

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

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**Issued on May 4, 2016**

# POLK COUNTY COURT

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# POLK COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of the Polk 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 consider this to be a material weakness.

Additionally we noted four days when a daily deposit was not made and the daily balance reports could not be located to verify that the cash drawers were balanced every day.

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.

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.

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 County Court declined to respond.



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### POLK COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

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

April 12, 2016

  
Deann Haeffner, CPA  
Assistant Deputy Auditor

**POLK COUNTY COURT**  
**OSCEOLA, 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	\$ 13,390	\$ 126,066	\$ 106,679	\$ 32,777
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,207	\$ 17,935	\$ 18,159	\$ 983
Law Enforcement Fees	91	961	961	91
State Judges Retirement Fund	370	4,003	4,012	361
Court Administrative Fees	512	7,937	7,681	768
Legal Services Fees	443	4,022	4,097	368
Due to County Treasurer:				
Regular Fines	1,875	26,201	26,228	1,848
Overload Fines	-	325	325	-
Regular Fees	2	2,518	2,080	440
Petty Cash Fund	60	-	-	60
Due to Municipalities:				
Regular Fines	-	50	50	-
Regular Fees	-	-	-	-
Trust Fund Payable	8,830	62,114	43,086	27,858
<b>Total Liabilities</b>	<b>\$ 13,390</b>	<b>\$ 126,066</b>	<b>\$ 106,679</b>	<b>\$ 32,777</b>

The accompanying notes are an integral part of the schedule.

**POLK COUNTY COURT**  
**OSCEOLA, 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	\$ 11,379	\$ 111,983	\$ 109,972	\$ 13,390
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,120	\$ 20,788	\$ 20,701	\$ 1,207
Law Enforcement Fees	72	1,180	1,161	91
State Judges Retirement Fund	339	4,944	4,913	370
Court Administrative Fees	944	7,283	7,715	512
Legal Services Fees	360	4,910	4,827	443
Due to County Treasurer:				
Regular Fines	998	26,240	25,363	1,875
Overload Fines	-	1,350	1,350	-
Regular Fees	4	2,206	2,208	2
Petty Cash Fund	60	-	-	60
Due to Municipalities:				
Regular Fines	-	170	170	-
Trust Fund Payable	7,482	42,912	41,564	8,830
Total Liabilities	\$ 11,379	\$ 111,983	\$ 109,972	\$ 13,390

The accompanying notes are an integral part of the schedule.

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

**1. Criteria**

**A. Reporting Entity**

The Polk 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 Polk 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.