

**ATTESTATION REPORT
OF
BOX BUTTE COUNTY COURT
JANUARY 1, 2017, THROUGH DECEMBER 31, 2017**

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Issued on June 1, 2018

BOX BUTTE COUNTY COURT

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BOX BUTTE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Box Butte 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, "Segregation of Duties," 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. ***Overdue Balances:*** The County Court did not review its overdue balances on an ongoing, timely basis to ensure collection and/or resolution of such balances.

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. Where no response has been included, the County Court declined to respond.

BOX BUTTE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

We noted the office of the County Court lacked a sufficient 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 noted this comment in previous examinations.

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 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. Overdue Balances

During testing of 10 overdue balances, 3, totaling \$121, did not have subsequent action taken, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible, in a timely manner by the County Court to ensure collection and/or resolution of the balances. For two of these cases, no action was noted after July 2017, while the third case had no action since June 2016. As of April 29, 2017, overdue balances, excluding restitution judgements, totaled \$56,079. As of April 14, 2018, overdue balances, excluding restitution judgments, totaled \$51,817, a decrease of \$4,262, or 8%.

Good internal control and sound business practices require overdue balances of the County Court to be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or otherwise resolve those balances.

Without a regular review of the Overdue Case Account reports, there is an increased risk that overdue balances may either not have proper follow-up action taken or have been previously resolved and should no longer be designated as overdue.

We recommend the County Court implement an ongoing, timely review of its Overdue Case Account reports to ensure timely collection and/or resolution of overdue balances.



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BOX BUTTE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

Box Butte County Court
Alliance, Nebraska 69301

We have examined the accompanying Schedule of Changes in Assets and Liabilities Arising from Cash Transactions of the Box Butte County Court as of and for the period January 1, 2017, to December 31, 2017. The County Court's management is responsible for the Schedule based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule 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. Those standards require that we perform the examination to obtain reasonable assurance about whether the Schedule is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Changes in Assets and Liabilities Arising from Cash Transactions for the period January 1, 2017, to December 31, 2017, is based on the accounting system and procedures prescribed by the Nebraska Supreme Court, as set forth in Note 1, in all material respects.

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 Schedule 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 Schedule is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule 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
Lincoln, Nebraska

May 31, 2018

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

For the Calendar Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Cash and Deposits	\$ 314,870	\$ 416,870	\$ 422,746	\$ 308,994
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 4,929	\$ 52,291	\$ 54,292	\$ 2,928
Law Enforcement Fees	316	3,916	3,922	310
State Judges Retirement Fund	1,597	19,641	19,614	1,624
Court Administrative Fees	1,551	18,963	19,098	1,416
Legal Services Fees	1,339	16,901	16,976	1,264
Due to County Treasurer:				
Regular Fines	3,949	86,087	84,943	5,093
Overload Fines	50	3,475	3,525	-
Regular Fees	53	9,821	8,264	1,610
Petty Cash Fund	1,560	190	1,650	100
Due to Municipalities:				
Regular Fines	37	407	399	45
Trust Fund Payable	299,489	205,178	210,063	294,604
Total Liabilities	\$ 314,870	\$ 416,870	\$ 422,746	\$ 308,994

The accompanying notes are an integral part of the schedule.

BOX BUTTE COUNTY COURT
NOTES TO FINANCIAL SCHEDULE
For the Period Ended December 31, 2017

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 Schedule 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 Schedule does 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 Schedule 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.