

**ATTESTATION REPORT
OF
BROWN COUNTY COURT**

JULY 1, 2011 THROUGH JUNE 30, 2013

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Issued on May 16, 2014

BROWN COUNTY COURT

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BROWN COUNTY COURT

SUMMARY OF COMMENTS

During our examination of the Brown 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. ***Monthly Report Review:*** The County Court did not review its case balances on a ongoing, timely basis to ensure disposition and/or resolution of such balances.

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 management with an opportunity to review the report and to respond to the comments and recommendations included in this report. The County Court declined to respond.

BROWN COUNTY COURT

COMMENTS AND RECOMMENDATIONS

1. 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. 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. 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.

2. Monthly Report Review

Good internal control requires the County Court to have procedures in place that provide an ongoing, detailed review of all monthly financial reports, including the Monthly Case Balance Report. In addition, sound accounting practices require procedures to be in place that ensure the complete, accurate, and timely posting of defendant payments to their respective cases.

During testing of 11 case balances for June 30, 2013, we noted 6 that did not have timely dispositions:

- Three overpayments on traffic tickets were not remitted to the State Treasurer as Unclaimed Property within three years.
- Three non-case receipts were not applied to fees/fines or returned for over seven months.

When the County Court's monthly reports are not consistently reviewed in a timely manner, there is an increased risk of errors, omissions, and/or irregularities that would not be detected and/or resolved in a timely manner.

We recommend the County Court perform an ongoing, detailed, and timely review of all monthly financial reports, including the Monthly Case Balance Report, to promptly identify and resolve unusual balances/receipts.



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BROWN COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Brown 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 Brown 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 certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are 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.



Zachary Wells, CPA, CISA
Audit Manager

April 14, 2014

BROWN COUNTY COURT
AINSWORTH, 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	\$ 12,716	\$ 119,094	\$ 119,495	\$ 12,315
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,430	\$ 18,909	\$ 19,426	\$ 913
Law Enforcement Fees	166	1,479	1,502	143
State Judges Retirement Fund	475	5,049	5,061	463
Court Administrative Fees	1,359	10,005	10,200	1,164
Legal Services Fees	544	5,020	5,139	425
Due to County Treasurer:				
Regular Fines	3,782	33,961	35,898	1,845
Overload Fines	-	2,500	2,100	400
Regular Fees	386	3,951	3,775	562
Due to Municipalities:				
Regular Fines	50	310	335	25
Trust Fund Payable	4,524	37,910	36,059	6,375
Total Liabilities	\$ 12,716	\$ 119,094	\$ 119,495	\$ 12,315

The accompanying notes are an integral part of the schedule.

BROWN COUNTY COURT
AINSWORTH, 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	\$ 12,706	\$ 133,229	\$ 133,219	\$ 12,716
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,464	\$ 23,166	\$ 23,200	\$ 1,430
Law Enforcement Fees	207	1,938	1,979	166
State Judges Retirement Fund	708	6,133	6,366	475
Court Administrative Fees	1,132	11,660	11,433	1,359
Legal Services Fees	651	6,542	6,649	544
Due to County Treasurer:				
Regular Fines	2,804	43,133	42,155	3,782
Overload Fines	250	3,050	3,300	-
Regular Fees	224	3,135	2,973	386
Due to Municipalities:				
Regular Fines	25	400	375	50
Trust Fund Payable	5,241	34,072	34,789	4,524
Total Liabilities	\$ 12,706	\$ 133,229	\$ 133,219	\$ 12,716

The accompanying notes are an integral part of the schedule.

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

1. Criteria

A. Reporting Entity

The Brown 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 Brown 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.