

**ATTESTATION REPORT  
OF  
KNOX COUNTY COURT  
JULY 1, 2011 THROUGH JUNE 30, 2013**

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**Issued on May 20, 2014**

# KNOX COUNTY COURT

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# KNOX COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of the Knox County Court, we noted a certain deficiency and other operational matters that are presented here.

This comment and recommendation is intended to improve the internal control over financial reporting or result in operational efficiencies 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 management an opportunity to review the report and to respond to the comment and recommendation included in this report. The County Court declined to respond.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### KNOX COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Knox County Court as of and for the fiscal years ended June 30, 2013, and June 30, 2012. 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 Knox County Court, as of June 30, 2013, and June 30, 2012, 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.

April 29, 2014

  
Deann Haeffner, CPA  
Assistant Deputy Auditor

**KNOX COUNTY COURT**  
**CENTER, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>ASSETS</b>				
Cash and Deposits	\$ 10,300	\$ 113,466	\$ 110,525	\$ 13,241
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,849	\$ 21,799	\$ 21,980	\$ 1,668
Law Enforcement Fees	154	1,372	1,381	145
State Judges Retirement Fund	665	5,430	5,585	510
Court Administrative Fees	901	11,687	11,928	660
Legal Services Fees	552	5,240	5,304	488
Due to County Treasurer:				
Regular Fines	1,950	34,311	33,455	2,806
Overload Fines	-	325	325	-
Regular Fees	442	2,649	2,877	214
Due to Municipalities:				
Regular Fees	-	281	281	-
Trust Fund Payable	3,787	30,372	27,409	6,750
Total Liabilities	\$ 10,300	\$ 113,466	\$ 110,525	\$ 13,241

The accompanying notes are an integral part of the schedule.

**KNOX COUNTY COURT**  
**CENTER, 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	\$ 8,643	\$ 129,903	\$ 128,246	\$ 10,300
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,283	\$ 23,684	\$ 23,118	\$ 1,849
Law Enforcement Fees	112	1,598	1,556	154
State Judges Retirement Fund	408	6,044	5,787	665
Court Administrative Fees	550	12,202	11,851	901
Legal Services Fees	426	6,069	5,943	552
Due to County Treasurer:				
Regular Fines	2,063	38,342	38,455	1,950
Overload Fines	200	650	850	-
Regular Fees	967	3,138	3,663	442
Trust Fund Payable	2,634	38,176	37,023	3,787
Total Liabilities	\$ 8,643	\$ 129,903	\$ 128,246	\$ 10,300

The accompanying notes are an integral part of the schedule.

KNOX COUNTY COURT  
NOTES TO FINANCIAL SCHEDULES  
For the Fiscal Years Ended June 30, 2013, and June 30, 2012

**1. Criteria**

**A. Reporting Entity**

The Knox 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 Knox 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.