

**ATTESTATION REPORT
OF
JEFFERSON 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 May 29, 2012

JEFFERSON COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comments Section</u>	
Comment and Recommendation	1
<u>Financial Section</u>	
Independent Accountant's Report	2 - 3
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2011	4
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2010	5
Notes to Financial Schedules	6

JEFFERSON COUNTY COURT

COMMENT AND RECOMMENDATION

During our examination of Jefferson County Court, we noted a certain deficiency in internal control that we consider to be a material weakness that is 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.

The following comment and recommendation is intended to improve the internal control over financial reporting in the following area:

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.

It should be noted this report is critical in nature as it contains only our comment and recommendation on the area 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 comment and recommendation included in this report. The County Court declined to respond.



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

JEFFERSON COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

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

May 14, 2012

Deann Haeffner, CPA
Assistant Deputy Auditor

JEFFERSON COUNTY COURT
FAIRBURY, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
ASSETS				
Cash and Deposits	\$ 29,175	\$ 192,022	\$ 200,184	\$ 21,013
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 3,295	\$ 33,353	\$ 33,227	\$ 3,421
Law Enforcement Fees	268	2,780	2,593	455
State Judges Retirement Fund	966	9,622	8,887	1,701
Court Administrative Fees	1,558	15,299	14,607	2,250
Legal Services Fees	1,013	9,856	9,390	1,479
Due to County Treasurer:				
Regular Fines	4,281	55,302	56,491	3,092
Overload Fines	2,500	3,025	5,525	-
Regular Fees	554	2,334	2,755	133
Due to Municipalities:				
Regular Fines	500	3,030	3,032	498
Regular Fees	-	1,153	1,153	-
Trust Fund Payable	14,240	56,268	62,524	7,984
Total Liabilities	\$ 29,175	\$ 192,022	\$ 200,184	\$ 21,013

The accompanying notes are an integral part of the schedule.

JEFFERSON COUNTY COURT
FAIRBURY, NEBRASKA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2010

	<u>Balance</u>		<u>Deductions</u>	<u>Balance</u>
	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2010</u>
ASSETS				
Cash and Deposits	\$ 21,096	\$ 203,659	\$ 195,580	\$ 29,175
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 2,995	\$ 35,976	\$ 35,676	\$ 3,295
Law Enforcement Fees	162	3,014	2,908	268
State Judges Retirement Fund	704	11,423	11,161	966
Court Administrative Fees	946	17,331	16,719	1,558
Legal Services Fees	837	11,959	11,783	1,013
Due to County Treasurer:				
Regular Fines	3,783	60,113	59,615	4,281
Overload Fines	175	9,000	6,675	2,500
Regular Fees	74	3,041	2,561	554
Due to Municipalities:				
Regular Fines	300	3,680	3,480	500
Regular Fees	-	1,911	1,911	-
Trust Fund Payable	<u>11,120</u>	<u>46,211</u>	<u>43,091</u>	<u>14,240</u>
Total Liabilities	<u>\$ 21,096</u>	<u>\$ 203,659</u>	<u>\$ 195,580</u>	<u>\$ 29,175</u>

The accompanying notes are an integral part of the schedule.

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

1. Criteria

A. Reporting Entity

The Jefferson 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 Jefferson 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.