

**AUDIT REPORT
OF
SEWARD COUNTY COURT**

JULY 1, 1998 THROUGH JUNE 30, 1999

SEWARD COUNTY COURT

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SEWARD COUNTY COURT

SUMMARY OF COMMENTS

During our audit of Seward County Court, we noted certain matters involving the internal control over financial reporting 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 areas as follows:

1. Segregation of Duties
2. Inventory Statement

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature since it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the Court.

Draft copies of this report were furnished to the Court to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. The Court declined to respond.

We appreciate the cooperation and courtesy extended to our auditors during the course of the audit.

SEWARD 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 since one person was capable of handling all aspects of processing a transaction from beginning to end. Due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. Personnel are under the direction of both the Nebraska State Court Administrator and the Presiding Judge. We have noted this comment in previous audits.

We recommend the County Court along with 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. Inventory Statement

State Statute Section 25-2214 R.R.S. 1995 states, "It shall be the duty of the clerk of each said courts to prepare and file the annual inventory statement with the county board of his county of all county personal property in his custody or possession, as provided in sections 23-346 to 23-350." State Statute Section 23-347 R.R.S. 1997 further states, "Within two calendar months after the close of each fiscal year, each county officer shall make, acknowledge under oath, and file with the county board of his or her county an inventory statement of all county personal property in the custody and possession of said county officer."

We noted the Clerk of the County Court did not complete and file an inventory statement with the County Board as required.

We recommend the County Court complete and file an inventory statement in compliance with Sections 25-2214 and 23-347.

STATE OF NEBRASKA
Auditor of Public Accounts



Kate Witek
State Auditor
kwitek05@nol.org

P.O. Box 98917
Suite 2303, State Capitol
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301

Mr. Joseph C. Steele
State Court Administrator
Room 1220 - State Capitol Building
Lincoln, Nebraska 68509

SEWARD COUNTY COURT

INDEPENDENT AUDITORS' REPORT

We have audited the financial statement of Seward County Court as of and for the fiscal year ended June 30, 1999, as listed in the Table of Contents. The financial statement is the responsibility of the Court's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statement presents only the Court's Agency Funds activity and is not intended to present fairly the financial position and results of operations of Seward County Court in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Agency Funds of Seward County Court as of June 30, 1999, and the related activity for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2000, on our consideration of Seward County Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in cursive script that reads "Deann Hayffner CPA". The signature is written in dark ink and is positioned to the right of the date.

Deputy State Auditor

March 2, 2000

SEWARD COUNTY COURT
SEWARD, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Fiscal Year Ended June 30, 1999

Exhibit A

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
ASSETS				
Cash and Deposits	\$ 78,576	\$ 604,678	\$ 604,208	\$ 78,943
 LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 11,204	\$ 121,208	\$ 119,777	\$ 12,635
Law Enforcement Fees	778	8,227	8,007	998
Interest	199	2,125	2,169	155
State Judges Retirement Fund	483	5,531	5,444	570
Automation Fees	30	336	351	15
Legal Services Fees	756	8,172	7,938	990
 Due to County Treasurer:				
Regular Fines	25,503	287,472	283,797	29,178
Overload Fines	-	6,275	3,525	2,750
Regular Fees	1,535	27,088	26,802	1,821
 Due to Municipalities:				
Regular Fines	671	5,334	5,040	965
Regular Fees	117	829	852	94
 Trust Fund Benefits, Payable				
	37,197	132,081	140,506	28,772
Total Liabilities	\$ 78,473	\$ 604,678	\$ 604,208	\$ 78,943

See Notes to Financial Statement.

**SEWARD COUNTY COURT
NOTES TO FINANCIAL STATEMENT**

June 30, 1999

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Seward 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 Statement of Changes in Assets and Liabilities of the County Court reflects only the Agency Funds activity of the Court; the receipts, and their subsequent disbursement to the appropriate entities for which they were collected. The financial statement does not reflect the personal services expenses of the Court, which are paid by the Nebraska Supreme Court, or the operating expenses, which are paid by Seward County.

B. Basis of Accounting

The accounting records of the County Court Agency Funds are maintained, and the Statement of Changes in Assets and Liabilities has been prepared, on the modified accrual basis of accounting. Under this basis 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 because they are generally not measurable until actually 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 State Statute Section 25-2713, R.R.S. 1995. Funds are generally consolidated in an interest-bearing checking account; however, the 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 State Statute Section 77-2326.04, R.R.S. 1996, to be secured either by a surety bond or pledged collateral securities.

The carrying amounts and bank balances of total deposits consisted of checking accounts, which were as follows:

	Total Cash and Deposit Carrying Amount	Cash Amount	Deposit Carrying Amount	Bank Balance
June 30, 1999	\$ 78,943	\$ 298	\$ 78,645	\$ 102,428

SEWARD COUNTY COURT
NOTES TO FINANCIAL STATEMENT
(Continued)

2. Deposits and Investments (Concluded)

However, Funds were entirely covered by federal depository insurance or by collateral securities pledged to the Court and held by a Federal Reserve Bank or by a Bank or trust company in this State other than the depository bank, during the entire year.

STATE OF NEBRASKA
Auditor of Public Accounts



Kate Witek
State Auditor
kwitek05@nol.org

P.O. Box 98917
Suite 2303, State Capitol
Lincoln, NE 68509
402-471-2111, FAX 402-471-3301

**SEWARD COUNTY COURT
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statement of Seward County Court as of and for the year ended June 30, 1999, and have issued our report thereon dated March 2, 2000. The report was modified to emphasize that the financial statement presents only the Agency Funds of Seward County Court. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Seward County Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to management of Seward County Court in the Comments Section of this report as Comment Number 2 (Inventory Statement).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Seward County Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable

conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Seward County Court's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. A reportable condition is described in the Comments Section of the report as Comment Number 1 (Segregation of Duties).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider comment number 1 to be a material weakness.

This report is intended solely for the information and use of the Court, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Deann Haeflner CPA". The signature is written in dark ink and is positioned to the right of the date.

Deputy State Auditor

March 2, 2000