

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

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Issued on June 20, 2016

JEFFERSON COUNTY COURT

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JEFFERSON COUNTY COURT

SUMMARY OF COMMENTS

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

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. ***Non-Waiverable Court Costs:*** The County Court waived fees that should not have been waived per State statute.

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. All formal responses received have been incorporated into this report. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

JEFFERSON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

We noted the office of the County Court lacked a 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.

Errors specifically noted include the following:

- Access to signature stamps was not limited to the individual whose name is on the stamp.
- In one instance, the Clerk Magistrate signed the Order of Dismissal to clear the case instead of a Judge.

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 have included 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: In response to the Segregation of Duties comment for Jefferson County Court, the Court Administrator's Office does not allow the hire of additional staffing in Jefferson County based on our current caseload. We have however implemented procedures that allow other entities/staff to verify and confirm deposits and financial transactions by initialing them at the time of the deposit/transaction. I have been in contact with our Financial Specialist and confirmed that our bookkeeping practices are being monitored and reviewed two to three times a week as well as our month end transactions.

2. Non-Waiverable Court Costs

We noted 2 instances out of the 15 tested where non-waiverable costs, totaling \$34, were waived. Neb. Rev. Stat. § 29-2709 (Reissue 2008) provides, in relevant part, the following:

When any costs in misdemeanor, traffic, felony, preliminary, or juvenile cases in county court, except for those costs provided for in subsection (3) of section 24-703 [judges retirement fees], two dollars of the fee provided in section 33-107.01 [legal services fee], the court automation fee provided in section 33-107.03, and the uniform data analysis fee provided in section 47-633, are found by a county judge to be uncollectable for any reason, including the dismissal of the case, such costs shall be deemed waived . . .

JEFFERSON COUNTY COURT

COMMENTS AND RECOMMENDATIONS

(Concluded)

2. Non-Waiverable Court Costs (Concluded)

When non-waiverable fees and costs are waived, the County Court is not in compliance with State statute and court orders.

We recommend the County Court waive only court fees and costs allowed by State statute.

County Court's Response: The comment regarding the Non-Waiverable Court Costs was an error that was corrected during our audit and reported back and reviewed by the auditor conducting the audit. This error occurred during the time that a new employee was being trained and is not an area of concern to me at this time.



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JEFFERSON COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

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



Craig Kubicek, CPA, CFE
Assistant Deputy Auditor

May 25, 2016

JEFFERSON COUNTY COURT
FAIRBURY, 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	\$ 40,567	\$ 216,109	\$ 239,008	\$ 17,668
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 3,069	\$ 35,461	\$ 36,303	\$ 2,227
Law Enforcement Fees	308	2,908	3,017	199
State Judges Retirement Fund	1,044	9,762	10,138	668
Court Administrative Fees	1,525	18,706	19,005	1,226
Legal Services Fees	1,058	10,044	10,413	689
Due to County Treasurer:				
Regular Fines	6,047	73,947	74,659	5,335
Overload Fines	375	4,500	4,775	100
Regular Fees	411	4,928	5,012	327
Petty Cash Fund	50	-	-	50
Due to Municipalities:				
Regular Fines	50	1,315	1,315	50
Trust Fund Payable	26,630	54,538	74,371	6,797
Total Liabilities	\$ 40,567	\$ 216,109	\$ 239,008	\$ 17,668

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
ASSETS				
Cash and Deposits	\$ 27,174	\$ 285,547	\$ 272,154	\$ 40,567
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,399	\$ 42,561	\$ 41,891	\$ 3,069
Law Enforcement Fees	280	3,252	3,224	308
State Judges Retirement Fund	890	11,206	11,052	1,044
Court Administrative Fees	1,644	19,056	19,175	1,525
Legal Services Fees	955	11,624	11,521	1,058
Due to County Treasurer:				
Regular Fines	5,543	72,077	71,573	6,047
Overload Fines	425	10,475	10,525	375
Regular Fees	127	3,053	2,769	411
Petty Cash Fund	50	-	-	50
Due to Municipalities:				
Regular Fines	-	1,050	1,000	50
Regular Fees	-	31	31	-
Trust Fund Payable	14,861	111,162	99,393	26,630
Total Liabilities	\$ 27,174	\$ 285,547	\$ 272,154	\$ 40,567

The accompanying notes are an integral part of the schedule.

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

1. Criteria

A. Reporting Entity

The Jefferson 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 Jefferson 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.