

**ATTESTATION REPORT
OF
SAUNDERS COUNTY COURT
JULY 1, 2007 THROUGH JUNE 30, 2009**

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Issued on March 23, 2010

SAUNDERS COUNTY COURT

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SAUNDERS COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Saunders 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:*** One individual was capable of handling all phases of a transaction from beginning to end.
2. ***Case Balance:*** For one of fifteen cases tested, the balance due entered in JUSTICE did not agree to the court order in the case file.

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. The County Court declined to respond.

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

SAUNDERS 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.

2. Case Balance

Good internal control requires the amounts due in the County Court's accounting system (JUSTICE) agree with supporting information contained in the case files.

For one of fifteen case files tested, the auditor could not agree the amount due shown in JUSTICE to the amount due per the court order. This case's order of default contained two separate orders with distinct interest rates. When entering this case into JUSTICE, the County Court combined both orders and applied only the smaller interest rate to all of the balance due.

Without consistent and accurate entry procedures, there is an increased risk of theft or loss of County Court funds.

We recommend the County Court strengthen control procedures to ensure the accurate input of case file information.



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SAUNDERS COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of Saunders County Court as of and for the fiscal years ended June 30, 2009, and June 30, 2008. 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 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 Saunders County Court as of June 30, 2009, and June 30, 2008, 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 have also issued our report dated February 18, 2010, on our consideration of Saunders County Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an attestation engagement performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

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

February 18, 2010

Timothy J. Channer, CPA
Assistant Deputy Auditor

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

For the Fiscal Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
ASSETS				
Cash and Deposits	\$ 164,242	\$ 653,621	\$ 734,670	\$ 83,193
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 13,154	\$ 84,324	\$ 90,702	\$ 6,776
Law Enforcement Fees	535	4,888	5,064	359
State Judges Retirement Fund	2,199	21,046	21,587	1,658
Court Administrative Fees	5,165	54,883	54,611	5,437
Legal Services Fees	2,662	25,390	26,095	1,957
Due to County Treasurer:				
Regular Fines	17,118	182,188	184,999	14,307
Overload Fines	4,150	44,175	47,950	375
Regular Fees	891	14,922	14,927	886
Due to Municipalities:				
Regular Fines	75	645	690	30
Trust Fund Payable	118,293	221,160	288,045	51,408
Total Liabilities	\$ 164,242	\$ 653,621	\$ 734,670	\$ 83,193

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash and Deposits	\$ 140,188	\$ 789,388	\$ 765,334	\$ 164,242
 LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 7,358	\$ 95,284	\$ 89,488	\$ 13,154
Law Enforcement Fees	497	5,217	5,179	535
State Judges Retirement Fund	1,994	21,773	21,568	2,199
Court Administrative Fees	5,030	51,642	51,507	5,165
Legal Services Fees	2,423	26,161	25,922	2,662
 Due to County Treasurer:				
Regular Fines	18,138	195,226	196,246	17,118
Overload Fines	5,275	31,100	32,225	4,150
Regular Fees	1,331	20,625	21,065	891
 Due to Municipalities:				
Regular Fines	65	865	855	75
Trust Fund Payable	98,077	341,495	321,279	118,293
Total Liabilities	\$ 140,188	\$ 789,388	\$ 765,334	\$ 164,242

The accompanying notes are an integral part of the schedule.

SAUNDERS COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2009, and June 30, 2008

1. Criteria

A. Reporting Entity

The Saunders 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 Saunders 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.



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SAUNDERS COUNTY COURT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN EXAMINATION OF THE FINANCIAL SCHEDULES PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have examined the accompanying Schedules of Saunders County Court as of and for the years ended June 30, 2009, and June 30, 2008, and have issued our report thereon dated February 18, 2010. We conducted our examination 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.

Internal Control Over Financial Reporting

In planning and performing our examination, we considered Saunders County Court's internal control over financial reporting as a basis for designing our procedures for the purpose of expressing our opinion on the Schedules, but not for the purpose of expressing an opinion on the effectiveness of the County Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Court's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the accounting system and procedures prescribed by the Nebraska Supreme Court such that there is more than a remote likelihood that a misstatement of the entity's Schedules that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency described in the Comments Section of the report to be a significant deficiency in internal control over financial reporting: Comment Number 1 (Segregation of Duties).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Schedules will not be prevented or detected by the County Court's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Saunders County Court's Schedules are 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 Schedule 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 or other matters that are required to be reported under *Government Auditing Standards*.

We also noted a certain additional matter that we reported to the management of Saunders County Court in the Comments Section of this report as Comment Number 2 (Case Balance).

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

February 18, 2010

Timothy J. Channer, CPA
Assistant Deputy Auditor