

**ATTESTATION REPORT  
OF  
GARDEN COUNTY COURT  
JULY 1, 2009 THROUGH JUNE 30, 2011**

**This document is an official public record of the State of Nebraska, issued by  
the Auditor of Public Accounts.**

**Modification of this document may change the accuracy of the original  
document and may be prohibited by law.**

**Issued on February 14, 2012**

# GARDEN COUNTY COURT

## TABLE OF CONTENTS

	<u>Page</u>
<b><u>Comments Section</u></b>	
Summary of Comments	1
Comments and Recommendations	2 - 4
<b><u>Financial Section</u></b>	
Independent Accountant's Report	5 - 6
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2011	7
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2010	8
Notes to Financial Schedules	9

# GARDEN COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of Garden County Court, we noted certain deficiencies in internal control that we consider to be a material weakness and other operational matters that are presented here.

A deficiency in internal control 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 material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial schedule will not be prevented, or detected and corrected on a timely basis.

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:*** Considered to be a material weakness, one individual was capable of handling all phases of a transaction from beginning to end.
2. ***Unclaimed Property:*** The County Court did not report and remit trust balances, including outstanding checks, to the State Treasurer that were over three years old as required by State statute.
3. ***Overdue Balances:*** The County Court did not review its overdue balances on an ongoing, timely basis to ensure collection and/or resolution of such balances.
4. ***Citation Count Accuracy:*** The County Court did not have procedures in place to ensure the complete and accurate entry of defendant charges into the JUSTICE system.

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. 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 will be verified in the next examination.

# GARDEN 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 examinations.

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 would like to note that I became the Clerk Magistrate of this court in October of 2010. I have been working on addressing deficiencies of daily operation.*

*Segregation of Duties is something that this court can not control as there is usually only one staff at a time performing all of the courts functions.*

### 2. Unclaimed Property

At June 30, 2011, the County Court had three issued checks, totaling \$34, which had been outstanding in excess of three years and not subsequently remitted to the State Treasurer in accordance with the Unclaimed Property Act. This included two checks, totaling \$12, which should have been remitted by November 1, 2010, and one \$22 check which should have been remitted by November 1, 2011. As of January 19, 2012, these checks had not been voided and remitted to the State Treasurer.

Neb. Rev. Stat. § 69-1310 (Reissue 2009), the Unclaimed Property Act, provides any unclaimed property, after three years, is presumed abandoned. Any presumed abandoned property, as of June 30 each year, must be reported and remitted to the State Treasurer by November 1 of each year. When unclaimed property is not remitted to the State Treasurer in accordance with the Unclaimed Property Act, not only is the County Court not in compliance with State statute, but there is an increased risk of loss, theft, or misuse of those funds.

We recommend the County Court work to promptly remit all unclaimed property in its possession in accordance with State statute.

# GARDEN COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 2. Unclaimed Property (Concluded)

*County Court's Response: Upon speaking with the auditor I was unaware of the unclaimed property procedures. I have recently contacted another Clerk Magistrate and have been given information on how this and when this is to be done. This will become a yearly court practice in this court.*

### 3. Overdue Balances

Good internal control and sound business practices require overdue balances of the County Court be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or otherwise resolve those balances.

During testing of five overdue balances, four, totaling \$235, did not have subsequent action taken by the County Court to ensure collection and/or resolution of the balances, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible. As of December 31, 2011, overdue balances, excluding restitution judgments, totaled \$7,442.

Without regular review of overdue case balances, there is an increased risk overdue balances may either not have proper follow-up action taken or the balances may have been previously resolved and should no longer be reflected as being overdue.

We recommend the County Court implement ongoing, timely review of its Overdue Case Account reports to ensure timely collection and/or resolution of overdue balances.

*County Court's Response: The auditor and I worked on overdue balances and how to check and balance these. I will work with my staff on how to check and follow up on these cases to ensure that they are processed correctly. I have to work on training my staff to take note of cases and to communicate with me as I am not in the office on a daily basis.*

### 4. Citation Accuracy

Sound accounting practices and good internal control require County Courts have adequate procedures in place to ensure complete and accurate recording of citations and/or orders in the JUSTICE system, the computerized accounting and case management system of the County Court.

One of fifteen receipts tested was a traffic citation issued for speeding 6-10 miles per hour over the posted limit. While the County Court collected the correct \$73 in fines/costs in this case, the charge was incorrectly entered into JUSTICE as speeding 21-35 miles per hour over the posted limit. As a result of the County Court's incorrect entry of charges, the defendant's Nebraska drivers license had been assessed 3 points instead of the proper 1 point.

# GARDEN COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 4. Citation Accuracy (Concluded)

When citations are not completely and accurately entered into the JUSTICE system, there is an increased risk that the correct amount of fines may not be collected by the County Court, the JUSTICE system does not accurately reflect defendant charges, defendants have an inaccurate number of points assessed against their drivers licenses and defendants are potentially personally harmed in relation to their motor vehicle insurance premiums as a result of incorrect reporting of charges to the Department of Motor Vehicles.

Issues related to citation accuracy were also reported in the prior attestation report.

We strongly recommend the County Court immediately implement procedures to ensure complete and accurate recording of all citations and/or orders in the JUSTICE system.

*County Court's Response: Upon information from the auditor on Citation Court Accuracy, I immediately spoke with my staff and we went over how to ensure cases are entered properly. I have trained my staff and worked out a double check system to ensure that this does not happen. The case referenced in this document has been fixed and appropriate information has been sent to needed agencies. I have trained my staff on how to change counts and correct citations if it is entered incorrect the first time.*



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

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

## GARDEN COUNTY COURT

### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of Garden County Court as of and for the fiscal years ended June 30, 2011, and June 30, 2010. 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 Garden County Court as of June 30, 2011, and June 30, 2010, 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 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. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

January 19, 2012

Deann Haeffner, CPA  
Assistant Deputy Auditor



**GARDEN COUNTY COURT**  
**OSHKOSH, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 12,131	\$ 81,310	\$ 88,691	\$ 4,750
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,408	\$ 13,347	\$ 14,140	\$ 615
Law Enforcement Fees	133	1,038	1,115	56
State Judges Retirement Fund	427	3,441	3,666	202
Court Administrative Fees	794	7,603	8,088	309
Legal Services Fees	483	3,738	3,996	225
Due to County Treasurer:				
Regular Fines	2,965	24,225	26,054	1,136
Overload Fines	-	1,125	975	150
Regular Fees	18	884	843	59
Due to Municipalities:				
Regular Fines	-	30	30	-
Regular Fees	-	14	-	14
Trust Fund Payable	<u>5,903</u>	<u>25,865</u>	<u>29,784</u>	<u>1,984</u>
Total Liabilities	<u>\$ 12,131</u>	<u>\$ 81,310</u>	<u>\$ 88,691</u>	<u>\$ 4,750</u>

The accompanying notes are an integral part of the schedule.

**GARDEN COUNTY COURT**  
**OSHKOSH, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>ASSETS</b>				
Cash and Deposits	\$ 10,433	\$ 84,907	\$ 83,209	\$ 12,131
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,182	\$ 13,526	\$ 13,300	\$ 1,408
Law Enforcement Fees	51	1,074	992	133
State Judges Retirement Fund	218	3,952	3,743	427
Court Administrative Fees	338	6,647	6,191	794
Legal Services Fees	273	4,344	4,134	483
Due to County Treasurer:				
Regular Fines	1,934	29,110	28,079	2,965
Overload Fines	-	200	200	-
Regular Fees	4	570	556	18
Due to Municipalities:				
Regular Fines	-	105	105	-
Trust Fund Payable	6,433	25,379	25,909	5,903
Total Liabilities	\$ 10,433	\$ 84,907	\$ 83,209	\$ 12,131

The accompanying notes are an integral part of the schedule.

**GARDEN COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**  
For the Fiscal Years Ended June 30, 2011, and June 30, 2010

**1. Criteria**

**A. Reporting Entity**

The Garden 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; 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 Garden 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 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.