

**ATTESTATION REPORT  
OF  
HAMILTON COUNTY COURT  
JULY 1, 2012 THROUGH JUNE 30, 2014**

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**Issued on May 21, 2015**

# HAMILTON COUNTY COURT

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# HAMILTON COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of the Hamilton County Court, we noted certain deficiencies 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 following areas:

1. ***Segregation of Duties:*** One individual was capable of handling all phases of a transaction from beginning to end.
2. ***Review of Trust Balances:*** The County Court did not review its trust balances on an ongoing, timely basis to ensure balances were current, proper, and in compliance with State statute.
3. ***Non-Waiverable Court Costs:*** The County Court waived court costs that, according to State statute, were non-waiverable.
4. ***Non-Monetary Receipt Documentation:*** The County Court did not have documentation to support a non-monetary receipt.

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

# HAMILTON COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

### 1. Segregation of Duties

Good internal control includes a plan of organization, procedures, and documentation designed to safeguard assets and provide reliable financial records. A system of internal control should include a 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 lacked a segregation of duties. Specifically, 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 included this comment in previous examinations. We consider this to be a material weakness.

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. Review of Trust Balances

Good internal control and sound accounting practices require all trust balances to be reviewed on a timely basis to ensure that such balances are proper and current.

Neb. Rev. Stat. § 69-1307.01 (Reissue 2009), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a court and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009) requires any unclaimed abandoned property, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 of each year.

During review of the County Court's trust balances, we noted the following:

- A bond was receipted on June 18, 2012, but no documentation is on file supporting whether the bond was forfeited or follow-up was performed.
- Three overpayments, totaling \$16, remained unclaimed and were not remitted to the State Treasurer's office as unclaimed property.

We recommend the County Court work to remit promptly all unclaimed property in its possession in accordance with State statute. Additionally, we recommend the County Court implement procedures to ensure a timely review of all trust balances to ensure such balances are correct and current.

# HAMILTON COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Concluded)

### 3. Non-Waiverable Court Costs

Neb. Rev. Stat. § 29-2709 (Reissue 2008) provides, in relevant part, the following:

*When any costs in misdemeanor, traffic, felony preliminary, or juvenile cases in county court, except for those costs provided for in subsection (3) of section 24-703, two dollars of the fee provided in section 33-107.01, the court automation fee provided in section 33-107.03, and the uniform data analysis fee provided in section 47-633, are found by a county judge to be uncollectible for any reason, including the dismissal of the case, such costs shall be deemed waived . . . .*

We noted one instance of the non-waiverable \$8 court automation fee provided in Neb. Rev. Stat. § 33-107.03 (Cum. Supp. 2014) being improperly waived.

When non-waiverable costs are waived, the County Court is not in compliance with State statute.

We recommend the County Court waive court fees only when provided for in State statute.

### 4. Non-Monetary Receipt Documentation

Good internal control requires supporting documentation to be available for all non-monetary receipt transactions in order to ensure receipts are accurate and proper.

During our review of non-monetary receipts, we noted one non-monetary receipt, totaling \$43, was not issued on a transferred case from another county for nearly 18 months.

When non-monetary receipts are not issued in a timely manner, there is an increased risk that improper receipts could be made.

We recommend the County Court implement procedures to ensure non-monetary receipts are issued in a timely manner.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### HAMILTON COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Hamilton County Court as of and for the fiscal years ended June 30, 2014, and June 30, 2013. 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 the Hamilton County Court, as of June 30, 2014, and June 30, 2013, 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 are also required to obtain the views of management on those matters. 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, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

April 27, 2015



Don Dunlap, CPA  
Assistant Deputy Auditor

**HAMILTON COUNTY COURT**  
**AURORA, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b>ASSETS</b>				
Cash and Deposits	\$ 33,227	\$ 340,213	\$ 300,392	\$ 73,048
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 3,438	\$ 47,573	\$ 45,890	\$ 5,121
Law Enforcement Fees	323	4,455	4,468	310
State Judges Retirement Fund	1,122	13,999	14,002	1,119
Court Administrative Fees	1,637	23,395	23,419	1,613
Legal Services Fees	1,220	16,078	16,150	1,148
Due to County Treasurer:				
Regular Fines	6,282	95,250	93,671	7,861
Overload Fines	225	4,250	4,225	250
Regular Fees	78	3,579	3,647	10
Due to Municipalities:				
Regular Fines	-	1,200	1,167	33
Trust Fund Payable	18,902	130,434	93,753	55,583
<b>Total Liabilities</b>	<b>\$ 33,227</b>	<b>\$ 340,213</b>	<b>\$ 300,392</b>	<b>\$ 73,048</b>

The accompanying notes are an integral part of the schedule.

**HAMILTON COUNTY COURT**  
**AURORA, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>ASSETS</b>				
Cash and Deposits	\$ 38,873	\$ 313,478	\$ 319,124	\$ 33,227
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 4,363	\$ 45,691	\$ 46,616	\$ 3,438
Law Enforcement Fees	330	4,539	4,546	323
State Judges Retirement Fund	1,201	14,382	14,461	1,122
Court Administrative Fees	1,587	25,765	25,715	1,637
Legal Services Fees	1,239	16,347	16,366	1,220
Due to County Treasurer:				
Regular Fines	8,791	102,139	104,648	6,282
Overload Fines	480	4,325	4,580	225
Regular Fees	129	4,589	4,640	78
Due to Municipalities:				
Regular Fines	-	515	515	-
Trust Fund Payable	20,753	95,186	97,037	18,902
<b>Total Liabilities</b>	<b>\$ 38,873</b>	<b>\$ 313,478</b>	<b>\$ 319,124</b>	<b>\$ 33,227</b>

The accompanying notes are an integral part of the schedule.

HAMILTON COUNTY COURT  
NOTES TO FINANCIAL SCHEDULES  
For the Fiscal Years Ended June 30, 2014, and June 30, 2013

**1. Criteria**

**A. Reporting Entity**

The Hamilton 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, including 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 Hamilton 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 as 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.