

**ATTESTATION REPORT  
OF  
CASS COUNTY COURT  
JULY 1, 2009 THROUGH JUNE 30, 2011**

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**Issued on April 3, 2012**

CASS COUNTY COURT

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# CASS COUNTY COURT

## SUMMARY OF COMMENTS

During our examination of Cass County Court, we noted certain deficiencies in internal control that we consider to be a material weakness and other operational matters that are 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.

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:*** Considered to be a material weakness, 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 which, according to State statute, were non-waiverable.
3. ***Review of Trust Balances:*** The County Court did not review its trust balances on an ongoing, timely basis to ensure balances were current, proper, and in compliance with 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. Where no response has been included, the County Court declined to respond. 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.

# CASS 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. Non-Waiverable Court Costs

Neb. Rev. Stat. § 29-2709 (Reissue 2008) provides, “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 two instances where fees of \$17 were waived for non-waiverable court costs. When non-waiverable costs are waived, the County Court is not in compliance with State statute.

We recommend the County Court only waive court fees provided for in State statute.

*County Court’s Response: These costs have been fixed and the receipts have been adjusted properly. Staff has been re-trained to ensure this doesn’t occur again.*

### 3. Review of Trust Balances

Good internal controls and sound accounting practices require all trust balances be reviewed on a timely routine basis to ensure that all balances are proper and current.

# CASS COUNTY COURT

## COMMENTS AND RECOMMENDATIONS

(Continued)

### 3. **Review of Trust Balances** (Concluded)

During review of the County Court's trust balances we noted five traffic trust balances, totaling \$734, which were not applied to fees and fines or refunded in a timely manner. When trust balances are not reviewed on a consistent and timely basis, there is an increased risk trust balances are not correct and current.

We recommend the County Court implement procedures to ensure a timely review of all trust balances is performed to ensure balances are correct and current.

*County Court's Response: I have reviewed this report and have corrected all that needs to be. I will continue to review it on a monthly basis.*



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### CASS COUNTY COURT

#### INDEPENDENT ACCOUNTANT'S REPORT

We have examined the accompanying Schedules of Changes in Assets and Liabilities Arising from Cash Transactions of Cass County Court as of and for the fiscal years ended June 30, 2011, and June 30, 2010. 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 Cass County Court as of June 30, 2011, and June 30, 2010, 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. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

March 12, 2012

Deann Haeffner, CPA  
Assistant Deputy Auditor

**CASS COUNTY COURT**  
**PLATTSMOUTH, 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	\$ 263,751	\$ 1,029,524	\$ 1,165,430	\$ 127,845
 <b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 11,479	\$ 135,652	\$ 135,491	\$ 11,640
Law Enforcement Fees	1,339	15,510	15,487	1,362
State Judges Retirement Fund	4,300	48,940	48,810	4,430
Court Administrative Fees	7,768	87,011	87,608	7,171
Legal Services Fees	4,714	53,140	53,200	4,654
 Due to County Treasurer:				
Regular Fines	29,983	340,291	343,776	26,498
Overload Fines	14,477	157,763	160,815	11,425
Regular Fees	1,299	24,876	25,299	876
 Due to Municipalities:				
Regular Fines	50	1,856	1,754	152
Trust Fund Payable	188,342	164,485	293,190	59,637
Total Liabilities	\$ 263,751	\$ 1,029,524	\$ 1,165,430	\$ 127,845

The accompanying notes are an integral part of the schedule.

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

For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>ASSETS</b>				
Cash and Deposits	\$ 306,145	\$ 1,231,411	\$ 1,273,805	\$ 263,751
<b>LIABILITIES</b>				
Due to State Treasurer:				
Regular Fees	\$ 15,796	\$ 164,157	\$ 168,474	\$ 11,479
Law Enforcement Fees	1,426	18,365	18,452	1,339
State Judges Retirement Fund	6,303	61,694	63,697	4,300
Court Administrative Fees	8,427	101,991	102,650	7,768
Legal Services Fees	7,514	69,261	72,061	4,714
Due to County Treasurer:				
Regular Fines	42,690	441,391	454,098	29,983
Overload Fines	20,776	200,920	207,219	14,477
Regular Fees	3,014	24,020	25,735	1,299
Due to Municipalities:				
Regular Fines	299	1,792	2,041	50
Trust Fund Payable	<u>199,900</u>	<u>147,820</u>	<u>159,378</u>	<u>188,342</u>
Total Liabilities	<u>\$ 306,145</u>	<u>\$ 1,231,411</u>	<u>\$ 1,273,805</u>	<u>\$ 263,751</u>

The accompanying notes are an integral part of the schedule.

**CASS COUNTY COURT**  
**NOTES TO FINANCIAL SCHEDULES**  
For the Fiscal Years Ended June 30, 2011, and June 30, 2010

**1. Criteria**

**A. Reporting Entity**

The Cass 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 Cass 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.