

**AUDIT REPORT
OF
PLATTE COUNTY COURT**

JULY 1, 2000 THROUGH JUNE 30, 2001

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PLATTE COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comments Section</u>	
Summary of Comments	1
Comments and Recommendations	2 - 3
<u>Financial Section</u>	
Independent Auditors' Report	4 - 5
Financial Statement:	
Statement of Changes in Assets and Liabilities - Agency Funds - For the Fiscal Year Ended June 30, 2001	6
Notes to Financial Statement	7
<u>Government Auditing Standards Section</u>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	8 - 9

PLATTE COUNTY COURT

SUMMARY OF COMMENTS

During our audit of the Platte 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:*** One individual was capable of handling all aspects of processing transactions from beginning to end.
2. ***Unclaimed Property:*** Checks, 34 totalling \$969, outstanding for more than three years had not been remitted to the Nebraska State Treasurer as unclaimed property.

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.

PLATTE 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 transactions from beginning to end. However, 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. Unclaimed Property

Neb. Rev. Stat. Section 69-1307.01 R.R.S. 1996 states, "Except as otherwise provided by law, all intangible personal property held for the owner by any court, . . . that has remained unclaimed by the owner for more than three years is presumed abandoned." Neb. Rev. Stat. Section 69-1310(a) R.R.S. 1996 states, "Every person holding funds or other property, tangible or intangible, presumed abandoned under the Uniform Disposition of Unclaimed Property Act shall report to the State Treasurer with respect to the property as hereinafter provided." Neb. Rev. Stat. Section 25-2717 R.R.S. 1995 states, "If any fees, money, condemnation awards, legacies, devises, sums due creditors, or costs due or belonging to any heir, legatee, or other person or persons have not been paid to or demanded by the person or persons entitled to the funds within three years from the date the funds were paid to the county judge or his or her predecessors in office, it shall be the duty of the county judge to notify the State Treasurer of the fees, money, condemnation awards, legacies, devises, sums due creditors, or costs remaining. When directed by the State Treasurer, the county judge shall remit the fees, money, condemnation awards, legacies, devises, sums due creditors, or costs to the State Treasurer for deposit in a separate trust fund pursuant to section 69-1317." Good internal control includes procedures which ensure unclaimed property is remitted to the Nebraska State Treasurer in a timely manner.

Platte County Court had 34 checks, totaling \$969, which were outstanding and older than three years as of February 28, 2002. They had not been remitted to the Nebraska State Treasurer as unclaimed property. The oldest outstanding check was dated November 21, 1996.

PLATTE COUNTY COURT

COMMENTS AND RECOMMENDATIONS

2. **Unclaimed Property** (Concluded)

There is an increased risk of misappropriation of assets when unclaimed property is not remitted to the Nebraska State Treasurer in a timely manner.

We recommend the Platte County Court remit to the State Treasurer unclaimed property that is over three years old when directed by the State Treasurer as required by Statute. Additionally, the Platte County Court should develop procedures to review outstanding checks and trust balances on a regular basis to identify accounts that are three years old or older.

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PLATTE COUNTY COURT

INDEPENDENT AUDITORS' REPORT

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We have audited the financial statement of Platte County Court as of and for the fiscal year ended June 30, 2001, 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.

Tim Channer, CPA
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Except as noted in the fourth paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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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 Platte County Court in conformity with generally accepted accounting principles.

Robert Hotz, JD
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In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to obtain the management representation letter from the Presiding Judge, the financial statement referred to above presents fairly, in all material respects, the financial position of the Agency Funds of Platte County Court as of June 30, 2001, 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 25, 2002, on our consideration of Platte County Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Handwritten signature of Timothy J. Chamber CPA in cursive script.

Assistant Deputy State Auditor

March 25, 2002

PLATTE COUNTY COURT
COLUMBUS, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2001

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
ASSETS				
Cash and Deposits	<u>\$ 125,301</u>	<u>\$ 1,061,079</u>	<u>\$ 914,217</u>	<u>\$ 272,163</u>
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 13,209	\$ 166,606	\$ 166,621	\$ 13,194
Law Enforcement Fees	643	8,282	8,132	793
Interest	194	2,700	2,744	150
State Judges Retirement Fund	493	7,147	6,973	667
Automation Fees	6	92	92	6
Legal Services Fees	687	8,963	8,802	848
Due to County Treasurer:				
Regular Fines	18,067	232,309	229,476	20,900
Overload Fines	1,875	14,800	15,125	1,550
Regular Fees	1,998	42,325	42,361	1,962
Petty Cash Fund	100	60	-	160
Due to Municipalities:				
Regular Fines	6,139	62,530	63,386	5,283
Regular Fees	40	6,286	5,768	558
Trust Fund Benefits Payable	<u>81,850</u>	<u>508,979</u>	<u>364,737</u>	<u>226,092</u>
Total Liabilities	<u>\$ 125,301</u>	<u>\$ 1,061,079</u>	<u>\$ 914,217</u>	<u>\$ 272,163</u>

The accompanying notes are an integral part of the financial statement.

PLATTE COUNTY COURT
NOTES TO FINANCIAL STATEMENT
 For the Year Ended June 30, 2001

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Platte 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 Platte 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 Neb. Rev. Stat. 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 Neb. Rev. Stat. Section 77-2326.04 R.S.Supp., 2001 to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.

The carrying amounts and bank balances of total deposits, consisting of checking accounts, savings accounts, money market accounts, and certificates of deposit, were as follows:

	Total Cash and Deposit <u>Carrying Amount</u>	<u>Cash Amount</u>	Deposit <u>Carrying Amount</u>	<u>Bank Balance</u>
June 30, 2001	\$ 272,163	\$ 160	\$ 272,003	\$ 262,796

However, Funds were entirely covered by federal depository insurance, 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.

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PLATTE 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

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We have audited the financial statement of Platte County Court as of and for the year ended June 30, 2001, and have issued our report thereon dated March 25, 2002. Our opinion on the financial statement of Platte County Court was qualified because we were unable to obtain a management representation letter from the Presiding Judge of Platte County Court. The report was also modified to emphasize that the financial statement presents only the Agency Funds of Platte County Court. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Platte 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 is required to be reported under Government Auditing Standards. We noted a certain immaterial instance of noncompliance that we have reported to management of Platte County Court in the Comments Section of this report as Comment Number 2 (Unclaimed Property).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Platte 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Platte County Court's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. The 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, we believe the reportable condition described above is a material weakness. We also noted another matter involving internal control over financial reporting that we have reported to management of the Platte County Court in the Comments Section of the report as Comment Number 2 (Unclaimed Property).

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.

Handwritten signature of Timothy J. Channer CPA in black ink.

Assistant Deputy State Auditor

March 25, 2002