

**ATTESTATION REPORT  
OF  
SALINE COUNTY COURT**

**JULY 1, 2011 THROUGH JUNE 30, 2013**

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**Issued on April 15, 2014**

# SALINE COUNTY COURT

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# SALINE COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of the Saline 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. ***Non-Waiverable Court Costs:*** The County Court waived court costs that, according to State statute, were non-waiverable.
3. ***Timeliness of Deposits:*** All receipts were not deposited to the bank in a timely manner.
4. ***Insufficient Pledged Collateral:*** The County Court did not have sufficient pledged collateral to protect deposits at all times during the audit period.
5. ***Overdue Balances:*** The County Court did not review its overdue balances on an ongoing, timely basis to ensure collection and/or resolution of such balances.

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.

# SALINE 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 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. Non-Waiverable Court Costs

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

*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 (judges retirement fee), two dollars of the fee provided in section 33-107.01 (legal services fee), 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 the following instances where the Court waived non-waiverable fees and costs:

- Four instances where \$17 of non-waiverable court costs were waived.
- One instance where \$62 in other court costs were waived when the defendant applied jail time for payment of fines and costs even though, per court order, jail time could not be applied to these costs.

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

We recommend the County Court only waive court fees and costs when provided for in State statute and/or court orders.

# SALINE COUNTY COURT

### **3. Timeliness of Deposits**

Good internal controls and sound accounting practices require that all deposits to the bank be made in a timely manner.

During testing, we noted three instances where receipts were deposited 4 to 11 days after the date of receipt. When deposits are not made in a timely manner, there is an increased risk of loss or misuse of funds.

We recommend the County Court implement procedures to ensure deposits are performed in a timely manner, at least every other day.

### **4. Insufficient Pledged Collateral**

Neb. Rev. Stat. § 77-2326.04 (Reissue 2009) states, in relevant part:

*No deposits in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation [FDIC] shall be made to accumulate in any bank, capital stock financial institution, or qualifying mutual financial institution designated as a depository unless and until the county judge, clerk of the county court, or clerk of the district court, as the case may be, has received from such depository as security for the prompt repayment by the depository of his or her respective deposits in excess of the amount insured or guaranteed by the Federal Deposit Insurance Corporation either a surety bond in form and with corporate sureties approved by the county judge or judges or by formal resolution of the county board, as the case may be, or in lieu thereof, the giving of security as provided in the Public Funds Deposit Security Act.*

During the audit period, we noted 21 days where deposits of the County Court were not fully insured by the FDIC or additional securities. The uninsured amounts ranged from \$768 to \$110,101. As of July 9, 2012, the Court has obtained sufficient pledged collateral.

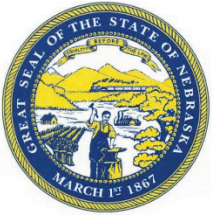
We recommend the County Court ensure there is sufficient FDIC and/or pledged collateral for all bank deposits at all times.

### **3. Overdue Balances**

Good internal control and sound business practices require overdue balances of the County Court be reviewed on an ongoing, timely basis to determine what action should be taken to collect and/or otherwise resolve those balances.

All six overdue balances tested, totaling \$4,244, did not have subsequent action taken by the County Court to ensure collection and/or resolution of the balances, such as the issuance of warrants and/or suspensions or declaration of certain overdue balances as uncollectible. As of February 28, 2014, overdue balances, excluding restitution judgments, totaled \$92,272.

We recommend the County Court implement ongoing, timely review of its Overdue Case Account reports to ensure timely collection and/or resolution of overdue balances.



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### SALINE COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of the Saline 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 the Saline 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 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.

March 19, 2014

A handwritten signature in black ink that reads "Deann Haeffner CPA". The signature is written in a cursive style with a long, sweeping underline.

Deann Haeffner, CPA  
Assistant Deputy Auditor

**SALINE COUNTY COURT**  
**WILBER, 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	\$ 358,753	\$ 408,928	\$ 410,327	\$ 357,354
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 6,000	\$ 63,209	\$ 65,074	\$ 4,135
Law Enforcement Fees	410	3,966	4,024	352
State Judges Retirement Fund	1,740	15,813	16,179	1,374
Court Administrative Fees	2,980	32,037	32,539	2,478
Legal Services Fees	1,503	15,644	15,773	1,374
Due to County Treasurer:				
Regular Fines	10,085	114,727	115,367	9,445
Overload Fines	-	1,825	1,825	-
Regular Fees	1,447	23,737	19,985	5,199
Petty Cash Fund	200	-	-	200
Due to Municipalities:				
Regular Fines	225	5,719	5,617	327
Regular Fees	-	-	-	-
Trust Fund Payable	334,163	132,251	133,944	332,470
<b>Total Liabilities</b>	<b>\$ 358,753</b>	<b>\$ 408,928</b>	<b>\$ 410,327</b>	<b>\$ 357,354</b>

The accompanying notes are an integral part of the schedule.



**SALINE COUNTY COURT**  
**WILBER, NEBRASKA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ARISING FROM CASH TRANSACTIONS**  
**AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 247,310	\$ 578,194	\$ 466,751	\$ 358,753
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 7,001	\$ 60,998	\$ 61,999	\$ 6,000
Law Enforcement Fees	493	4,637	4,720	410
State Judges Retirement Fund	1,839	16,727	16,826	1,740
Court Administrative Fees	3,731	35,252	36,003	2,980
Legal Services Fees	1,850	17,046	17,393	1,503
Due to County Treasurer:				
Regular Fines	11,653	151,593	153,161	10,085
Overload Fines	1,175	7,775	8,950	-
Regular Fees	2,518	20,041	21,112	1,447
Petty Cash Fund	-	200	-	200
Due to Municipalities:				
Regular Fines	170	1,312	1,257	225
Regular Fees	-	-	-	-
Trust Fund Payable	216,880	262,613	145,330	334,163
<b>Total Liabilities</b>	<u>\$ 247,310</u>	<u>\$ 578,194</u>	<u>\$ 466,751</u>	<u>\$ 358,753</u>

The accompanying notes are an integral part of the schedule.

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

**1. Criteria**

**A. Reporting Entity**

The Saline 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 Saline 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.