

**ATTESTATION REPORT  
OF  
MADISON COUNTY COURT  
JULY 1, 2013 THROUGH JUNE 30, 2015**

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**Issued on June 8, 2016**

# MADISON COUNTY COURT

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# MADISON COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of the Madison County Court, we noted a certain deficiency and other operational matters that are presented here.

This comment and recommendation is intended to improve the internal control over financial reporting or result in operational efficiencies in the following area:

### **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, 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 included this comment in previous examinations. We specifically noted access to signature stamps is not limited to the individual whose name is on the stamp. 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.

*County Court's Response: Due to the volume of work that passes through the Madison County Court and the workload of each employee it is not efficient for someone not to issue receipts. All employees are given certain case types to work on and for someone else to receipt money on cases another employee is familiar with is not an efficient way to operate in our Court. We do take turns balancing each other's cash drawers at the end of the day on different days of the week and different people take the deposit to the bank.*

*Signature stamps are only used to stamp waivers and time pay agreements, all employees are trained to help people who would come to the counter to pay a waiver so all employees would need to stamp the waiver with a signature stamp. It is beneficial for the public that all court staff are knowledgeable in processing citations rather than have to wait for only one or two people to assist them.*

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.

# MADISON COUNTY COURT

## **COMMENT AND RECOMMENDATION**

(Concluded)

Draft copies of this report were furnished to the County Court to provide management an opportunity to review the report and to respond to the comment and recommendation included in this report. The formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but it will be verified in the next examination.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### MADISON COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Madison County Court as of and for the fiscal years ended June 30, 2015, and June 30, 2014. 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 Madison County Court, as of June 30, 2015, and June 30, 2014, 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 view of management, is described in the Comment 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.



Craig Kubicek, CPA, CFE  
Assistant Deputy Auditor

May 10, 2016

**MADISON COUNTY COURT**  
**MADISON, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>ASSETS</b>				
Cash and Deposits	\$ 164,964	\$ 1,208,813	\$ 1,225,985	\$ 147,792
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 18,587	\$ 154,620	\$ 161,311	\$ 11,896
Law Enforcement Fees	1,326	13,779	14,107	998
State Judges Retirement Fund	4,317	44,080	45,301	3,096
Court Administrative Fees	9,924	106,812	109,043	7,693
Legal Services Fees	4,558	46,738	47,928	3,368
Due to County Treasurer:				
Regular Fines	26,318	300,105	304,153	22,270
Overload Fines	3,400	13,950	16,150	1,200
Regular Fees	4,647	18,057	21,618	1,086
Petty Cash Fund	250	-	-	250
Due to Municipalities:				
Regular Fines	9,247	95,515	94,781	9,981
Regular Fees	1,105	9,466	10,081	490
Trust Fund Payable	81,285	405,691	401,512	85,464
<b>Total Liabilities</b>	<b>\$ 164,964</b>	<b>\$ 1,208,813</b>	<b>\$ 1,225,985</b>	<b>\$ 147,792</b>

The accompanying notes are an integral part of the schedule.

**MADISON COUNTY COURT**  
**MADISON, 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	\$ 141,357	\$ 1,216,543	\$ 1,192,936	\$ 164,964
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 11,630	\$ 169,282	\$ 162,325	\$ 18,587
Law Enforcement Fees	1,099	14,712	14,485	1,326
State Judges Retirement Fund	3,785	49,052	48,520	4,317
Court Administrative Fees	6,732	111,475	108,283	9,924
Legal Services Fees	4,059	50,681	50,182	4,558
Due to County Treasurer:				
Regular Fines	28,421	310,989	313,092	26,318
Overload Fines	1,300	19,100	17,000	3,400
Regular Fees	1,181	23,235	19,769	4,647
Petty Cash Fund	250	-	-	250
Due to Municipalities:				
Regular Fines	5,636	89,133	85,522	9,247
Regular Fees	543	10,352	9,790	1,105
Trust Fund Payable	76,721	368,532	363,968	81,285
<b>Total Liabilities</b>	<b>\$ 141,357</b>	<b>\$ 1,216,543</b>	<b>\$ 1,192,936</b>	<b>\$ 164,964</b>

The accompanying notes are an integral part of the schedule.

**MADISON COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**  
For the Fiscal Years Ended June 30, 2015, and June 30, 2014

**1. Criteria**

**A. Reporting Entity**

The Madison 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 Madison 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.