

**ATTESTATION REPORT
OF
BANNER COUNTY COURT
JULY 1, 2013 THROUGH JUNE 30, 2015**

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Issued on June 9, 2016

BANNER COUNTY COURT

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BANNER COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of the Banner County Court, we noted a certain deficiency that is 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 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, 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 included this comment in previous examinations. We consider this to be a material weakness.

Our examination identified the following issue:

- Access to and use of signature stamps was not limited to the individual whose name is on the stamp.

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: Signature stamps have been kept in a locked cabinet and have been used under the supervision of the individual whose name is on the stamp. Management has discontinued the use of all signature stamps effective May 31, 2016. All signature stamps have been destroyed effective May 31, 2016.

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 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 it will be verified in the next examination.



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BANNER COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Banner County Court as of and for the fiscal years ended June 30, 2015, and June 30, 2014. 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 Banner County Court, as of June 30, 2015, and June 30, 2014, 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.

May 10, 2016



Don Dunlap, CPA
Assistant Deputy Auditor

BANNER COUNTY COURT
HARRISBURG, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and Deposits	\$ 8,787	\$ 102,076	\$ 98,131	\$ 12,732
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,085	\$ 14,453	\$ 14,523	\$ 1,015
Law Enforcement Fees	169	1,987	2,025	131
State Judges Retirement Fund	472	5,509	5,629	352
Court Administrative Fees	588	6,751	6,910	429
Legal Services Fees	532	6,229	6,356	405
Due to County Treasurer:				
Regular Fines	2,571	51,395	49,783	4,183
Overload Fines	975	7,275	7,100	1,150
Regular Fees	-	329	329	-
Trust Fund Payable	2,395	8,148	5,476	5,067
Total Liabilities	\$ 8,787	\$ 102,076	\$ 98,131	\$ 12,732

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS				
Cash and Deposits	\$ 4,400	\$ 68,140	\$ 63,753	\$ 8,787
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 585	\$ 9,985	\$ 9,485	\$ 1,085
Law Enforcement Fees	90	1,402	1,323	169
State Judges Retirement Fund	240	4,014	3,782	472
Court Administrative Fees	292	4,875	4,579	588
Legal Services Fees	278	4,432	4,178	532
Due to County Treasurer:				
Regular Fines	1,937	35,477	34,843	2,571
Overload Fines	725	2,225	1,975	975
Regular Fees	5	211	216	-
Trust Fund Payable	248	5,519	3,372	2,395
Total Liabilities	<u>\$ 4,400</u>	<u>\$ 68,140</u>	<u>\$ 63,753</u>	<u>\$ 8,787</u>

The accompanying notes are an integral part of the schedule.

BANNER COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2015, and June 30, 2014

1. Criteria

A. Reporting Entity

The Banner 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 Banner 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.

3. Financial Statement Adjustment

The Schedules for the fiscal years ended June 30, 2015, and June 30, 2014, were adjusted accordingly to reflect a disbursement to the Banner County Treasurer of \$4,456, which occurred prior to June 30, 2014, but was not recorded in the financial system until July 2015.