

**AUDIT REPORT
OF
GREELEY COUNTY COURT**

JULY 1, 2005 THROUGH JUNE 30, 2007

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Issued on January 9, 2008

GREELEY COUNTY COURT

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GREELEY COUNTY COURT

SUMMARY OF COMMENTS

During our audit of Greeley 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 phases of a transaction from beginning to end.
2. ***Bond Assignments:*** The County Court did not consistently obtain, in writing, defendant assignments authorizing payment of bond deposits and/or proceeds to persons other than the defendants.

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

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

GREELEY 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 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 audits.

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. Bond Assignments

Neb. Rev. Stat. Section 29-901(3)(a) R.S.Supp., 2004, related to the execution of an appearance bond, requires return of bond deposits or proceeds to defendants upon various circumstances such as the performance of the defendant's appearance(s), declined and/or dismissed prosecution, bond reduction, etc.

The County Court did not consistently obtain written assignments from defendants to authorize the payment of bond deposits and/or proceeds to persons other than the defendants. Two out of ten adjustment transactions tested were related to bonds and were not properly supported by a bond assignment signed by the defendant.

Consistent documentation of the bond assignments reduce the County Court's liability should defendants subsequently deny having authorized such assignments.

We recommend the County Court be consistent in not returning bond deposits and/or proceeds to any person other than the defendant, unless the defendant has assigned, in writing, his or her bond.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@apa.ne.gov
P.O. Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

GREELEY COUNTY COURT INDEPENDENT AUDITORS' REPORT

Ms. Janice Walker, State Court Administrator
Nebraska Supreme Court
State Capitol, Room 1220
Lincoln, Nebraska 68509

We have audited the accompanying financial statements of Greeley County Court as of and for the fiscal years ended June 30, 2007, and June 30, 2006, as listed in the Table of Contents. The financial statements are the responsibility of the County Court's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also, as discussed in Note 1, the financial statements present only the County Court's Agency Funds activity and does not purport to, and does not, present fairly the assets, liabilities, and results of operations of Greeley County Court for the years then ended in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Agency Funds of Greeley County Court as of June 30, 2007, and June 30, 2006, and the related activity for the fiscal years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2008, on our consideration of Greeley County Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

January 8, 2008


Assistant Deputy Auditor

GREELEY COUNTY COURT
 GREELEY, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
ASSETS				
Cash and Deposits	\$ 11,216	\$ 77,222	\$ 67,753	\$ 20,685
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 1,260	\$ 12,254	\$ 12,543	\$ 971
Law Enforcement Fees	128	1,130	1,187	71
State Judges Retirement Fund	369	3,739	3,788	320
Court Administrative Fees	408	4,870	4,757	521
Legal Services Fees	407	4,181	4,257	331
Due to County Treasurer:				
Regular Fines	2,023	30,675	31,048	1,650
Overload Fines	-	1,850	1,850	-
Regular Fees	10	283	243	50
Trust Fund Payable	6,611	18,240	8,080	16,771
Total Liabilities	\$ 11,216	\$ 77,222	\$ 67,753	\$ 20,685

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

GREELEY COUNTY COURT
 GREELEY, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
ASSETS				
Cash and Deposits	\$ 7,248	\$ 78,048	\$ 74,080	\$ 11,216
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 989	\$ 13,778	\$ 13,507	\$ 1,260
Law Enforcement Fees	99	1,111	1,082	128
State Judges Retirement Fund	234	3,295	3,160	369
Court Administrative Fees	361	5,286	5,239	408
Legal Services Fees	269	3,536	3,398	407
Due to County Treasurer:				
Regular Fines	2,195	25,990	26,162	2,023
Overload Fines	150	475	625	-
Regular Fees	33	757	780	10
Trust Fund Payable	2,918	23,820	20,127	6,611
Total Liabilities	\$ 7,248	\$ 78,048	\$ 74,080	\$ 11,216

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

GREELEY COUNTY COURT
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2007, and June 30, 2006

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Greeley 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 Statements of Changes in Assets and Liabilities Arising from Cash Transactions of the County Court reflect only the Agency Funds activity of the County Court; the receipts, and their subsequent disbursement to the appropriate entities for which they were collected. The financial statements 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 Greeley County.

B. Basis of Accounting

The accounting records of the County Court Agency Funds are maintained, and the Statements of Changes in Assets and Liabilities Arising from Cash Transactions have been prepared, on the cash receipts and disbursements 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. Likewise, disbursements are shown as deductions to assets and a decrease in the related liability when a check is written. This differs from Generally Accepted Accounting Principles (GAAP) which requires the accrual basis of accounting. Under GAAP, Agency Funds would be reported in the Statement of Net Assets. Agency Funds are not reported in the Statement of Changes of Fiduciary Net Assets. Agency Funds are used to report resources held by the reporting government in a purely custodial capacity. Agency Funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

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 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. Section 77-2326.04 R.R.S. 2003 to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.

GREELEY COUNTY COURT
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Deposits and Investments (Concluded)

The carrying amounts and bank balances of total deposits, consisted of a checking account, 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, 2007	\$ 20,685	\$ -	\$ 20,685	\$ 21,086
June 30, 2006	\$ 11,216	\$ -	\$ 11,216	\$ 12,007

These funds were entirely covered by federal depository insurance.



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State Auditor

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P.O. Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

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

Ms. Janice Walker, State Court Administrator
Nebraska Supreme Court
State Capitol, Room 1220
Lincoln, Nebraska 68509

We have audited the financial statements of Greeley County Court as of and for the years ended June 30, 2007, and June 30, 2006, and have issued our report thereon dated January 8, 2008. The report was modified to emphasize that the financial statements present only the Agency Funds of Greeley County Court prepared on the basis of cash receipts and disbursements. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greeley County Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Court's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency described in the Comments Section of the report to be a significant deficiency in internal control over financial reporting: Comment Number 1 (Segregation of Duties).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County Court's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greeley County Court's financial statements are 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 or other matters that are required to be reported under *Government Auditing Standards*.

We also noted a certain additional matter that we reported to the management of Greeley County Court in the Comments Section of this report as Comment Number 2 (Bond Assignments).

This report is intended solely for the information and use of management, the Supreme Court, others within the Court, and the appropriate Federal and regulatory agencies; however, this report is a matter of public record and its distribution is not limited.

January 8, 2008


Assistant Deputy Auditor