

**ATTESTATION REPORT  
OF  
FILLMORE COUNTY COURT  
JULY 1, 2010 THROUGH JUNE 30, 2012**

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**Issued on February 13, 2013**

# FILLMORE COUNTY COURT

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# FILLMORE COUNTY COURT

## COMMENT AND RECOMMENDATION

During our examination of Fillmore County Court, we noted a certain deficiency in internal control that we consider to be a material weakness that is presented here.

A deficiency in internal control 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 material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial schedule will not be prevented, or detected and corrected on a timely basis.

The following comment and recommendation is intended to improve the internal control over financial reporting 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 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 consider this to be a material weakness.

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 Response: This deficiency will always be an on-going issue in all the smaller courts, due to insufficient staffing.*

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 them an opportunity to review the report and to respond to the comment and recommendation included in this report. The formal response received has been incorporated into this report. The response has been objectively evaluated and recognized, as appropriate, in the report. A response that indicates corrective action has been taken was not verified at this time, but will be verified in the next examination.



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### FILLMORE COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of Fillmore County Court as of and for the fiscal years ended June 30, 2012, and June 30, 2011. 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 Fillmore County Court as of June 30, 2012, and June 30, 2011, 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 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

January 29, 2013

Deann Haeffner, CPA  
Assistant Deputy Auditor

**FILLMORE COUNTY COURT**  
**GENEVA, 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
<b>ASSETS</b>				
Cash and Deposits	\$ 21,747	\$ 227,301	\$ 230,066	\$ 18,982
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 1,977	\$ 36,487	\$ 34,614	\$ 3,850
Law Enforcement Fees	200	3,045	3,004	241
State Judges Retirement Fund	685	10,655	10,421	919
Court Administrative Fees	1,074	15,401	15,288	1,187
Legal Services Fees	762	10,896	10,740	918
Due to County Treasurer:				
Regular Fines	8,004	96,223	97,260	6,967
Overload Fines	-	4,450	4,275	175
Regular Fees	39	2,507	2,369	177
Due to Municipalities:				
Regular Fines	52	258	300	10
Trust Fund Payable	8,954	47,379	51,795	4,538
Total Liabilities	\$ 21,747	\$ 227,301	\$ 230,066	\$ 18,982

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>ASSETS</b>				
Cash and Deposits	\$ 28,003	\$ 229,879	\$ 236,135	\$ 21,747
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 3,680	\$ 32,936	\$ 34,639	\$ 1,977
Law Enforcement Fees	287	3,357	3,444	200
State Judges Retirement Fund	905	11,229	11,449	685
Court Administrative Fees	2,064	18,970	19,960	1,074
Legal Services Fees	1,038	11,877	12,153	762
Due to County Treasurer:				
Regular Fines	8,952	102,514	103,462	8,004
Overload Fines	600	6,650	7,250	-
Regular Fees	272	3,220	3,453	39
Due to Municipalities:				
Regular Fines	-	117	65	52
Trust Fund Payable	10,205	39,009	40,260	8,954
Total Liabilities	\$ 28,003	\$ 229,879	\$ 236,135	\$ 21,747

The accompanying notes are an integral part of the schedule.

**FILLMORE COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**  
For the Fiscal Years Ended June 30, 2012, and June 30, 2011

**1. Criteria**

**A. Reporting Entity**

The Fillmore 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 Fillmore 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.