-	50
Due to Municipalities:				
Regular Fines	-	390	390	-
Regular Fees	-	1,725	1,725	-
Trust Fund Payable	34,333	89,251	111,137	12,447
<b>Total Liabilities</b>	<u>\$ 61,173</u>	<u>\$ 356,809</u>	<u>\$ 385,338</u>	<u>\$ 32,644</u>

The accompanying notes are an integral part of the schedule.

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

**1. Criteria**

**A. Reporting Entity**

The Holt 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 Holt 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.