

**ATTESTATION REPORT
OF
OTOE COUNTY COURT
JULY 1, 2011 THROUGH JUNE 30, 2013**

**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 September 18, 2013

OTOE COUNTY COURT

TABLE OF CONTENTS

	<u>Page</u>
<u>Comments Section</u>	
Summary of Comments	1
Comments and Recommendations	2
<u>Financial Section</u>	
Independent Accountant's Report	3 - 4
Financial Schedules:	
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2013	5
Schedule of Changes in Assets and Liabilities Arising from Cash Transactions - Agency Funds - For the Fiscal Year Ended June 30, 2012	6
Notes to Financial Schedules	7

OTOE COUNTY COURT

SUMMARY OF COMMENTS

During our examination of Otoe 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. ***Unclaimed Property:*** The County Court did not report and remit trust balances to the State Treasurer that were over three years old as required by State statute.

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. All formal responses received have been incorporated into this report. 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 examination.

OTOE 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 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.

County Court's Response: We will continue to work on this issue. We have several recommendations made by the Auditor in place already.

2. Unclaimed Property

As of June 30, 2013, we noted four of fifteen case balances tested, totaling \$1,293, had been inactive in excess of three years. We also noted two checks totaling \$1,277 that were outstanding over three years. As of August 27, 2013, the County Court had not researched and/or paid these items over to the State Treasurer as unclaimed property.

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 as abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2009), provides any unclaimed abandoned property, as of June 30 each year, must be reported and remitted to the State Treasurer by November 1 of each year.

We recommend the County Court work to promptly remit all unclaimed property in its possession in accordance with State statute.

County Court's Response: We have researched a number of the items. One of the items not paid to unclaimed property was a case involving identity theft, it was recommended by the Auditor that we send this money in as payee unknown. In previous years, I did not get a recommendation by the Auditor on how to process identity theft cases. A couple of the outstanding checks involve claims with the City of Nebraska City. I have researched this but cannot find that the City of Nebraska City actually paid these claims. Therefore, I did not send the checks to the City of Nebraska City. The Auditors' recommended that we send this in as payee unknown.



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.nebraska.gov

OTOE COUNTY COURT

INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of Otoe County Court as of and for the fiscal years ended June 30, 2013, and June 30, 2012. 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 Otoe County Court as of June 30, 2013, and June 30, 2012, 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 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.

SIGNED ORIGINAL ON FILE

August 27, 2013

Deann Haeffner, CPA
Assistant Deputy Auditor

OTOE COUNTY COURT
NEBRASKA CITY, 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
ASSETS				
Cash and Deposits	\$ 104,650	\$ 732,999	\$ 737,413	\$ 100,236
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 8,909	\$ 90,584	\$ 91,103	\$ 8,390
Law Enforcement Fees	921	8,737	8,820	838
State Judges Retirement Fund	2,828	28,652	28,866	2,614
Court Administrative Fees	4,751	57,525	58,181	4,095
Legal Services Fees	3,147	30,301	30,564	2,884
Due to County Treasurer:				
Regular Fines	23,177	217,757	220,634	20,300
Overload Fines	8,475	78,475	80,475	6,475
Regular Fees	851	14,088	11,675	3,264
Due to Municipalities:				
Regular Fines	251	4,226	4,078	399
Regular Fees	84	127	211	-
Trust Fund Payable	51,256	202,527	202,806	50,977
Total Liabilities	\$ 104,650	\$ 732,999	\$ 737,413	\$ 100,236

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Cash and Deposits	\$ 159,382	\$ 806,089	\$ 860,821	\$ 104,650
LIABILITIES				
Due to State Treasurer:				
Regular Fees	\$ 11,801	\$ 100,416	\$ 103,308	\$ 8,909
Law Enforcement Fees	1,054	10,248	10,381	921
State Judges Retirement Fund	3,385	32,380	32,937	2,828
Court Administrative Fees	5,089	65,408	65,746	4,751
Legal Services Fees	3,644	34,806	35,303	3,147
Due to County Treasurer:				
Regular Fines	28,464	258,837	264,124	23,177
Overload Fines	13,948	91,526	96,999	8,475
Regular Fees	566	13,932	13,647	851
Due to Municipalities:				
Regular Fines	474	3,981	4,204	251
Regular Fees	-	104	20	84
Trust Fund Payable	90,957	194,451	234,152	51,256
Total Liabilities	\$ 159,382	\$ 806,089	\$ 860,821	\$ 104,650

The accompanying notes are an integral part of the schedule.

OTOE COUNTY COURT
NOTES TO FINANCIAL SCHEDULES
For the Fiscal Years Ended June 30, 2013, and June 30, 2012

1. Criteria

A. Reporting Entity

The Otoe 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 Otoe 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 2012). 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.