

**ATTESTATION REPORT  
OF  
PIERCE COUNTY COURT**

**JULY 1, 2013 THROUGH JUNE 30, 2015**

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**Issued on June 2, 2016**

# PIERCE COUNTY COURT

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# PIERCE COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of the Pierce 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 court costs that, according to State statute, were not waiverable.

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.

# PIERCE 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 included this comment in previous examinations. We consider this to be a material weakness.

Our examination identified the following issue:

- Fines and costs, totaling \$69, were not applied to a traffic case for over four months after collection, resulting in an unnecessary license suspension.

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: I have only a part time employee and have not found any successful way to avoid this.*

### 2. Non-Waiverable Court Costs

Neb. Rev. Stat. § 29-2709 (Reissue 2008) provides, in relevant part, the following:

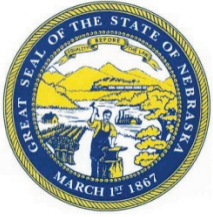
*When any costs in misdemeanor, traffic, felony preliminary, or juvenile cases in county court, except for those costs provided for in subsection (3) of section 24-703 [judges retirement fee], two dollars of the fee provided in section 33-107.01 [legal services fee], the court automation fee provided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

We tested 10 non-monetary receipts and noted three instances, totaling \$51, of non-waiverable court costs that were improperly waived.

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

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

*County Court's Response: I went back and corrected the errors and have discussed this with the part time court employee and hopefully we will not let this occur again.*



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

Charlie.Janssen@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
www.auditors.nebraska.gov

### PIERCE COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

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



Zachary Wells, CPA, CISA  
Audit Manager

May 19, 2016

**PIERCE COUNTY COURT**  
**PIERCE, 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
<b>ASSETS</b>				
Cash and Deposits	\$ 24,630	\$ 289,286	\$ 300,103	\$ 13,813
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 2,559	\$ 29,754	\$ 29,029	\$ 3,284
Law Enforcement Fees	196	2,753	2,798	151
State Judges Retirement Fund	581	9,126	9,044	663
Court Administrative Fees	1,019	17,623	18,048	594
Legal Services Fees	648	9,572	9,674	546
Due to County Treasurer:				
Regular Fines	4,808	64,340	66,398	2,750
Overload Fines	550	4,925	5,475	-
Regular Fees	45	1,320	1,363	2
Due to Municipalities:				
Regular Fines	-	50	-	50
Trust Fund Payable	14,224	149,823	158,274	5,773
<b>Total Liabilities</b>	<b>\$ 24,630</b>	<b>\$ 289,286</b>	<b>\$ 300,103</b>	<b>\$ 13,813</b>

The accompanying notes are an integral part of the schedule.

**PIERCE COUNTY COURT**  
**PIERCE, 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
<b>ASSETS</b>				
Cash and Deposits	\$ 18,252	\$ 207,722	\$ 201,344	\$ 24,630
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 3,863	\$ 34,122	\$ 35,426	\$ 2,559
Law Enforcement Fees	211	3,344	3,359	196
State Judges Retirement Fund	837	10,434	10,690	581
Court Administrative Fees	1,417	17,417	17,815	1,019
Legal Services Fees	718	11,153	11,223	648
Due to County Treasurer:				
Regular Fines	4,548	71,759	71,499	4,808
Overload Fines	150	5,625	5,225	550
Regular Fees	19	1,667	1,641	45
Due to Municipalities:				
Regular Fines	-	75	75	-
Trust Fund Payable	6,489	52,126	44,391	14,224
<b>Total Liabilities</b>	<b>\$ 18,252</b>	<b>\$ 207,722</b>	<b>\$ 201,344</b>	<b>\$ 24,630</b>

The accompanying notes are an integral part of the schedule.



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

**1. Criteria**

**A. Reporting Entity**

The Pierce 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 Pierce 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.