

**AUDIT REPORT  
OF  
PERKINS COUNTY COURT**

**JULY 1, 1999 THROUGH JUNE 30, 2000**

# PERKINS COUNTY COURT

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## PERKINS COUNTY COURT

### SUMMARY OF COMMENTS

During our audit of the Perkins 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
2. Unclaimed Property
3. Restrictive Endorsement
4. Fines

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature since it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the Court.

Draft copies of this report were furnished to the 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. Where no response has been included, the Court declined to respond. 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 audit.

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

# PERKINS 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 since one person was capable of handling all aspects of processing transactions from beginning to end. However, due to a limited number of personnel, an adequate segregation of duties is not possible without additional cost. 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 along with 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. Unclaimed Property

Neb. Rev. Stat. 69-1307.01, R.R.S. 1996, requires all intangible personal property held for the owner by any court that has remained unclaimed by the owner for more than three years is presumed abandoned. Neb. Rev. Stat. 69-1310, R.R.S. 1996, requires all property presumed abandoned during the fiscal year to be reported and remitted to the State Treasurer by November 1.

During our audit, we noted seven checks, totaling \$54, which were outstanding over three years as of June 30, 2000. As of November 1, 2000, these checks had not been reported or remitted to the State Treasurer as required by State statutes. These checks were subsequently remitted with additional unclaimed property funds in March 2001.

We recommend the Court remit all unclaimed property to the State Treasurer in accordance with State statutes.

### 3. Restrictive Endorsement

In order to reduce the risk of loss, theft, or misuse of monies collected by the Court, sound accounting practices require the immediate restrictive endorsement of all checks received.

During a surprise cash count, we observed six checks, totaling \$841, which had been receipted but had not been restrictively endorsed.

## PERKINS COUNTY COURT

### COMMENTS AND RECOMMENDATIONS

#### 3. Restrictive Endorsement (Concluded)

We recommend the Court restrictively endorse all checks received immediately upon receipt.

#### 4. Fines

Neb. Rev. Stat. 60-682.01 R.R.S. 1998, which outlines speed limit violations and fines, sets a \$75 fine for individuals cited traveling eleven to fifteen miles per hour over the authorized speed limit. Good accounting practice requires fees and fines be collected and disbursed according to the Nebraska County Court Waiver/Fine Schedule and the various municipal ordinances.

During our audit, the following was noted:

- Two of fifteen Court receipts tested were for speed limit violations which did not have fines correctly assessed according to State statute. Both of the exceptions noted were for violations of traveling 71 miles per hour in a 60 mile per hour zone which should, according to Statute, involve a \$75 fine. In both cases, fines of \$25 were assessed.
- One of fifteen Court receipts tested was for a \$10 municipal fine which was incorrectly posted as an Overload fine in the Court's Cash and Fee book.

We recommend all fees and fines collected and disbursed by the Court be according to the Nebraska County Court Waiver/Fine Schedule as well as the various municipal ordinances.

*Court's Response: The practice of the Perkins County Court is to collect and disburse fines according to the Nebraska County Court Waiver/Fine Schedule and the various municipal ordinances.*

- *The two receipts in question are from Case Nos. TR99-192 and TR99-193. The citations were issued by the same officer 3 hours apart. The officer marked waiver allowed for both cases for Speeding 71-60 and set out that the defendants were to pay a \$25 fine and costs of \$23. This was in error according to the Waiver/Fine Schedule, and the error went undetected by me. Due to the length of time from the issuance of the citation, I have asked Judge Leffler to waive \$50 in fines on both cases which he did on May 10.*

*I do my best to catch officer errors. When I do detect an error in the fine amount, it is my practice to try to collect the difference. If that fails, the county attorney and/or the county judge is consulted regarding further action.*

## PERKINS COUNTY COURT

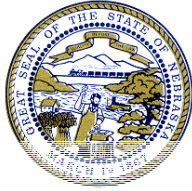
### COMMENTS AND RECOMMENDATIONS

#### 4. **Fines** (Concluded)

- *The \$10 municipal fine which was incorrectly posted as an Overload fine in the court's Cash and Fee book was an error. The fine money should have been paid to the Perkins County Treasurer as a Madrid Muni fine. At the time of this audit, I was closing out my old court checking account and was strictly using the JUSTICE receipting system for fees/fines. Because of this, the Perkins County Treasurer was asked to and did on May 7, 2001, make an adjustment from the April, 2001, overload fines to the Muni Fines Madrid account.*

STATE OF NEBRASKA  
Auditor of Public Accounts

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PERKINS COUNTY COURT

**INDEPENDENT AUDITORS' REPORT**

We have audited the financial statement of Perkins County Court as of and for the fiscal year ended June 30, 2000, as listed in the Table of Contents. The financial statement is the responsibility of the Court's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement presents only the Court's Agency Funds activity and is not intended to present fairly the financial position and results of operations of Perkins County Court in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Agency Funds of Perkins County Court as of June 30, 2000, and the related activity for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 17, 2001, on our consideration of Perkins County Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

April 17, 2001

A handwritten signature in dark ink, reading "Deann Hagffner CPA". The signature is written in a cursive, flowing style.

Deputy State Auditor



PERKINS COUNTY COURT  
GRANT, NEBRASKA  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2000

	Balance <u>July 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2000</u>
<b>ASSETS</b>				
Cash and Deposits	<u>\$ 7,499</u>	<u>\$ 86,970</u>	<u>\$ 86,238</u>	<u>\$ 8,231</u>
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 848	\$ 11,509	\$ 10,544	\$ 1,813
Law Enforcement Fees	42	836	788	90
State Judges Retirement Fund	47	726	650	123
Automation Fees	-	12	12	-
Legal Services Fees	52	880	840	92
Due to County Treasurer:				
Regular Fines	1,200	27,913	26,013	3,100
Overload Fines	2,175	8,787	10,737	225
Regular Fees	127	1,060	1,186	1
Due to Municipalities:				
Regular Fines	-	175	165	10
Trust Fund Benefits Payable	<u>3,008</u>	<u>35,072</u>	<u>35,303</u>	<u>2,777</u>
Total Liabilities	<u>\$ 7,499</u>	<u>\$ 86,970</u>	<u>\$ 86,238</u>	<u>\$ 8,231</u>

See Notes to Financial Statement.

**PERKINS COUNTY COURT**  
**NOTES TO FINANCIAL STATEMENT**

June 30, 2000

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Perkins 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 Statement of Changes in Assets and Liabilities of the County Court reflects only the Agency Funds activity of the Court; the receipts, and their subsequent disbursement to the appropriate entities for which they were collected. The financial statement does not reflect the personal services expenses of the Court, which are paid by the Nebraska Supreme Court, or the operating expenses, which are paid by Perkins County.

**B. Basis of Accounting**

The accounting records of the County Court Agency Funds are maintained, and the Statement of Changes in Assets and Liabilities has been prepared, on the modified accrual 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 because they are generally not measurable until actually received. Likewise, disbursements are shown as deductions to assets and a decrease in the related liability when a check is written.

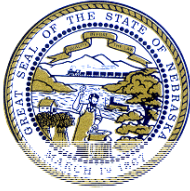
**2. Deposits and Investments**

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. Section 25-2713 R.R.S., 1995. Funds are generally consolidated in an interest-bearing checking account; however, the 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., 1996, to be secured either by a surety bond or as provided in the Public Funds Deposit Security Act.

The June 30, 2000 carrying amount of total deposits, which includes a checking account and savings account, was \$8,231. The bank balance was \$14,914. All funds were entirely covered by federal depository insurance.

STATE OF NEBRASKA  
Auditor of Public Accounts

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

We have audited the financial statement of Perkins County Court as of and for the year ended June 30, 2000, and have issued our report thereon dated April 17, 2001. The report was modified to emphasize that the financial statement presents only the Agency Funds of Perkins County Court. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Perkins County Court's financial statement is 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 that are required to be reported under Government Auditing Standards. We also noted certain immaterial instances of noncompliance that we have reported to management of Perkins County Court in the Comments Section of this report as Comment Number 2 (Unclaimed Property) and Comment Number 4 (Fines).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Perkins County Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over

financial reporting and its operation which we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Perkins County Court's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. A reportable condition is described in the Comments Section of the report as Comment Number 1 (Segregation of Duties).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, Comment Number 1 to be a material weakness. We also noted another matter involving internal control over financial reporting that we have reported to management of the Perkins County Court in the Comments Section of the report as Comment Number 3 (Restrictive Endorsement).

This report is intended solely for the information and use of the Court, the appropriate Federal and regulatory agencies, and citizens of the State of Nebraska, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, reading "Deann Hayfman CPA". The signature is written in a cursive, flowing style.

Deputy State Auditor

April 17, 2001