

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

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Issued on April 24, 2014

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 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 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 had 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 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.

County Court's Response: The following procedures have been in place by Banner County Court to insure proper segregation of duties: The accounting clerk never issues monetary receipts; the clerk magistrate and the assistant clerk review bank reconciliation completed by the accounting clerk; and the clerk magistrate and the assistant clerk alternate in balancing the cash drawers with the accounting clerk so the drawers are not always being counted by the same individual.

From this date forward: because the accounting clerk balances the cash drawers, she will no longer issue non-monetary receipts as well. This responsibility will be delegated to the assistant clerk or the clerk magistrate. The individual responsible for issuing non-monetary receipts will not be allowed to balance cash drawers.

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.

BANNER COUNTY COURT

COMMENT AND RECOMMENDATION

(Concluded)

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, 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 Banner 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 3, 2014


Deann Haeffner, 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, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Cash and Deposits	\$ 3,942	\$ 61,960	\$ 61,502	\$ 4,400
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 592	\$ 8,462	\$ 8,469	\$ 585
Law Enforcement Fees	84	1,262	1,256	90
State Judges Retirement Fund	239	3,563	3,562	240
Court Administrative Fees	286	5,511	5,505	292
Legal Services Fees	279	4,011	4,012	278
Due to County Treasurer:				
Regular Fines	1,585	31,614	31,262	1,937
Overload Fines	275	2,625	2,175	725
Regular Fees	157	97	249	5
Due to Municipalities:				
Regular Fees	-	75	75	-
Trust Fund Payable	445	4,740	4,937	248
Total Liabilities	\$ 3,942	\$ 61,960	\$ 61,502	\$ 4,400

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, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Cash and Deposits	\$ 8,055	\$ 72,642	\$ 76,755	\$ 3,942
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 954	\$ 11,505	\$ 11,867	\$ 592
Law Enforcement Fees	138	1,282	1,336	84
State Judges Retirement Fund	364	3,651	3,776	239
Court Administrative Fees	443	4,527	4,684	286
Legal Services Fees	430	4,054	4,205	279
Due to County Treasurer:				
Regular Fines	2,977	31,567	32,959	1,585
Overload Fines	1,002	3,650	4,377	275
Regular Fees	109	413	365	157
Trust Fund Payable	1,638	11,993	13,186	445
Total Liabilities	\$ 8,055	\$ 72,642	\$ 76,755	\$ 3,942

The accompanying notes are an integral part of the schedule.

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

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.