

**ATTESTATION REPORT
OF
BURT COUNTY COURT
JULY 1, 2009 THROUGH JUNE 30, 2011**

**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 25, 2012

BURT COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comments Section</u>	
Summary of Comments	1
Comments and Recommendations	2
<u>Financial Section</u>	
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, 2011	5
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2010	6
Notes to Financial Schedules	7

BURT COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Burt County Court, we noted a certain deficiency in internal control that we consider to be a material weakness and another operational matter 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.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the areas as follows:

- 1. *Segregation of Duties:*** Considered to be a material weakness, one individual was capable of handling all phases of a transaction from beginning to end.
- 2. *Traffic Citations:*** Traffic citations were not maintained in a manner readily available for audit. Two of fourteen receipts tested could not be located by the County Court.

More detailed information on the above items is provided hereafter. 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 them an opportunity to review the report and to respond to the comments and recommendations included in this report. The County Court declined to respond.

BURT COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. Segregation of Duties

Good internal control includes a plan of organization, procedures, and records 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 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. Traffic Citations

Two of fourteen receipts tested, both 2009 traffic citations, could not be traced to supporting documentation to determine if the citations had been completely and accurately recorded.

Nebraska Record Retention Schedule 18-7-5 requires the County Court to maintain traffic case files for three years after the judgment was satisfied, provided an audit has been completed.

Without citations to support that receipts were properly collected and recorded, there is an increased risk for loss or misuse of funds.

We recommend the County Court implement filing procedures adequate to ensure all citations are properly maintained and readily available for audit.



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

BURT COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of Burt County Court as of and for the fiscal years ended June 30, 2011, and June 30, 2010. 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 Burt County Court as of June 30, 2011, and June 30, 2010, 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. However, this report is a matter of public record and its distribution is not limited.

SIGNED ORIGINAL ON FILE

May 8, 2012

Don Dunlap, CPA
Assistant Deputy Auditor

BURT COUNTY COURT
TEKAMAH, 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>Deductions</u>	<u>Balance</u>
	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
ASSETS				
Cash and Deposits	\$ 45,666	\$ 270,798	\$ 282,449	\$ 34,015
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 5,161	\$ 35,943	\$ 38,414	\$ 2,690
Law Enforcement Fees	346	2,842	2,953	235
State Judges Retirement Fund	1,192	9,559	9,960	791
Court Administrative Fees	3,452	29,084	30,352	2,184
Legal Services Fees	1,250	10,242	10,596	896
Due to County Treasurer:				
Regular Fines	6,121	62,642	64,896	3,867
Overload Fines	175	3,700	3,875	-
Regular Fees	969	10,626	10,994	601
Due to Municipalities:				
Regular Fines	-	212	112	100
Trust Fund Payable	<u>27,000</u>	<u>105,948</u>	<u>110,297</u>	<u>22,651</u>
Total Liabilities	<u><u>\$ 45,666</u></u>	<u><u>\$ 270,798</u></u>	<u><u>\$ 282,449</u></u>	<u><u>\$ 34,015</u></u>

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS				
Cash and Deposits	\$ 54,345	\$ 289,014	\$ 297,693	\$ 45,666
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 4,259	\$ 39,442	\$ 38,540	\$ 5,161
Law Enforcement Fees	312	3,033	2,999	346
State Judges Retirement Fund	1,240	11,197	11,245	1,192
Court Administrative Fees	4,061	35,518	36,127	3,452
Legal Services Fees	1,589	12,440	12,779	1,250
Due to County Treasurer:				
Regular Fines	8,356	80,509	82,744	6,121
Overload Fines	350	3,300	3,475	175
Regular Fees	361	9,129	8,521	969
Due to Municipalities:				
Regular Fines	100	725	825	-
Trust Fund Payable	33,717	93,721	100,438	27,000
Total Liabilities	\$ 54,345	\$ 289,014	\$ 297,693	\$ 45,666

The accompanying notes are an integral part of the schedule.

BURT COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2011, and June 30, 2010

1. Criteria

A. Reporting Entity

The Burt 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; 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 Burt 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 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.